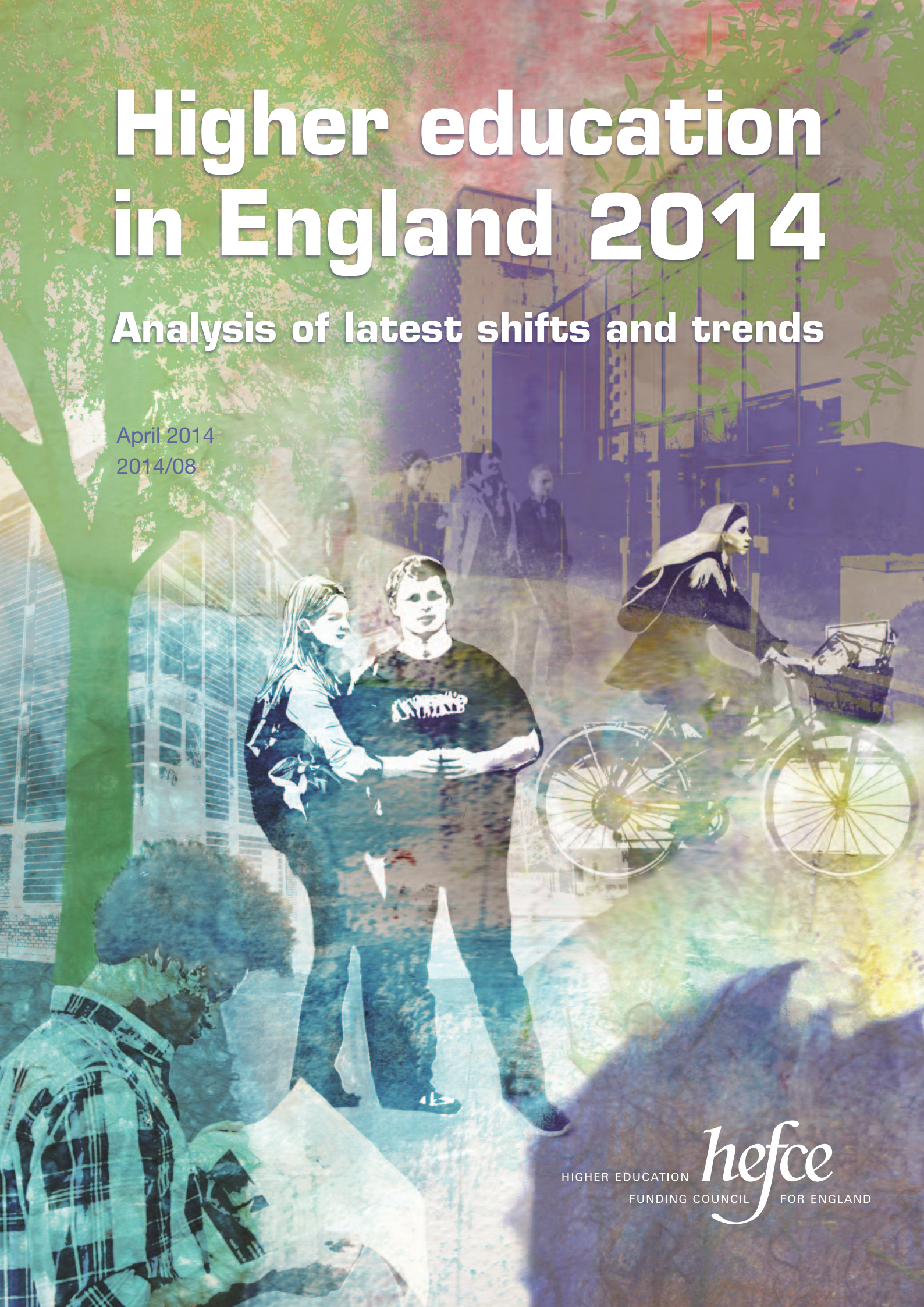


Higher education in England 2014

Analysis of latest shifts and trends

April 2014
2014/08



HIGHER EDUCATION *hefce*
FUNDING COUNCIL FOR ENGLAND

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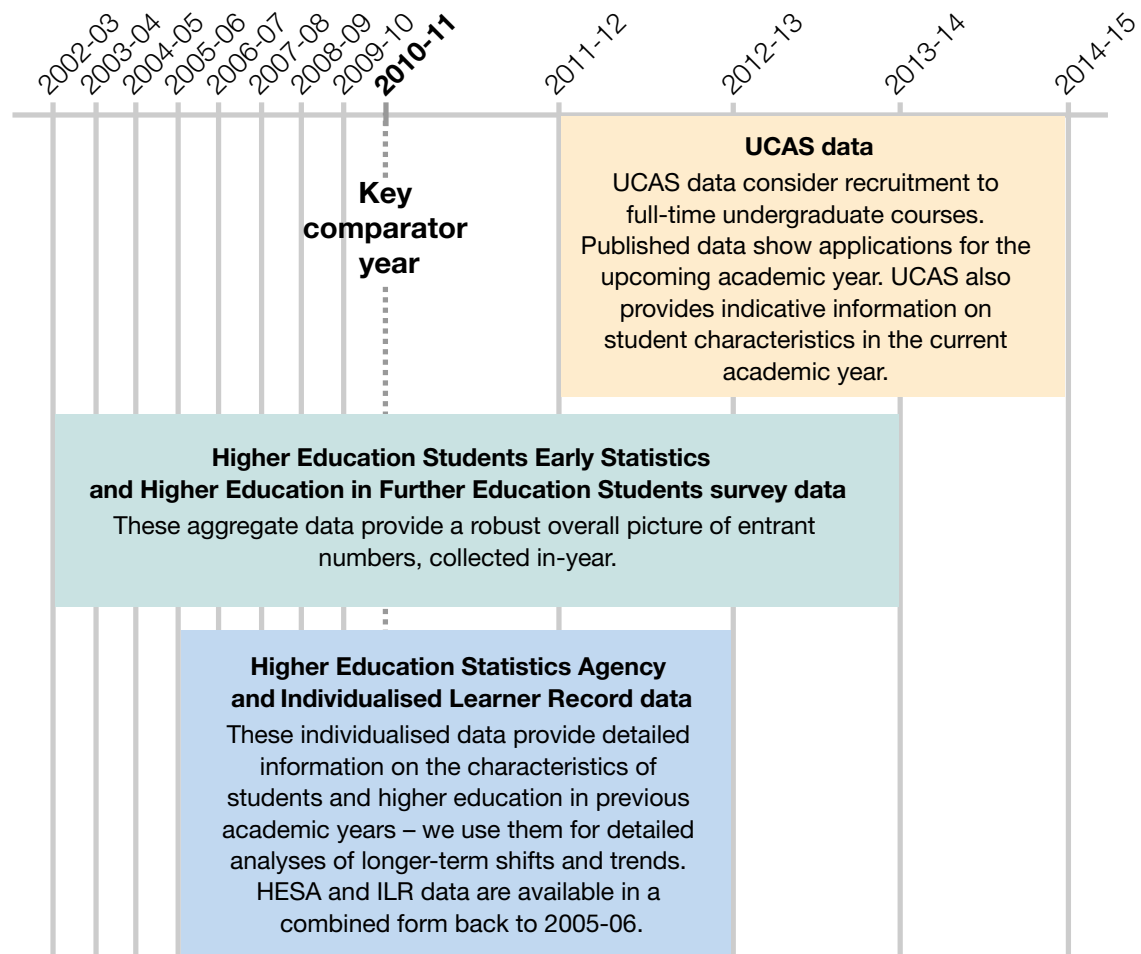
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Introduction

1. The past few years have been a time of fast-paced change in higher education in England. Shifts in some areas have been more pronounced than in others.
2. In 2013-14 we have seen numbers of full-time entrants at undergraduate level recover, following a dip in the previous year, and a levelling-off of a recent decline in postgraduate full-time entrants.
3. Last year, we noted the major decline in entry to part-time courses at undergraduate and postgraduate levels. In this report we have been able to explore this change in more detail, identifying a range of factors affecting the drop in numbers, including economic influences and public policy decisions.
4. We are seeing major changes in entry to undergraduate courses other than traditional bachelors degrees, which overlap significantly with the part-time issues. Increasingly, at undergraduate level higher education institutions are focusing on first degrees such as BA and BSc, while other undergraduate courses are now more likely to be provided in further education colleges (FECs). Students with alternative providers who access student loans are mainly enrolled on HND courses.
5. There is a slowdown in international student entrants, which is more pronounced at postgraduate level.
6. Interest in science, technology, engineering and mathematics continues to grow, whereas modern foreign languages continue to decline. The world-class nature of research and knowledge exchange is maintained. The UK produced 15.9 per cent of the most highly cited articles in the world in 2012 – much higher than its 6.4 per cent share of global articles – and is ranked fifth in the world in one survey of business-university collaboration.
7. Higher education is always responding to changes. Universities, colleges and students will respond to – among other things – economic conditions, the demands of employers and businesses, and broader social trends. Changes can be local or national; increasingly, they are international. Students and universities and colleges will seek to chart their courses accordingly – making decisions and investing time and money in relation to a wide range of differing goals.
8. This report further develops our own and others' previous analyses – for example, on part-time undergraduate education it follows some of the further lines of inquiry proposed in recent reports by Universities UK and the Higher Education Policy Institute¹. Overall, it aims to provide an overview of recent shifts and trends, building a picture of higher education in England in 2014 and a sense of how it got to where it is. It also considers possible further changes and continuities in the year ahead. We hope that it will stimulate debate and discussion to inform future directions for higher education providers and for students.

Note on data sources

Data in this report come from three main sources:



Due to differences in data sources and availability of data, alternative providers are not included in analyses unless specified.

Other sources of information used in the report include:

- higher education institutions' (HEIs') financial submissions to HEFCE
- responses to a HEFCE survey of key opportunities and challenges for HEIs and further education colleges.

Key findings

Entry to undergraduate education

Undergraduate UK and other EU entrants

- **There is a strong recovery in numbers of full-time undergraduate entrants, which grew by 8 per cent in 2013-14.**

This brings the total numbers of entrants to around 378,000 – 27,000 more than in 2012-13. Growth appears set to continue in the next year – UCAS reports 3.7 per cent growth in the number of UK and other European Union (EU) applicants to English institutions compared with 2013-14².

- **Numbers of part-time undergraduate entrants almost halved between 2010-11 and 2013-14.**

There are 120,000 fewer entrants to part-time undergraduate study in 2013-14 than there were in 2010-11 – a 46 per cent decrease.

- **We now have more details about changes in undergraduate entry before 2012-13. There have been major falls in the numbers of entrants to undergraduate courses other than first degrees.**

These declines make up 60 per cent of the dip in full-time undergraduate entry in 2012-13, and most of the falls in part-time undergraduate entry in recent years. They are in undergraduate courses that are not first degrees, and include foundation degrees, certificates and diplomas of higher education, HNDs and HNCs, and study for institutional credit.

- **Within the decline in undergraduate courses other than first degrees, there have been large recent falls in foundation degree entry at full-time undergraduate level.**

Numbers of entrants dropped from 31,000 in 2010-11 to 25,000 in 2012-13. The fall was pronounced in higher education institutions, offset by an increase of 3,000 entrants in further education colleges. The decline followed a period of growth in full-time foundation degrees up until 2009-10.

- **Since 2011-12 more full-time entrants to undergraduate courses other than first degrees have been studying in further education colleges than in higher education institutions.**

This trend continued in 2012-13, where 25,000 were taught in further education colleges compared with 14,000 in higher education institutions.

- **Data from the Student Loans Company show that students from England and the EU with alternative providers who access student support are mainly enrolled on HND courses³.**

Numbers of such students reached 18,000 in 2012-13.

Undergraduate international entrants

- The slowdown in the growth of international full-time undergraduate entrants experienced in 2012-13 continues in 2013-14.

While numbers of international (non-EU) full-time undergraduate entrants are up by 3 per cent in both 2012-13 and 2013-14 (around 1,000), this is significantly lower than the growth experienced before 2010-11 and compared with competitor countries. The US increased its international undergraduate student population by 10 per cent in 2012-13 compared with the previous year.

- About a quarter of all full-time undergraduate international entrants in 2012-13 joined courses after the usual first year start point.

This could suggest progression into English higher education from transnational education programmes delivered overseas, or through articulation arrangements with overseas institutions. Some progression also happens within the UK where international students do an initial year with another education provider and then progress into year one or year two of the respective course.

Entry to postgraduate education

Postgraduate UK and other EU entrants

- The number of UK and other EU students starting full-time postgraduate taught courses has risen in 2013-14, following a decline in the previous year.

Numbers grew by 2 per cent in 2013-14 (around 1,000 entrants) compared with 2012-13.

- Part-time postgraduate taught entry continues to decline, but at a lower rate compared to previous years.

There was a 2 per cent decline in 2013-14 (2,000 entrants) compared with 2012-13.

- We now know that the key contributing factor to earlier part-time postgraduate taught declines was fewer entrants in the subject area of education.

Falls of around 18,600 part-time entrants in this subject area explain around 84 per cent of the overall decline in part-time postgraduate taught entrants registered at HEIs between 2010-11 and 2012-13.

Postgraduate non-UK entrants

- Non-UK entrants to postgraduate taught provision are concentrated in postgraduate taught masters courses and are mostly studying full-time.

The proportion of full-time taught masters entrants from outside the UK (including other EU countries) increased from 66 per cent in 2005-06 to 74 per cent in 2012-13. This aspect of postgraduate provision is therefore increasingly exposed to changes in overseas demand.

- **There is an almost equal proportion of UK and Chinese students in full-time postgraduate taught masters programmes.**

UK students – making up 26 per cent of the full-time taught masters entrants population in 2012-13 – were only marginally higher than the proportion of Chinese students – with 23 per cent of the same population. These proportions are influenced by declines in entrants coming from traditional UK postgraduate markets like India, Pakistan and Iran, coupled with continued growth in entrants from China.

Student characteristics

- **Recent trends in improvements to widening participation and fair access continue.**

UCAS reports that 18 year-olds in England from disadvantaged areas were around 9 per cent more likely to be accepted for entry to higher education in the UK in the 2013 application cycle than they were in 2012⁴. This increase is greater than the 3 per cent for 18 year-olds from advantaged areas. This means that the gap between students from advantaged and disadvantaged areas is narrowing.

- **The absolute disparities between advantaged and disadvantaged areas remain large.**

The entry rate to higher education in the UK for 18 year-olds from the most advantaged areas of England is around 47 per cent in the 2013 UCAS cycle, which is still significantly higher than for the most disadvantaged, where the entry rate is around 17 per cent.

- **Overall, young women are more likely to apply for, and be accepted to, higher education than young men – but the picture is complex.**

For the 2014 January deadline, UCAS reports that 18 year-old women in England were 33 per cent more likely to apply to higher education than men⁵. These gaps have not widened since 2012 for applicants from England. However, statistics released by the Department for Education show that when looking overall at young people achieving A-level and equivalents, around the same proportions of men and women progress to higher education⁶. Further HEFCE analysis in this area indicates that differences between men and women in the young higher education participation rates of A-level students are largely due to their attainment.

- **Mature students were not disproportionately affected by the changes to fee levels and loan arrangements in 2012-13.**

Detailed data now available show that broad trends are similar for young and mature UK and other EU entrants across full-time and part-time undergraduate study. However, falls in numbers of mature entrants to part-time study are large overall, as 92 per cent of part-time UK and other EU undergraduate entrants in 2012-13 were over 21 years of age.

- **Studying ‘facilitating subjects’ becomes increasingly important for progression to higher education for A-level students with lower levels of achievement.**

‘Facilitating subjects’ are mathematics and further mathematics, English literature, physics, biology, chemistry, geography, history, and classical and modern languages. For students with three A-levels at grades of A and above, more than nine out of ten students progress to higher education regardless of the number of facilitating subjects they take. A gap increasingly opens up at lower levels of achievement between those with more facilitating subjects and those with less. At A-level grades of EEE, 60 per cent of those with three facilitating subjects progress to higher education, compared with 42 per cent of those with no facilitating subjects.

Subjects

- **Science, technology, engineering and mathematics subjects continue a trend of growth.**

In 2013-14, positive trends in science, technology, engineering and mathematics (STEM) applications to full-time undergraduate courses followed through into nearly 98,000 acceptances via UCAS, the highest level recorded⁷. Increased take-up of STEM subjects at A-level suggests there is scope for further growth.

- **Falls in numbers of UK and other EU entrants to undergraduate modern foreign languages courses were previously concentrated in part-time study – but in 2012-13 they became evident in full-time courses as well.**

Numbers of entrants to full-time first degree modern foreign language courses fell by 22 per cent (1,200) between 2010-11 and 2012-13. UCAS data suggest that this decline continues in 2013-14⁸. A trend of decline between 2008-09 and 2012-13 is also present in modern foreign language joint honours courses with a second subject that is not a modern foreign language.

The provision of higher education

- **Changes in recruitment trends in recent years appear to have favoured particular types of institution and disadvantaged others.**

The increase in full-time undergraduate entrants in 2013-14 at 19 higher education institutions and 46 further education colleges was more than 10 per cent compared with 2010-11. The higher education institutions tended to be those where students have high average tariff scores, or to be specialist institutions⁹. Declines of more than 10 per cent were seen at 28 higher education institutions and 17 further education colleges. The majority of the higher education institutions experiencing these levels of decline were ones where entrants had low or medium average tariff scores.

Research and knowledge exchange

- **The international impact of UK research is high.**

Research by Elsevier for the Department for Business, Innovation and Skills finds that the UK produced 15.9 per cent of the most highly cited articles in the world in 2012 and 11.6 per cent of all global citations – much higher than its 6.4 per cent share of global articles. Close to half of UK research articles were produced in collaboration with international researchers. UK research is also highly productive – among a set of comparator countries, the UK produces the highest number of citations per million dollars of higher education research and development spending¹⁰.

- **There is strong commitment by higher education institutions to knowledge exchange with businesses.**

There have been strongly improving trends over the past decade in income generation for universities from business¹¹. A range of other measures point to success in, and continuing commitment to, partnership and exchange of knowledge.

The financial health of higher education institutions

- **The overall financial health of higher education institutions in England is good.**

However, projected performance in the higher education sector in 2013-14 is not as strong as actual performance in the last three years.

- **Education exports are a key component of higher education institutions' finances.**

The income generated through tuition fees from international (non-EU) students in 2012-13 came to £3 billion, which represented around 30 per cent of all tuition fee and education contract income reported by English institutions in 2012-13.

- **The sector is planning to invest over £3.3 billion in infrastructure projects per year during the next three years.**

This is an increase of 30 per cent compared with the average over 2010-11 to 2012-13, indicating a good level of confidence to invest.

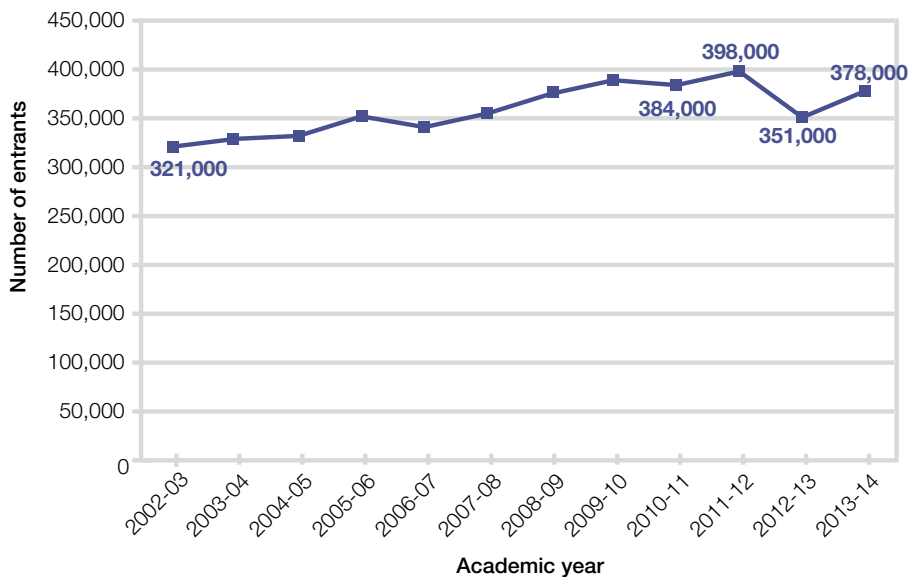
Entry to undergraduate education

Full-time UK and other EU entry to undergraduate education

Change in 2013-14

9. Figure 1 shows that, following a dip in 2012-13, numbers of UK and other EU undergraduate entrants to universities and colleges in England rose by around 27,000 (8 per cent) in 2013-14.

Figure 1 UK and other EU full-time undergraduate entrants, 2002-03 to 2013-14



Source: Table 5, Column 2 in HESES/HEIFES data

10. Overall numbers of 18 and 19 year-olds in England are declining while the numbers entering higher education are remaining steady, which means that a greater proportion of young people are going into higher education¹². In the 2013 recruitment cycle, UCAS reports that the entry rate to UK universities and colleges for 18 year-olds living in England increased to 30.3 per cent – the highest level ever recorded¹³.

Exploration of recent changes in entry to full-time undergraduate courses

11. The rest of this section looks at trends and changes in undergraduate education until 2012-13. Detailed Higher Education Statistics Agency (HESA) and Individualised Learner Record (ILR) data for 2012-13 show that changes in undergraduate entry in recent years have been disproportionately concentrated in certain types of courses, largely at higher education institutions (HEIs).

Full-time UK and other EU undergraduate entrants since 2012-13

Up 8%

Proportion of 18 year-olds in England entering UK universities and colleges in 2013-14

Highest level ever recorded

12. Numbers of UK and other EU students starting full-time undergraduate programmes registered at HEIs and FECs fell by 9 per cent (around 35,000) in 2012-13 compared with 2010-11. About 60 per cent of this decline is attributed to falls in the numbers of entrants to undergraduate courses other than first degrees (21,000). The downturn in first degree entrants was 14,000. Some of these declines will be influenced by students who chose not to take a gap year in 2011-12.

First degree and other undergraduate courses

We break down undergraduate entry in this report into:

- 'first degree'
- 'other undergraduate.' Undergraduate courses other than first degrees.

This helps us see how recent changes have been concentrated in certain types of course.

First degree courses mostly consist of study for qualifications such as honours or ordinary degrees, including Bachelor of Arts (BA) and Bachelor of Science (BSc) degrees, and of integrated undergraduate-postgraduate bachelors degrees, such as Master of Engineering or Master of Physics.

Other undergraduate courses are credit-bearing courses such as foundation degrees, diplomas and certificates of higher education, Higher National Diploma (HND) and Higher National Certificate (HNC), and undergraduate PGCE. This category also includes study for institutional undergraduate credit, which can be carried forward and count towards a full qualification.

Students on non-credit-bearing courses are not included in the existing data collections.

Shifts in provision at higher education institutions and further education colleges

13. A more nuanced picture emerges when the analysis is extended to study shifts in the relationship between HEIs and further education colleges. Full-time undergraduate entrants can be registered and taught at an HEI or a further education college. It is also possible for a student to be registered at an HEI, but their teaching delivered by (or franchised to) a further education college through a partnership arrangement. Numbers of UK and other EU students starting full-time undergraduate programmes registered at HEIs fell by 11 per cent (around 42,000 entrants) in 2012-13 compared with 2010-11. Within this, there were around 7,000 fewer full-time undergraduate entrants taught via franchising arrangements in further education colleges compared with 2010-11 – a fall of 36 per cent. However, entrants both registered and taught at further education colleges increased by 37 per cent (around 7,000 entrants). Much of

the shift appears to be due to changes in franchising arrangements between HEIs and further education colleges in 2012-13.

Undergraduate courses other than first degrees

14. Full-time entrants to undergraduate courses other than first degrees declined by 21,000 (35 per cent) between 2010-11 and 2012-13 across HEIs and further education colleges. Around half of this is accounted for by a planned shift in nursing education from diplomas to first degrees, resulting in a fall of 13,000 entrants to other undergraduate courses registered at HEIs in the subject area of ‘nursing and subjects allied to medicine’¹⁴.

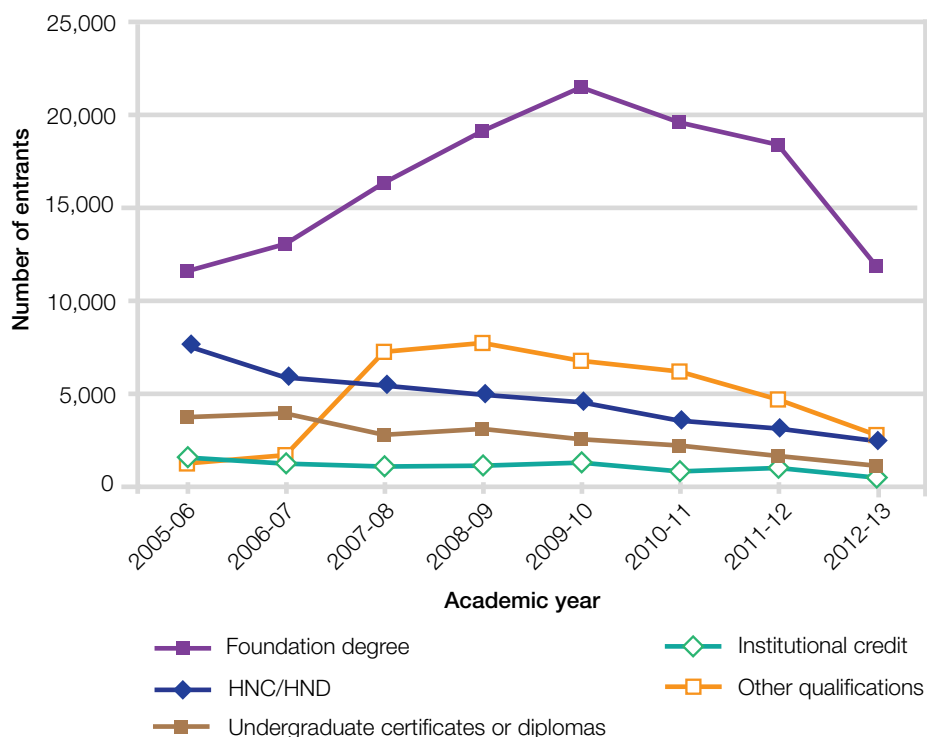
15. Figure 2 shows changes to other undergraduate courses that are not nursing in recent years. Much of the decline between 2010-11 and 2012-13 was in entry to foundation degrees registered at HEIs, where numbers fell from 21,000 in 2010-11 to 13,000 in 2012-13. This followed a period of increase in full-time foundation degrees up until 2009-10, following their introduction as a new qualification in 2001-02 and support for their growth in the last decade¹⁵. HEFCE phased out its additional support for foundation degrees in 2010-11 and 2011-12. It is difficult to ascertain whether these changes are due to reduction in supply of such courses following recent policy changes, a reduction in demand from students, or a combination of both.

Number of full-time UK and other EU foundation degree entrants at HEIs

**Down
38%**

between 2010-11 and 2012-13

Figure 2 UK and other EU full-time other undergraduate entrants (not including nursing) registered at HEIs by course aim, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

UK and other EU entrants to full-time undergraduate courses other than first degrees since 2011-12

More taught in further education colleges than in HEIs

16. The overall falls in other undergraduate entrants were partly offset by an increase of 5,000 registering at further education colleges, made up of around 3,000 additional entrants to foundation degree courses and 2,000 additional entrants to HNDs.

17. These trends mean that since 2011-12, more full-time entrants to other undergraduate courses have been taught in further education colleges than in HEIs (regardless of registration arrangements). The gap widened in 2012-13, when 25,000 were taught in further education colleges compared with 14,000 in HEIs.

18. Provisional findings from our Higher Education Students: Early Statistics (HESES) and Higher Education in Further Education: Students (HEIFES) surveys for 2013-14 suggest a continuing shift towards enrolment onto full-time degree courses at HEIs. The grouping of qualifications which includes full-time first degree courses saw an increase of around 25,000 entrants at HEIs (8 per cent) compared with 2012-13, whereas entrants to full-time HND, foundation degree and other sub-degree courses saw a smaller increase of 2,000 (5 per cent)¹⁶. However, for other undergraduate full-time courses registered at further education colleges, there were around 19,000 other undergraduate entrants in 2013-14, around 11 per cent higher than in 2012-13 – and this in turn was higher than in either 2011-12 or 2010-11.

Non-continuation

19. Indications from HESA data for 2012-13 are that the number of students discontinuing their studies before the end of the first year has risen slightly to around the levels seen for 2010-11 entrants, but that this is still lower than at any point between 2003-04 and 2009-10. There is no disproportionate change in the trend in non-continuation for entrants from disadvantaged areas¹⁷.

Full-time undergraduates in 2014-15

20. Of 18 year-olds in England, 35 per cent applied through UCAS, by the 15 January 2014 deadline, for entry to full-time undergraduate higher education in 2014-15. This is the highest application rate ever, indicating continuing high demand¹⁸. It remains to be seen how many of these (and other) applicants are offered places and then accept them, and enter higher education. Given the availability of 30,000 additional places for full-time undergraduate students in 2014-15, there is space for growth in entry rates if universities and colleges decide there are sufficient applicants suitable for admission.

Regional differences in application rate

21. There are significant differences in levels of demand from different parts of England. In London 44 per cent of 18 year-olds applied, whereas

18 year-olds in England applying for full-time undergraduate higher education in 2014-15

Highest rate ever

the South West had the lowest application rate, at 30 per cent. This reflects smaller proportional increases in the application rate in the South West over the last 10 years.

Undergraduate fees

22. Information from the Office for Fair Access indicates that full-time fee levels below the fee cap are rising broadly in line with the rate of inflation. For 2014-15, around 60 per cent of HEIs estimate their average fees (after waivers) to be higher than in 2013-14. Across these institutions, the average increase is likely to be £275 (2 per cent).

23. There are indications that fees for UK and other EU students starting full-time undergraduate courses taught at further education colleges under the 2012-13 fee regime were lower than for those beginning equivalent courses taught at HEIs¹⁹. In 2012-13, the median net tuition fee for entrants to full-time first degrees registered at further education colleges was £6,000, and the equivalent fee for those taught at a further education college under franchising arrangements from an HEI was £7,000²⁰. In contrast, the median net tuition fee for entrants to full-time first degrees registered and taught at HEIs was around £8,700.

HEFCE action

Information for students

HEFCE and the other UK funding bodies are reviewing the information provided to students. The review programme consists of six strands:

- an advisory study on student decision-making behaviour to underpin the review
- a study of the suitability and purpose of the National Student Survey
- a study of the function and form of Unistats and the Key Information Set
- a study of the provision of employment and salary data
- an analysis looking into National Student Survey trends over the last 10 years
- an overview to ensure information provided by institutions is suitable, timely and appropriate for students.

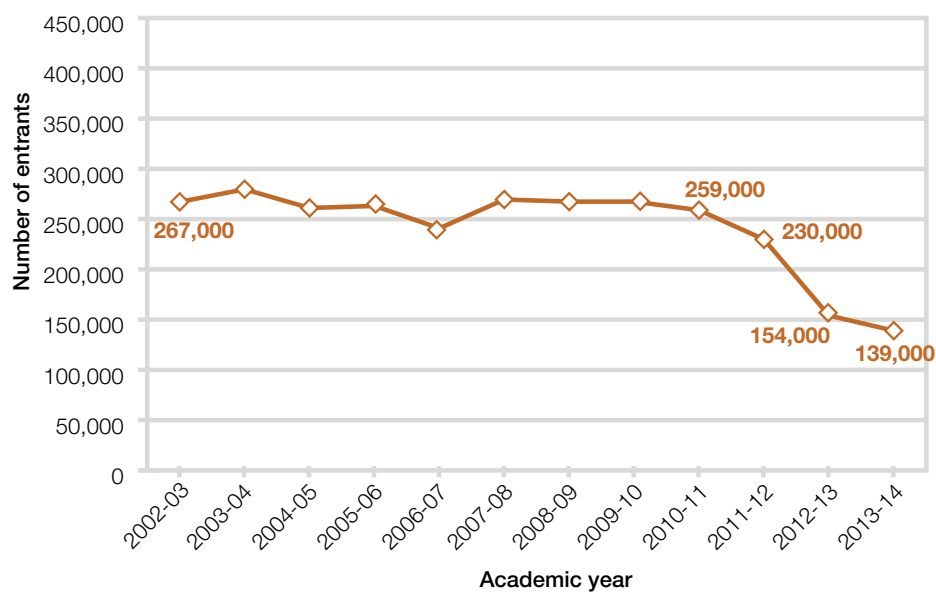
In collaboration with British Universities Finance Directors Group, HEFCE has provided guidance on how institutions should publish clearer financial data²¹. The aim is to encourage transparency and to explain the value students get for their fees.

Part-time UK and other EU entry to undergraduate education

Change in 2013-14

24. Figure 3 shows that, following previous large declines, UK and other EU part-time undergraduate entrant numbers fell by a further 15,000 (10 per cent) in 2013-14. Part-time entrant numbers in 2013-14 are now approximately half those in 2010-11.

Figure 3 UK and other EU part-time undergraduate entrants, 2002-03 to 2013-14



Source: Table 5, Column 2 in HESES/HEIFES data

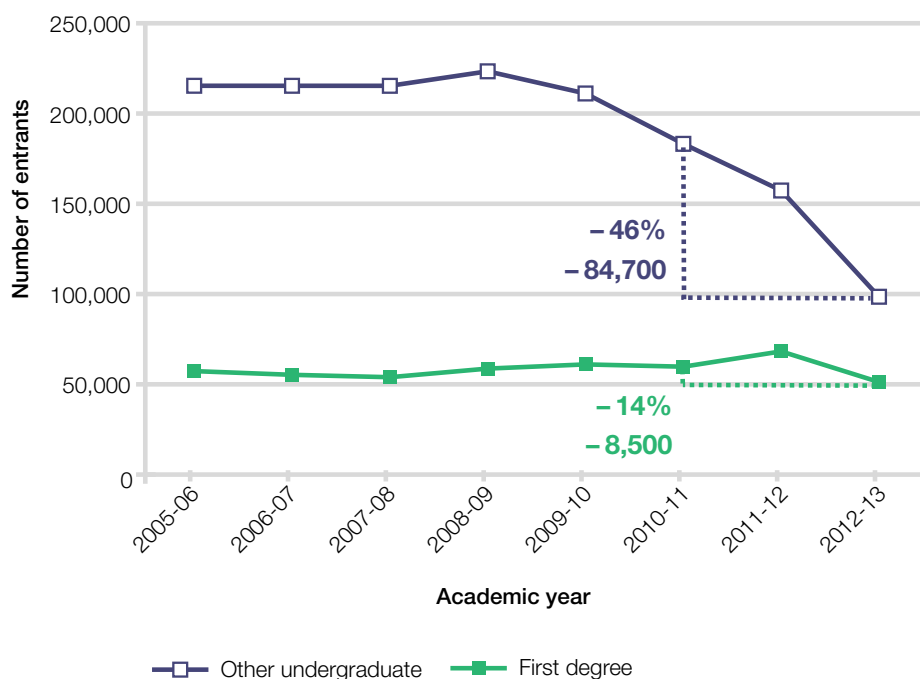
Part-time UK and other EU declines are concentrated in undergraduate courses other than first degrees

Exploration of recent changes in entry to part-time undergraduate courses

25. Detailed student data for 2012-13, new information on fees and analyses of wider economic factors, allow us to explore in much more detail what might be affecting the decline in undergraduate part-time study²².

26. As with full-time entrants, there is significant decline among part-time entrants to courses other than first degrees. Figure 4 shows that while part-time UK and other EU entrants for first degree courses between 2010-11 and 2012-13 declined by 9,000 (15 per cent), the decline in other undergraduate part-time study over the same period stood at around 85,000 (46 per cent).

Figure 4 Part-time UK and other EU undergraduate entrants (including nursing), split by first degree and 'other undergraduate' course aims

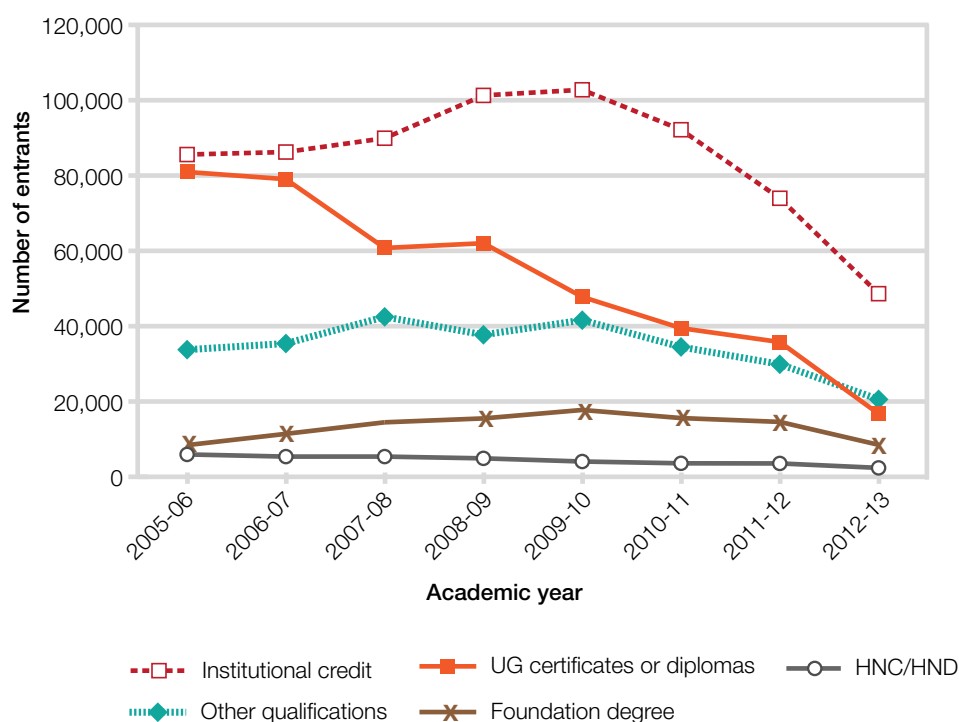


Source: Analysis of the HESA standard registration population at English HEIs, and the equivalent population at English further education colleges, 2005-06 to 2012-13

27. The falls in other undergraduate part-time courses were made up of a decline of around 83,000 such entrants registering at HEIs, and almost 1,500 fewer entrants registering at further education colleges. The drop at further education colleges was driven entirely by those starting foundation degree courses (around 1,000): numbers starting part-time HNC and HND courses were maintained at 2010-11 levels (almost 6,000).

28. Figure 5 shows that the largest fall within part-time UK and other EU entrants registered at HEIs to other undergraduate courses between 2010-11 and 2012-13 was in study for institutional credit. It is possible that entry to some of these courses may have transferred to non-credit-bearing higher education courses, which would not be counted in the usual statistical returns. There is evidence of a greater than inflationary increase in income from non-credit-bearing course fees across the period of the decline in part-time study, rising from £314 million at HEIs in 2008-09 to £419 million in 2012-13 – a 33 per cent rise²³. Nonetheless, it seems likely that the overall amount of higher-level learning that does not lead to a full qualification is lower than in the past.

Figure 5 UK and other EU part-time undergraduate entrants (including nursing) registered at HEIs by course aim, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

29. There is also the possibility of an increased propensity for institutions to register students for full qualifications so that they can benefit from eligibility for fee loans. This cannot be the whole explanation, however, as we see a significant decline in undergraduate certificates and diplomas too, and these are courses that support eligibility for loans. If there is an increasing propensity to register onto longer courses, we may eventually see a rise in non-completion rates as more students may drop out before they reach the full qualification. Ultimately, such students may still leave with institutional credit or other undergraduate qualifications. Given the longer duration of part-time degree courses, trends in this area will not become clear for some years.

30. In part-time other undergraduate courses, the falls appear to be continuing into 2013-14 – down by a further 14,000 (19 per cent) at HEIs, and remaining at broadly the same level (8,000) in further education colleges²⁴.

Equivalent and lower qualifications

31. From 2008-09 (when the ELQ policy came into force) to 2012-13, there was a 57 per cent drop in the number of part-time UK and other EU entrants studying for an equivalent or lower qualification compared with a 36 per cent drop in the number of entrants studying for a qualification not in this category. The policy change affecting ELQs since 2008 therefore appears to be one factor influencing the drop in part-time numbers.

Significant changes affecting part-time students in England

For students aiming for a qualification equivalent or lower to one they already have, HEFCE funding has been reduced since 2008-09, for both full-time and part-time courses.

Government fee loans for part-time study became available for the first time for the 2012-13 academic year. Eligible students are now able to access loans of up to £6,750 per year if they are studying at a publicly funded university or college, or £4,500 if they are studying at a privately funded institution. To be eligible, students have to be:

- aiming for a qualification that is not at an equivalent or lower level (ELQ) than one they already hold (with certain exceptions)
- studying at an intensity of greater than 25 per cent of a full-time equivalent – for example, a full-time three-year course would have to be completed part-time in less than 12 years
- following a full course for a specified qualification (meaning that those studying individual modules for credits are not eligible)²⁵.

Since 2012 part-time students are not eligible for government maintenance loans or grants.

From 2015-16 there will be a partial relaxation of the ELQ policy. Subject to other eligibility criteria those wishing to retrain part-time in technology, computer science and engineering will be able to access tuition fee loans.

As more of the costs of courses are now funded via student loans in full-time and part-time modes of study, HEFCE funding for teaching has been reduced. Remaining HEFCE funding – for full-time and part-time teaching – largely focuses on high-cost subjects, widening participation and improving retention, and some forms of flexible learning. HEFCE funding for full-time and part-time undergraduate provision treat them the same (pro rata). HEFCE also has a targeted allocation to recognise the additional costs of teaching part-time undergraduates, but now only for high-cost subjects.

Part-time fees

32. Fees for part-time study have generally risen in recent years. This is at least in part to replace the declines in funding for equivalent and lower qualifications since 2008-09, and to offset reductions in direct funding following the reforms of 2012-13. Callender and Wilkinson (2012) note that between 2007-08 and 2010-11, average tuition fees for part-time students rose by 27 per cent²⁶. Despite these recent rises, part-time fees in 2012 were on average lower than those for full-time study. For part-time first degree and foundation degree students registered and taught at HEIs, the median net full-time equivalent (FTE) fee was £5,000. For students taught and registered at a further education college, the median net FTE fee was even lower, at £3,000 for first degrees and £4,000 for foundation degrees. For part-time first degree students at HEIs and at further education colleges, and not subject to franchising arrangements, there is also greater variation in fee levels across different institutions compared with full-time first degree courses²⁷. Financial information submitted to HEFCE shows that income from part-time fees to institutions continues to rise as part-time numbers fall.

33. Pollard et al (2012) estimated that 31 per cent of part-time students would be eligible for student loans (44 per cent of those studying at first degree level and 23 per cent of those studying at other undergraduate level)²⁸. However, as suggested in a HEFCE survey of further education colleges in 2012, some eligible students will not be aware of or will choose not to take out these loans. In 2012-13, 30,500 part-time students received a tuition fee loan²⁹.

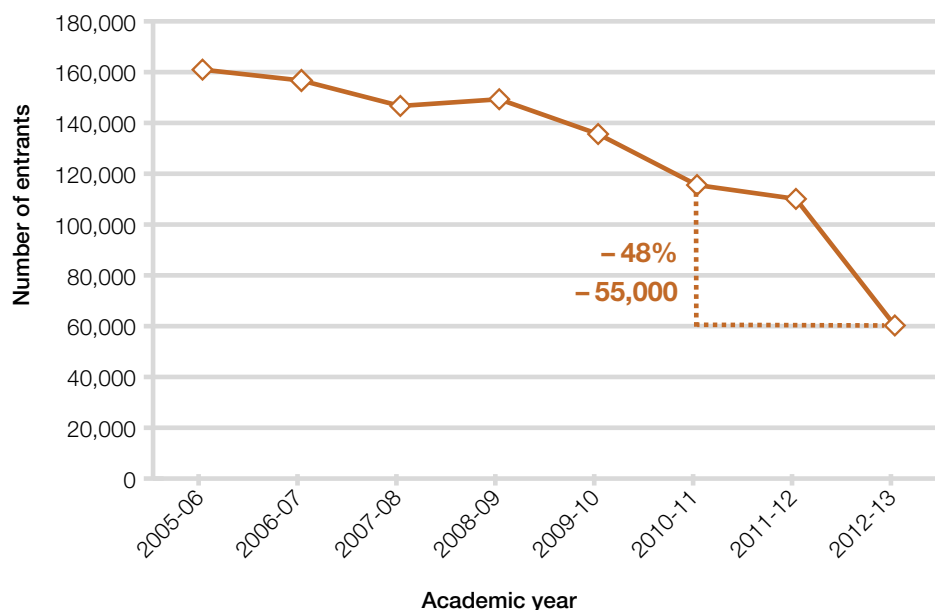
Sources of funding for students

34. In line with what we might expect given rising fees and challenging economic conditions for many individuals, Figure 6 shows that there have been large changes in the number of part-time entrants registered at HEIs who had no financial backing – down by 48 per cent (55,000) between 2010-11 and 2012-13. Some of these students would be likely to source some or all of their expenditure on fees indirectly, from employers or other sources, and some will fund the entirety of their studies from their own resources. While not totally clear, this change indicates that there are now fewer students on part-time courses who are paying their own way, or who are able to find indirect sources of funding that allow them to finance their studies.

UK and other EU
entrants to part-time
undergraduate courses
who are likely to be
financing study from
their own sources

**Significant
decline**

Figure 6 **UK and other EU part-time undergraduate entrants registered at HEIs with no financial backing (for tuition fees), 2005-06 to 2012-13**



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

35. The decline in those with no financial backing is more pronounced among those entering undergraduate courses other than first degrees: 54 per cent (46,000) between 2010-11 and 2012-13, compared with 31 per cent (9,000) for equivalent first degree entrants.

36. Analysis carried out by Oxford Economics for HEFCE shows that as unemployment increased during the recent economic downturn, part-time undergraduate entry declined (Figure 7)³⁰. Similarly, their analysis shows that declines in numbers of part-time undergraduate entrants sit alongside low growth in real disposable income since the recession. This supports a conclusion that some potential students are no longer able or willing to finance their own studies, given other financial pressures and higher fees.

37. Figure 8 shows that direct funding for part-time study from employers remained fairly constant at about 40,000 entrants each year until 2011-12, but in 2012-13 fell sharply to around 23,000. This may be driven by employers' expectations that students will take advantage of the availability of loans. Among UK and other EU entrants to part-time first degree study, there was a decline in students with funding from a 'mix of student and Student Loans Company' in 2012-13 (some grants relating to part-time study were available from the Student Loans Company before 2012). Conversely, those with funding solely from the Student Loans Company increased, which is most likely due to the introduction of fee loans for part-time study.

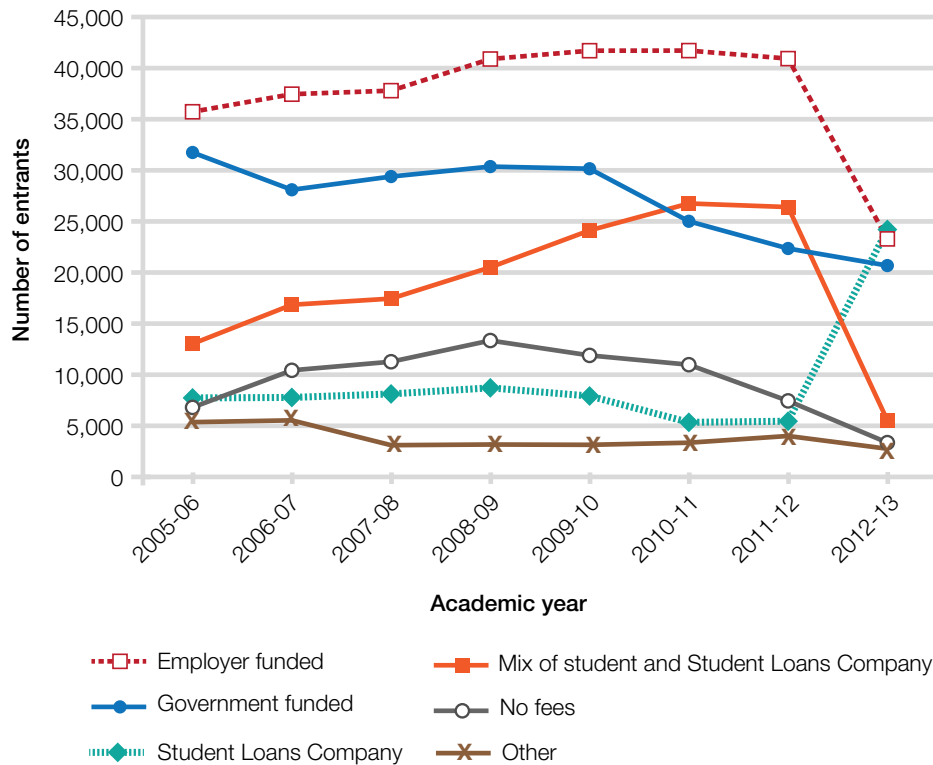
Figure 7 **England unemployment rate and part-time undergraduate entrant trends (2002 to 2014)**



Source: HESA, Oxford Economics

Data refer to home-domiciled students (including Open University students).

Figure 8 **UK and other EU part-time undergraduate entrants registered at HEIs with financial backing, by major source of tuition fees, 2005-06 to 2012-13**

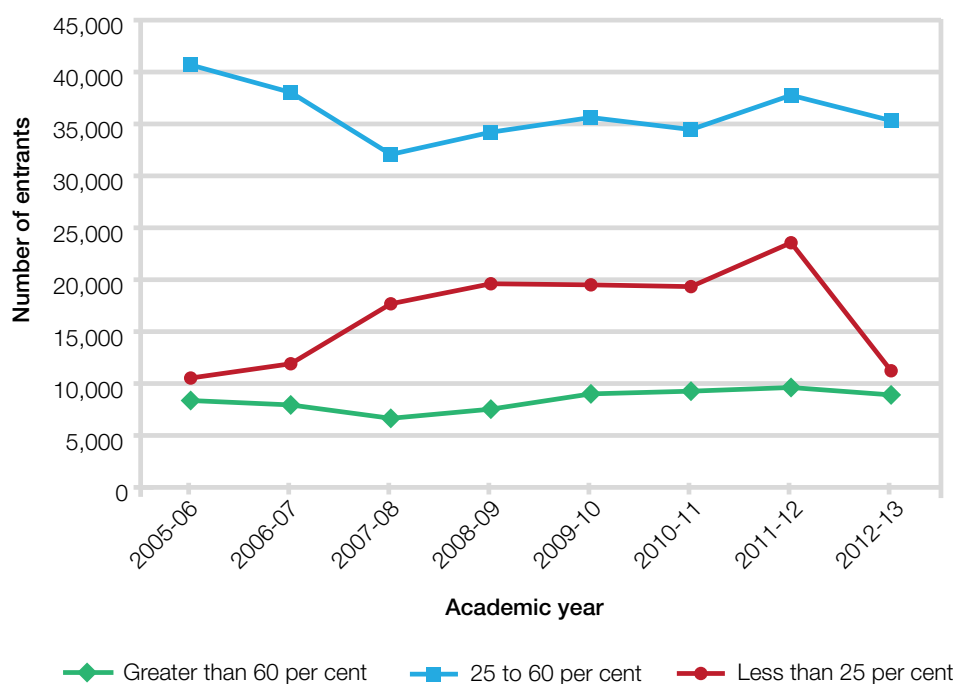


Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

Intensity of study

38. Figure 9 shows that the declines in part-time first degree entrants registered at HEIs are largely explained by changes in students studying at an intensity below 25 per cent that of a full-time equivalent. These students would not be eligible for student loans. Numbers of such entrants fell by 42 per cent (8,000) between 2010-11 and 2012-13. Numbers of entrants studying first degrees at higher intensities – thus eligible for loans if they met the other criteria – were about the same in 2012-13 as they were in 2010-11.

Figure 9 UK and other EU part-time first degree undergraduate entrants registered at HEIs by intensity of study, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

39. The picture is different, however, for other undergraduate courses. Across all intensities of study for such courses, the number of entrants declined by around 40 per cent between 2010-11 and 2012-13.

Some conclusions on part-time study

40. It appears that reductions in direct funding for part-time study and rising fees, combined with economic factors, have created a particularly challenging environment for financing some forms of undergraduate part-time education. Our survey of opportunities and challenges for HEIs also suggests this, with some respondents citing the Government's funding reforms, increased tuition fees, reduced financial support from some employers, and wider economic factors as impacting on recruitment. For HEIs that selected recruitment as a top opportunity, survey responses also indicated more opportunities in undergraduate full-time courses than part-time courses. However, responses in the survey of further education colleges indicated that, for colleges seeing

recruitment as a top opportunity, undergraduate full-time and part-time recruitment from the UK offered similar levels of potential.

41. Wider international comparisons show that a decline in part-time enrolments occurred between 2010 and 2011 across around half of those countries belonging to the Organisation for Economic Co-operation and Development (OECD) for which data are available. Similarly, differing patterns of part-time entry are seen across the other UK nations in recent years. This suggests that while part-time enrolment is likely to be affected by recession, differing policy and other factors will impact on this to varying extents.

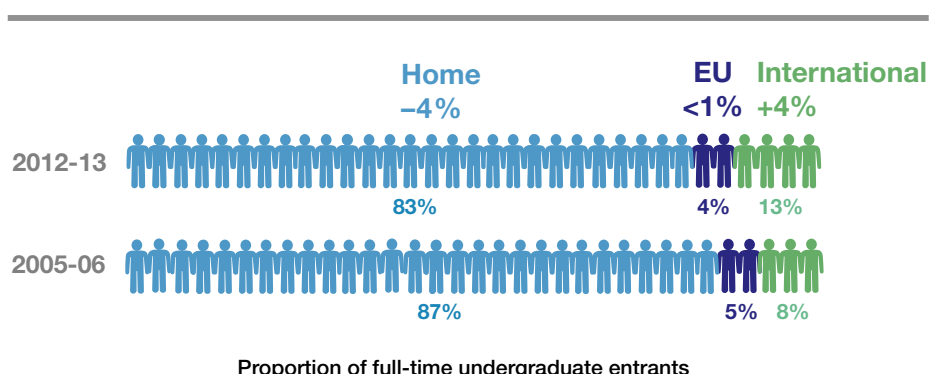
International demand for undergraduate education

Indications of entry to undergraduate higher education in 2013-14

42. Year-on-year growth in full-time undergraduate international (non-EU) entrants was at least 10 per cent each year between 2007-08 and 2010-11, but then fell to around 2 per cent a year. This is continuing into 2013-14, with international entrants to full-time undergraduate courses at English institutions increasing by just 3 per cent (1,000) between 2012-13 and 2013-14, to number 51,000.

43. Figure 10 shows that full-time entrants to undergraduate courses at English HEIs and further education colleges who were from EU countries outside the UK made up 4 per cent of the full-time undergraduate entrant population in 2012-13 – a proportion which has remained fairly constant across the period from 2005-06 to 2012-13. In contrast, the share of international (non-EU) entrants grew within the same period from 8 per cent of the full-time undergraduate entrant population in 2005-06 to 13 per cent in 2012-13.

Figure 10 Full-time undergraduate entrants by student domicile, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, and the equivalent population at English further education colleges, 2005-06 to 2012-13. Numbers of full-time undergraduate entrants from EU countries outside the UK were 0.3 per cent (100 students) lower in 2012-13 than in 2005-06.

International entrants to full-time undergraduate courses since 2010-11

Still growing but at a lower rate

44. Immigration data for July to December 2013 suggest that East Asia continues to drive the growth in student numbers in 2013-14, with the most significant increases from China and Hong Kong³¹. There also appears to be an increase in demand from Malaysia following the introduction of a simplified student visa application process since Malaysia was added to the list of 'low risk countries' for Tier 4 student visa applications in October 2012³².

45. Significant growth of 89 per cent was recorded in student visas for Brazilian students – just under 900 were newly issued across all levels of education. Many of these are likely to be associated with the Science without Borders programme³³, under which 10,000 Brazilian students over four years are expected to benefit from studies in the UK at undergraduate and postgraduate level.

46. The data suggest a continued decline in student visas issued to students from countries (Pakistan, India, Sri Lanka, Bangladesh and Iran) mainly in South Asia.

Analysis of entry to undergraduate higher education in 2012-13

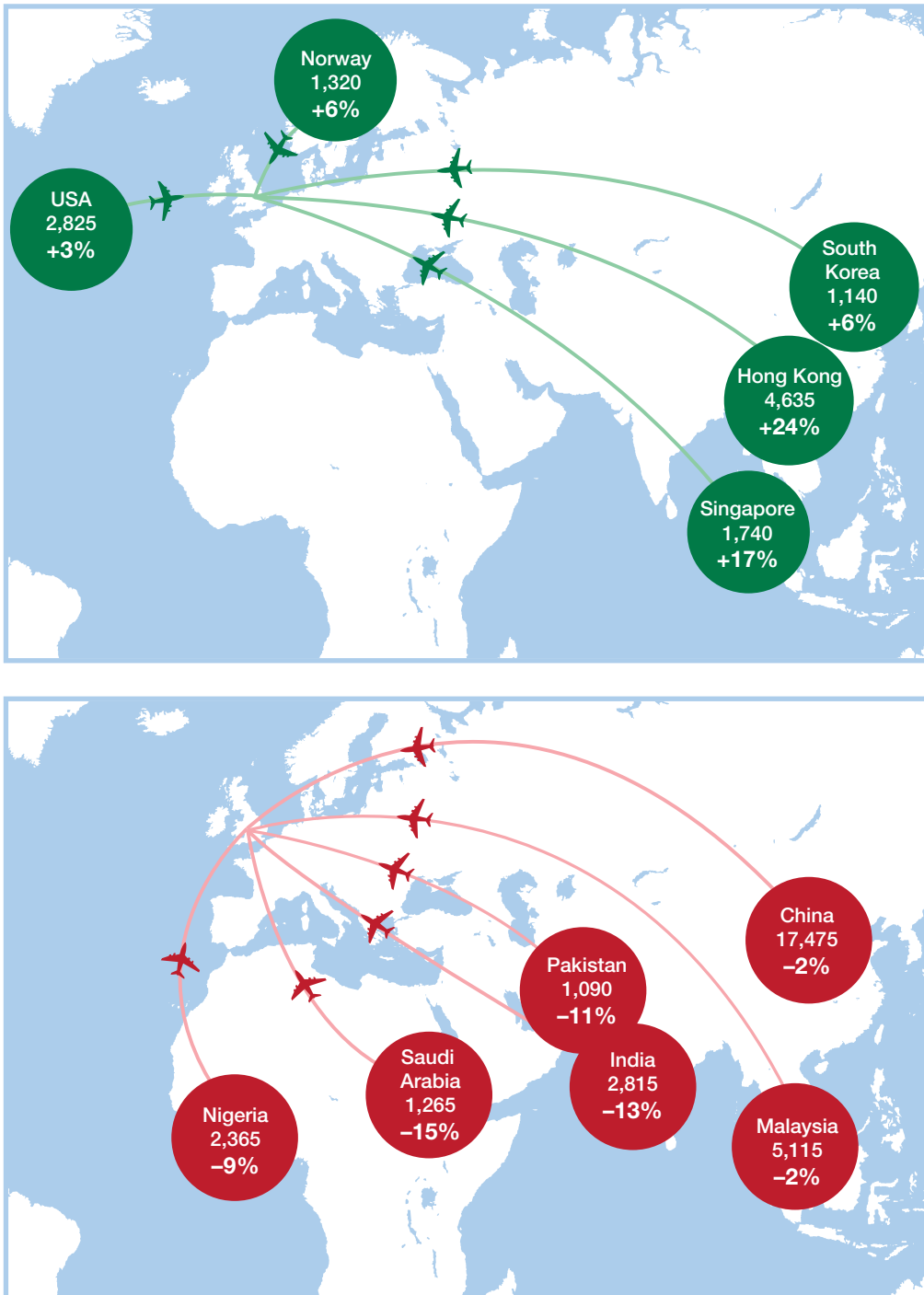
47. We now have detailed HESA data allowing us to see changes in international entry to undergraduate study in 2012-13. Growth of 3 per cent (1,700 entrants) in full-time international undergraduate entry between 2010-11 and 2012-13 was mainly driven by students from Hong Kong. This growth was likely to be due to changes in the education system in Hong Kong leading to the graduation of a double cohort, and a resulting excess supply of some 10,000 students who could not be accommodated in the local higher education system. Figure 11 shows changes in flows of undergraduate students from outside the EU in 2012 compared with the previous year and the total entrants from each country in 2012-13.

48. A high proportion of international entrants commencing undergraduate studies in England do so part-way through a course – that is, in the second or third year of a programme of study, rather than the first. About a quarter of the full-time undergraduate international entrants in 2012-13 (13,900 students) began undergraduate study in year two or three. This could suggest progression into English higher education from transnational education programmes delivered overseas or through articulation arrangements with overseas institutions. Some progression also happens within the UK, when international students do an initial year with another education provider and then progress into year one or year two of the respective course. Countries with the highest numbers of full-time undergraduates starting courses in later years of a programme were Bangladesh (50 per cent), China (45 per cent) and Malaysia (41 per cent).

Proportion of full-time undergraduate international students entering in year 2 or 3 of a higher education programme in 2012-13

About a quarter

Figure 11 Changes in flows of undergraduate students from outside the EU in 2012-13



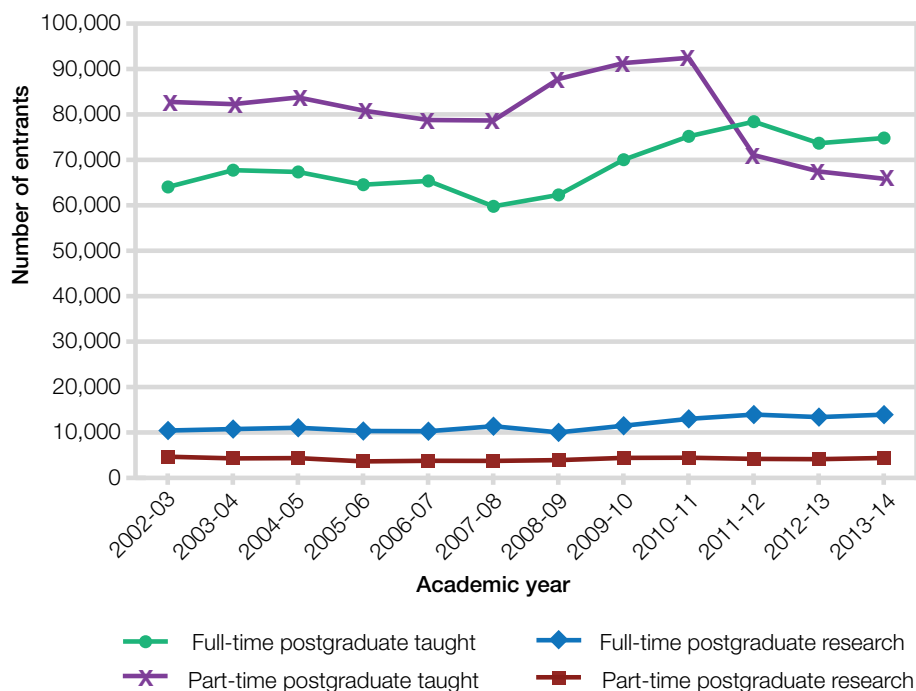
Source: Analysis of the HESA standard registration population at English HEIs, 2011-12 to 2012-13. Percentages given are the changes in the numbers of undergraduate international entrants at English HEIs by their reported country of domicile. Figures are the total entrants from each country in 2012-13. This only includes countries from which at least 1,000 students entered higher education in England in 2011-12.

Entry to postgraduate education

UK and other EU entry to postgraduate education

49. Figure 12 shows that the numbers of UK and other EU entrants to full-time postgraduate taught courses increased in 2013-14 by 2 per cent (1,000) compared with 2012-13. Entrants to full-time postgraduate research programmes remained broadly stable. The numbers of UK and other EU students entering part-time postgraduate taught courses fell by 2 per cent (2,000) compared with 2012-13. The much smaller number of entrants to part-time postgraduate research programmes remained at a similar level to 2012-13, at around 4,000.

Figure 12 UK and other EU postgraduate entrants by mode and level of study, 2002-03 to 2013-14



Source: Table 5, Column 2 in HESES/HEIFES data

Exploration of recent changes in entry to part-time postgraduate courses

50. HESA and ILR data show that entrants to part-time postgraduate taught courses fell by around 22 per cent (21,000) between 2010-11 and 2012-13. Part-time postgraduate research entrants fell by 9 per cent (500) to around 5,000 students.

Number of UK and other EU students entering full-time postgraduate taught courses in 2013-14

Up 2%

compared with 2012-13

Number of UK and other EU students entering part-time postgraduate taught courses in 2013-14

Down 2%

compared with 2012-13

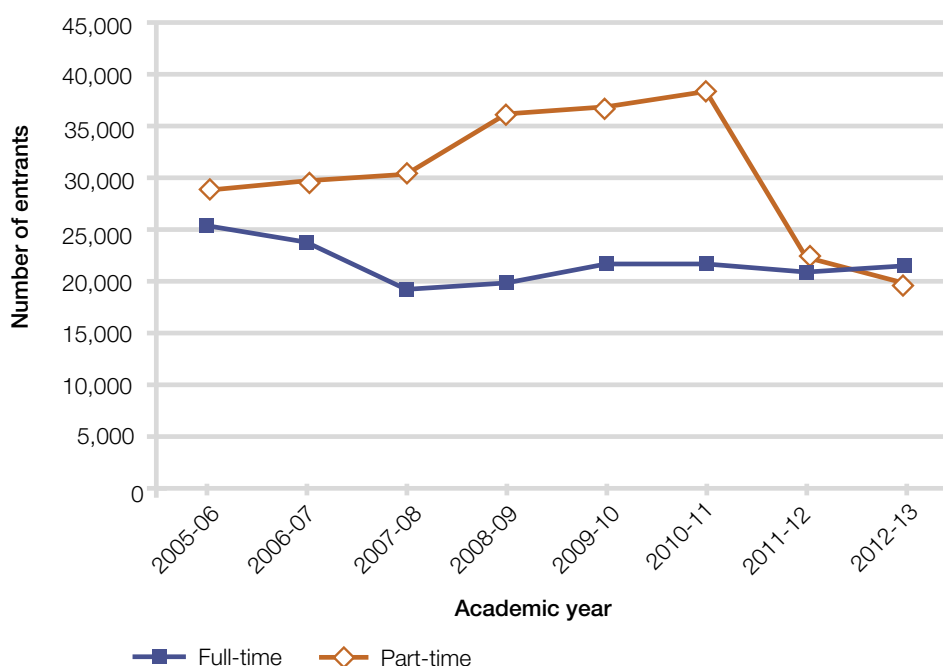
Of the decline in UK and other EU part-time postgraduate taught entrants between 2010-11 and 2012-13

84%

is in education-related subjects

51. Figure 13 shows that declining entrants in the subject area of education, where numbers registered at HEIs fell by around a half (18,600), accounted for 84 per cent of the overall decline in part-time postgraduate taught courses. By contrast, full-time postgraduate education numbers have remained relatively flat for some time.

Figure 13 UK and other EU postgraduate taught entrants to education subject areas registered at English HEIs by mode of study, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

Funding for postgraduate study

52. Fifty-seven per cent of postgraduate students at English HEIs are reported as having no financial backing, especially on taught masters courses where the proportion of such students among UK and other EU entrants is 73 per cent. Such students are likely to either be financing their study from their own resources, or to have found other financial sources that are not paid direct to the higher education provider. Postgraduate research students and those studying for professional postgraduate qualifications or diplomas have a wider range of funding sources, but around 40 per cent of students in each of these groups are again reported as having no financial backing. Only 20 per cent of UK and other EU postgraduate research entrants receive Research Council funding.

53. There is no tuition fee ceiling set for most postgraduate courses. The median net fee for full-time postgraduate taught courses registered and taught at HEIs in 2012-13 was around £8,000, and £5,900 for part-time³⁴. Analysis of tuition fee data sourced from the Complete University Guide gives an indication that the base level fee for postgraduate taught courses increased by 7 per cent in 2013-14³⁵.

Proportion of UK and other EU entrants to postgraduate taught courses who have no financial backing

57%

54. The extent of the effects of wider economic factors on postgraduate part-time study appears to differ from that seen at undergraduate level. At postgraduate level, part-time entrants increased between 2006-07 and 2008-09, before falling in subsequent years. When the education subject area is separated out, postgraduate part-time study shows moderate decline since 2008-09, indicating more sustained popularity through difficult economic times than seen at undergraduate level.

55. Fees for postgraduate research courses still appear to be based on the levels set by Research Councils UK, at around £3,900 for 2013-14³⁶. The annual indicative fee levels for Research Council funded students have in recent years been adjusted using the Gross Domestic Product deflator – a smaller percentage increase than that seen for undergraduate and postgraduate taught fees. If fees are insufficient to cover the costs of postgraduate research courses, institutions may need to subsidise courses from other sources of income, although this may not be sustainable in the long term.

Postgraduate provision in the future

56. The impact of the 2012 reforms in undergraduate education on the take-up of postgraduate education will not be known until 2015 at the earliest, when the first students who have paid higher fees at undergraduate level begin to apply. It is possible that, from 2015, students with limited access to finance and concerns about adding to their undergraduate debts will be more reluctant to go on to postgraduate study. This was raised as a concern for HEIs in our survey of opportunities and challenges. Student concerns about affordability may have a range of effects beyond simply deterring entry to postgraduate courses – for example, in the face of increased debt graduates may prefer courses that are more likely to result in higher earnings. Additionally, most postgraduate students do not progress from undergraduate study within a year of graduating, so any effects are likely to impact both short and long-term trends.

57. A recent survey of students who entered higher education before the 2012 fee reforms about their first intentions after graduation revealed that 44 per cent of respondents were ‘certain or likely’ to enter postgraduate study in the future, 25 per cent were ‘unsure’ and 31 per cent would ‘definitely not’ or were ‘unlikely’ to return to postgraduate study³⁷. Financial considerations were the most common factors affecting this decision – in particular course fees and the overall cost of living. Repeating this survey in future years will enable us to compare the responses of pre-reform final year undergraduates (in 2013 and 2014) with those who have experienced higher fees (2015 onwards). This will provide an early indication of changes in demand for postgraduate study, and signal which types of student or subject areas are most affected.

Proportion of
postgraduate research
students now entering
with at least a masters
qualification

59%

58. A masters degree is increasingly an entry requirement for doctoral degrees (though this varies between subjects) – 59 per cent of postgraduate research students now enter with at least a masters qualification, compared with 34 per cent a decade ago. This means that postgraduate research uptake will increasingly depend on fluctuations in the postgraduate taught market. The implications of financing a masters degree before embarking on a doctorate may also be a constraint on the future diversity of researchers.

59. The HEFCE survey of opportunities and challenges in higher education providers identified recruitment to postgraduate taught full-time programmes among the most cited recruitment challenges and opportunities. Multiple reasons were given for this, suggesting a range of complex issues currently affecting this area of higher education – including financial support for students, immigration issues for overseas recruitment, and increased international recruitment activities and pathways.

HEFCE action

Postgraduate Support Scheme and increasing the evidence base

During 2013-14 we are providing £25 million of additional funding through the Postgraduate Support Scheme for proposals that will link HEFCE funding with institutional and other sources of finance, to test different ways of stimulating the domestic postgraduate taught market. The 20 successful pilot projects will test and disseminate effective practice. After studying the scheme's success, we will invest an additional £50 million in 2015-16 in removing financial or cultural barriers to participation in postgraduate education.

To inform our postgraduate policy and funding approaches in the future, HEFCE has instigated work to build up evidence about the postgraduate sector, details of which are on our web-site³⁸. For example, more information about postgraduate taught fees for home and EU students is now being collected through the HESA record, and we are investigating the costs of delivering postgraduate taught programmes using the Transparent Approach to Costing methodology.

HEFCE action

Information for prospective postgraduate students

Over the past two years, HEFCE, on behalf of the UK higher education funding bodies, has undertaken extensive research into the information needs of prospective postgraduate students.

Research published in 2013 highlighted that students were predominantly interested in course-level content – including costs, financing and employment outcomes – and had a strong preference for access to someone who could help with their own specific choices³⁹.

Recent research (due to be published spring 2014) has examined in more detail the information needs of those who have been outside the higher education system for a few years, finding that the types of information of interest to them resemble those for other groups of prospective students. Notably, however, many prospective returners face very constrained study choices and only consider one or two institutions where they could practically study.

All groups of students highlighted difficulty in finding the types of information they were looking for.

HEFCE will publish guidance for institutions in improving the information they provide for students, and a toolkit for students to help them navigate the information provided by institutions.

Overseas demand for postgraduate education

Indications of entry to postgraduate higher education in 2013-14

60. Numbers of international entrants to full-time postgraduate taught and research courses have increased modestly between 2012-13 and 2013-14 – 400 students each, representing an increase of 1 per cent and 5 per cent respectively.

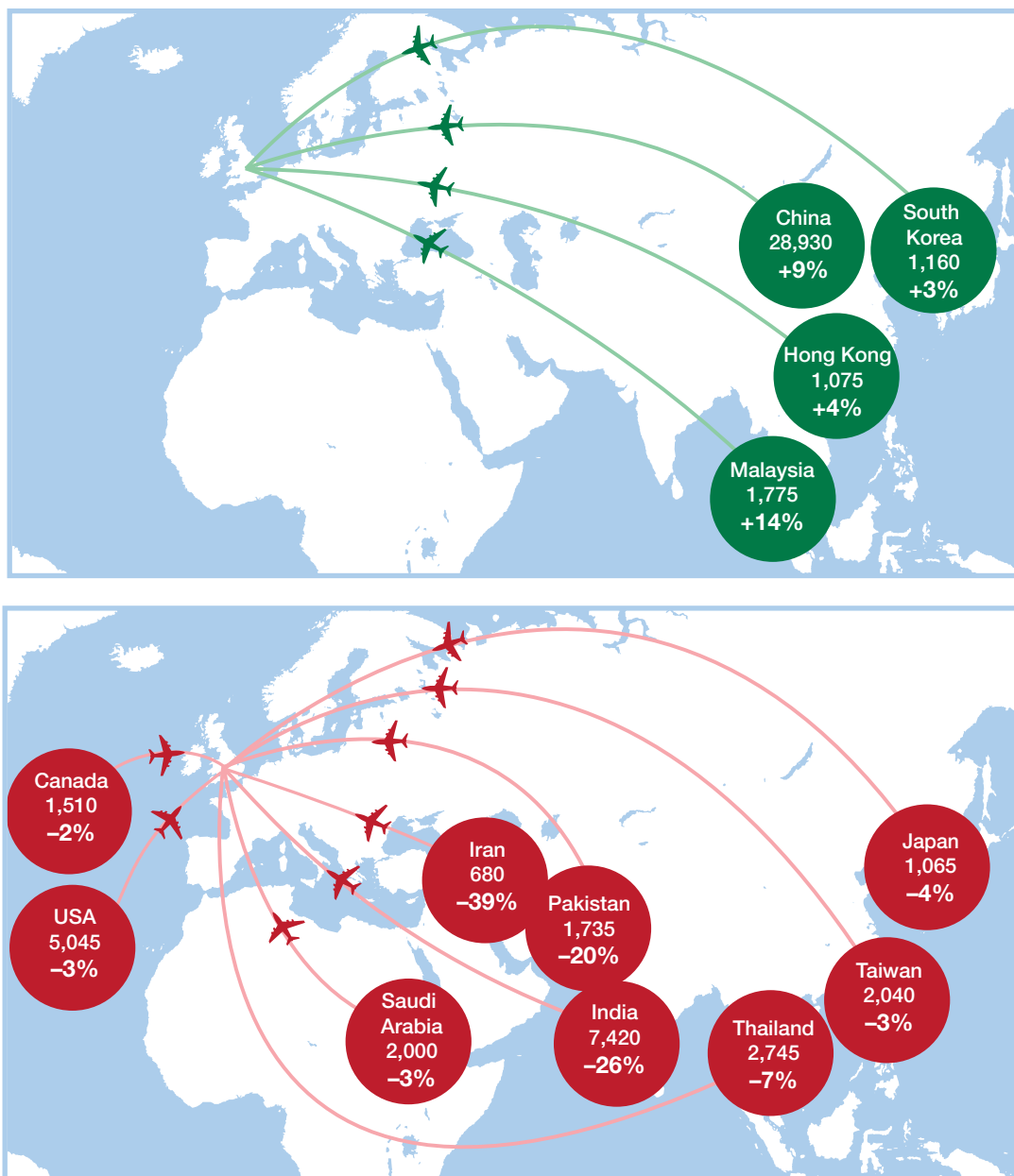
Analysis of entry to postgraduate higher education in 2012-13

61. Overall, international demand for full-time postgraduate taught study registered at English HEIs decreased by 1 per cent (1,000) between 2010-11 and 2012-13. There were reductions in entrants from India (51 per cent, 7,000) and Pakistan (49 per cent, 1,300), partly offset by growth in demand from China (44 per cent, 8,300).

62. International entrants to postgraduate research study (almost without exception studying full-time) increased by 700 (8 per cent) between 2010-11 and 2012-13 to 9,000 students. This accounted for the 3 per cent overall growth in full-time postgraduate research entrants (UK, other EU and international).

63. Figure 14 shows changes in flows of postgraduate students from outside the EU in 2012-13 compared with the previous year, and the total entrants from each country in 2012-13.

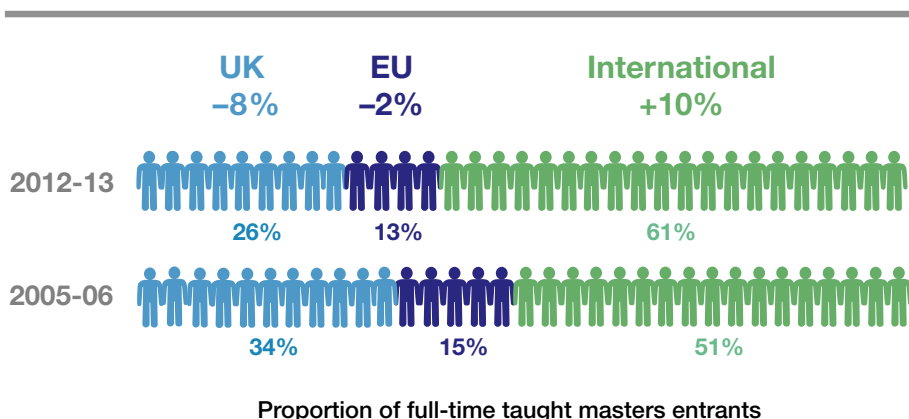
Figure 14 Changes in flows of postgraduate students from outside the EU in 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2011-12 to 2012-13. Percentages given are the changes in the numbers of postgraduate international entrants at English HEIs by their reported country of domicile. Figures are the total entrants from each country in 2012-13. This includes only those countries from which at least 1,000 students entered higher education in England in 2011-12.

64. International students have contributed a great deal to the growth of postgraduate education. They make up over a quarter of all postgraduate numbers, but in certain subject areas they are more than half of the cohort, which makes parts of the sector vulnerable to volatility in this market. In particular, Figure 15 illustrates that the proportions of international students in the full-time taught masters mode of study are significantly higher than those of home students.

Figure 15 Full-time taught masters entrants to English HEIs by student domicile, 2005-06 and 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

65. Given recent declines in key postgraduate markets like India, Pakistan, Iran and others, the share of the full-time taught masters students from China, which maintained its growth rate, reached 39 per cent of the non-EU taught masters entrant population in 2012-13. As a share of the overall full-time taught masters population, students from China now form 23 per cent of entrants, which is close to the UK proportion at 26 per cent. Full-time taught masters entrants make up 51 per cent of the overall postgraduate taught entrant population.

66. Parallel to the declines in entrants from India and Pakistan to full-time taught masters courses in England, a 10 per cent increase was reported in international students entering postgraduate study in the US, with growth mainly driven by entrants from India, whose numbers increased by 40 per cent⁴⁰. Another country with significant increases in enrolments in 2013-14 from both India and Pakistan (across all levels of study) is Australia, where higher education commencements from these two countries showed increases of 66 per cent (3,353 students) and 46 per cent (846 students) respectively. Data from the Home Office on Confirmation of Acceptances for Studies and Entry Clearance Visas issued in the period July to December 2013 suggest further decline in the UK in students from India and Pakistan⁴¹.

International students make up **Over a quarter** of all postgraduate entrant numbers

Proportion of entrants to full-time taught masters courses from outside the UK in 2012-13 **74%**

Proportion of entrants to full-time postgraduate taught masters programmes from China **23%** from UK **26%**

Proportion of UK
full-time students
enrolled on
postgraduate
research programmes
compared with EU
and international
students

**Almost
equal**

67. In postgraduate research programmes, England has almost equal proportions of full-time entrants from the UK (49 per cent) compared with other EU and international entrants (51 per cent). Internationally, most of the OECD countries have larger proportions of international students enrolled on their advanced research programmes compared with other levels of study, which reflects the attractiveness of the research of these countries and equally, universities recruiting internationally because of the potential contribution international students can make to research and development⁴². Comparative data for 2011 indicate that highest proportions of international students in advanced research programmes were in Switzerland (where, like the UK, about half of the students are international), with proportions of 40 per cent or above in France, the Netherlands and New Zealand.

68. Our first Intentions After Graduation Survey revealed that undergraduate international students had a much higher propensity to want to continue their education at postgraduate level, with 69 per cent stating they were certain or likely to enter postgraduate study compared with 41 per cent of UK students.

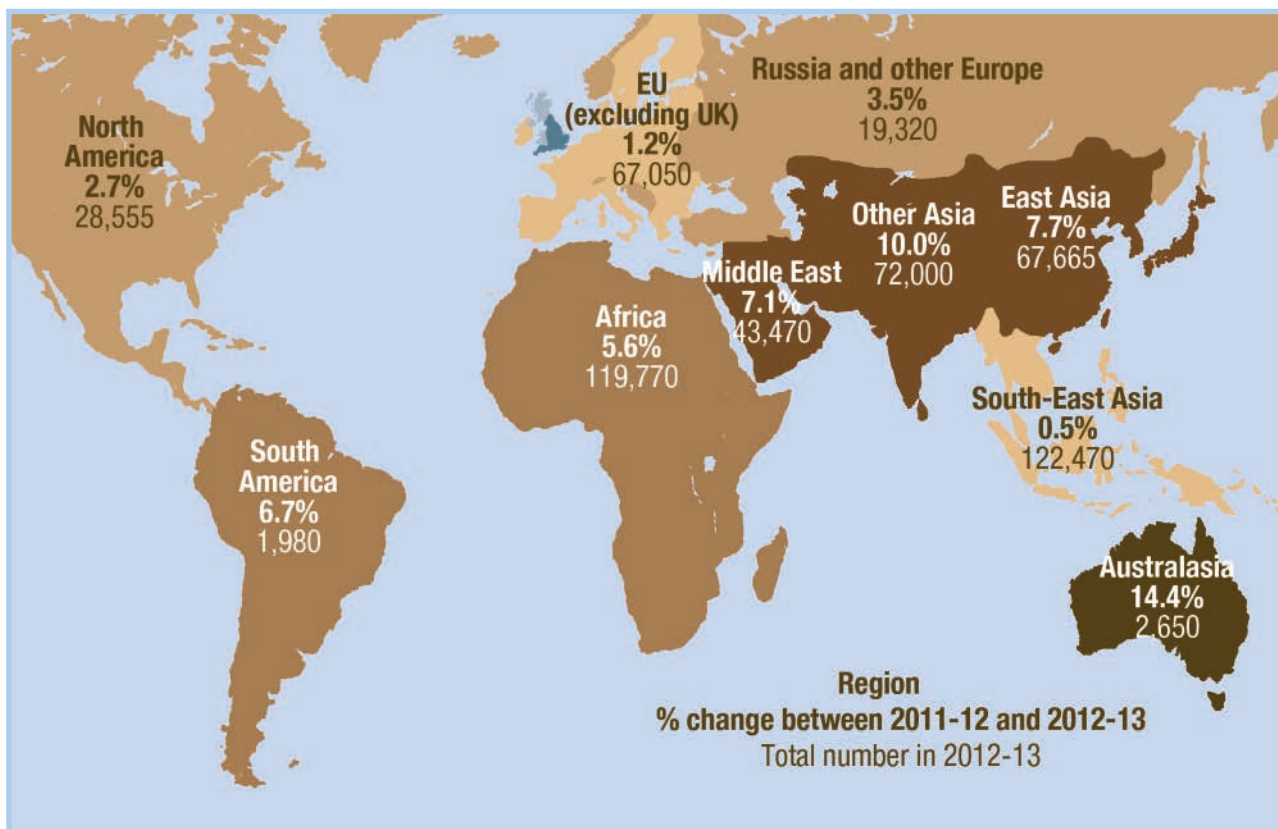
Transnational education

69. Transnational education (TNE) is the provision of education to a student based in a country different from the one of the awarding institution⁴³. Over recent years TNE provided by English HEIs has seen significant growth and increasing diversity in the modes of delivery.

70. The TNE data have limitations – for example, the existing definitions and data collections do not allow for the full and comparable identification of the offshore activities of English HEIs. These are additionally complicated by the changing nature of their engagement with students and partner institutions overseas. However, the available data do present a useful broad picture of a wide range of activity.

71. There are more international students doing courses with English higher education institutions outside England than in England. There were 545,000 students registered on TNE courses in 2012-13, most of them based in Asia. One institution accounts for 48 per cent of these students. Figure 16 shows changes in transnational education students between 2011 and 2012, giving the percentage change and the overall number of students in each region.

Figure 16 Growth in transnational education between 2011-12 and 2012-13 (total student population associated with English HEIs)



Source: Analysis of the HESA aggregate offshore return, 2011-12 and 2012-13

Countries shaded the darkest brown saw the biggest growth in this period; countries shaded the lightest brown saw the smallest growth.

72. There was 5 per cent (24,500) growth in the number of students on TNE programmes in 2012-13 compared with the previous year. A decline of 4 per cent (about 4,000 students) was observed in Singapore, one of the biggest TNE markets for England. All declines in Singaporean activity were concentrated in undergraduate education provision at overseas partner institutions. A possible explanation is an increase in the number of overseas institutions which, acquiring degree-awarding powers in their own country, pull away from existing TNE arrangements or progress into a new type of TNE activity which the current data collections are unable to identify.

73. About 85 per cent of TNE is at undergraduate level, and most of it is delivered through partner institutions based overseas. If the students of the one very large TNE institution are excluded from the analysis, the proportion of undergraduate students drops to 71 per cent (with postgraduate taught students accounting for 27 per cent and research students for 1 per cent).

HEFCE action

Transnational education

Given the scale of the UK's TNE provision and its complexity, a number of agencies, including HEFCE, were asked by the Department for Business, Innovation and Skills to consult on how its quality assurance can be strengthened. This consultation was led by the Quality Assurance Agency for Higher Education (QAA) and the UK Higher Education International Unit, and closed on 10 March 2014. Following analysis of the consultation responses, the aim is to have in place by the start of 2014-15 a new approach which will safeguard the reputation of UK higher education, provide greater public assurance about the quality and standards of TNE provision, and protect the interests of students on such programmes⁴⁴.

Student characteristics

Social background

Undergraduate

UK – indications for 2013-14

74. UCAS reports that in 2013, the entry rate for 18 year-olds from England is higher than in all previous UCAS cycles for all POLAR2 groups except quintile 5 (the quintile with the highest participation)⁴⁵. For 18 year-olds living in disadvantaged areas the entry rate increased by 1.4 percentage points, while for those living in advantaged areas it increased by 1.2 percentage points compared to the 2012 cycle. These changes mean that disadvantaged 18 year-olds are around 9 per cent more likely to be accepted for entry in the 2013 cycle than they were in the 2012 cycle.

75. Despite the positive trends, there are still large gaps in entry by background. The entry rate to higher education in the UK for 18 year-olds from the most advantaged areas of England is around 47 per cent in the 2013 UCAS cycle – significantly higher than for the most disadvantaged, whose entry rate is around 17 per cent.

POLAR

Participation of Local Areas (POLAR) is a classification of small areas across the UK. The classification is based on rates of participation in higher education by young people, and shows differences in their likelihood to enter higher education based on where they live.

Areas are ranked by their young participation rate and then divided into five equal sized groups – quintiles. These quintiles are ordered from ‘1’ (those areas with the lowest participation) to ‘5’ (those areas with the highest participation).

We published an updated version of POLAR, known as **POLAR2**, in 2007. This made use of more recent information on higher education entrants, and extended the scope of the classification to include part-time study and a range of other higher education qualification aims.

We have since made a further update, **POLAR3**, using the most recent information on those who entered higher education during the 2005-06 to 2010-11 academic years.

Young people living in disadvantaged areas were

Around 9% more likely

to be accepted for entry in 2013 than they were in 2012

Despite a narrowing of the gap, the entry rate to UK higher education for 18 year-olds from the most advantaged areas of England is

Around 47%

In the most disadvantaged areas it is

Around 17%

Young people living in
low-participation
areas are

**Twice as
likely**

to apply in 2014 than
a decade ago

76. UCAS notes that in 2013 18 year-olds from the most advantaged areas of England were 7.5 times more likely to enter higher-tariff institutions than those from the most disadvantaged areas. While there have been improvements in the past decade, this gap remains large. There is much less differentiation by background in entry rates at lower-tariff institutions.

Applications for 2014-15

77. UCAS reports that the application rates of 18 year-olds living in low-participation areas have continued to increase, rising to 21 per cent in England for the 15 January 2014 UCAS deadline⁴⁶. This means they are almost twice as likely to apply than a decade ago. In addition, the gap in application rates between the most and least disadvantaged areas has continued to shrink.

Impact of changes to the fee and loan regime

78. Present indications are that changes to the fee regime have not had a negative impact on widening access for young entrants to higher education. HESA data for 2012-13 – the year of the dip in undergraduate entry – confirm that across young entrants to full- and part-time⁴⁷ undergraduate study, numbers of entrants from POLAR3 quintile 5 (the highest participation areas) fell by 14 per cent (11,500 students) compared with 2010-11, while equivalent entrants from POLAR3 quintile 1 (the lowest participation areas) fell by only 5 per cent (2,000 students).

Part-time

79. Within part-time undergraduate study, there appear to be minimal recent differential changes related to any particular characteristics. However, part-time higher education tends to have greater proportions of students with characteristics that mean they might overall be less likely to enter higher education. For example, part-time students are more likely to have entry qualifications other than A-levels. The large declines in part-time study may therefore have a detrimental impact on widening access overall.

Widening participation in the future

80. There may be longer-term effects of the undergraduate reforms that have yet to emerge. Those entering higher education in 2012 and 2013 are likely to have been working towards this for some time, and it may be that changes to university outreach and any deterrent impact of fees will only impact on the aspirations and expectations of young people in years to come. The impact of changes in schools and further education will also only impact in the medium to longer term – these include changes to:

- GCSE and A-level content and structure
- incentives for schools in relation to performance measurement, such as the English baccalaureate measure

- approaches to vocational qualifications, including technical level qualifications, advanced general qualifications, and the technical baccalaureate measure
- careers advice in schools.

Postgraduate

81. There is evidence to suggest that it is increasingly the better off who engage in study for a taught masters or doctorate⁴⁸. Students from the lowest-participation areas are more likely than those from the highest-participation areas to go on to study postgraduate taught courses other than masters courses. Parental academic achievement also has an effect, with postgraduate study more likely if both parents hold a degree⁴⁹. Undergraduate experience also appears to be a factor, with those studying at high-tariff institutions and those gaining first-class honours the most likely to go on to all types of postgraduate study.

Postgraduate taught courses other than masters degrees

Such courses include:

- postgraduate diplomas, certificates and professional qualifications
- postgraduate PGCEs
- the Level 7 Diploma in Teaching in the Lifelong Learning Sector
- institutional postgraduate credits
- non-formal postgraduate qualifications.

Gender

Undergraduate

82. The gap between the propensities of women and men to apply to higher education continues to be wide. For 2014-15, UCAS reports that 18 year-old women in England were 33 per cent more likely to apply than men at the 15 January deadline⁵⁰. This gap widens in disadvantaged areas, where 18 year-old women are 55 per cent more likely to apply, compared with 18 per cent in advantaged areas. However, these gaps have not grown for entrants from England since 2012.

83. There is also a wide gap in entry rate, with 34.0 per cent of women aged 18 being accepted to higher education in the 2013 UCAS cycle compared with 25.8 per cent of men of the same age. These gaps have widened for entrants from the UK since 2010.

In disadvantaged areas, 18 year-old women were

55% more likely

than men of that age to apply to higher education for 2014-15

Looking overall at students achieving A-level and equivalent qualifications

Broadly the same proportions of men and women progress to higher education

84. However, this disparity is not specific to university and college entry. Gaps in performance between boys and girls appear early in education, suggesting the influence of wider social and educational factors⁵¹. New statistics published by the Department for Education suggest that when only the population of young people taking A-level and equivalent qualifications is considered, 49 per cent of girls compared with 48 per cent of boys progressed to higher education in 2010-11⁵². The statistics also note that the same proportions of boys and girls progressed to the top third of higher education institutions⁵³. Further HEFCE analysis in this area indicates that differences between the young higher education participation rates of male and female A-level students is largely due to their attainment.

85. The declines in UK and EU full-time other undergraduate entrants were more pronounced among women than men. This is due to the substantial fall in entrants to the subject area of 'nursing and subjects allied to medicine', who are disproportionately women. When these subjects are not considered, declines in entrants to full-time other undergraduate courses registered at HEIs were consistent between men and women. Declines in UK and other EU entrants to part-time first degree and other undergraduate courses, and full-time first degree courses, were all similar across men and women.

Postgraduate

86. Among UK and other EU students, women outnumber men in postgraduate taught courses and accounted for 61 per cent of entrants to such courses in 2012-13. This is because entrants to postgraduate taught courses other than masters make up 47 per cent of UK and other EU entrants to all postgraduate taught courses, and women make up two-thirds of entrants to postgraduate taught courses other than masters⁵⁴. This is largely explained by these courses having a high concentration of the subject areas of education, nursing and subjects allied to medicine, and social studies.

87. However, men are more likely to progress to taught masters than women, and numbers of men and women starting postgraduate research courses are similar, again because men are more likely to progress to such courses. The higher progression rates for men are likely to be due to a combination of factors, including the subject areas they are studying and the qualifications they hold on entry to postgraduate study. Numbers of women are low in postgraduate research in engineering, mathematics and physics, but the gap has been closing in recent years.

Ethnicity

88. Between 2010-11 and 2012-13, numbers of UK-domiciled students starting full-time first degree courses from white ethnic groups fell by 6 per cent (15,000) whereas numbers of entrants from black and minority

Numbers of UK-domiciled students starting full-time first degree courses between 2010-11 and 2012-13 from black and minority ethnic groups

Up 7%

and from white ethnic groups

Down 6%

ethnic (BME) groups increased by 7 per cent (6,000). When looking at BME entrants in more detail we see that Chinese students were the only group whose numbers fell (by 11 per cent). We also see gaps at the postgraduate taught level. UK-domiciled entrants to full-time courses from white ethnic groups declined by 4 per cent (2,000) while equivalent BME entrants fell by 1 per cent (less than 500). UK-domiciled entrants to part-time postgraduate taught courses from white backgrounds saw a large decline of 25 per cent (18,000), while equivalent BME entrants fell by a much lower 7 per cent (1,000).

89. Differential changes in entrants by ethnicity are only observed in the full-time first degree population and in the postgraduate taught populations. There are no notable differences based on ethnicity in UK-domiciled entrant numbers to full-time other undergraduate or part-time undergraduate courses.

Age

90. UCAS data for the 2012 application cycle suggested a greater fall in numbers of mature students than of young students. However, analysis of the 2012-13 HESA data (which includes entry independent of UCAS) indicates that the magnitudes of changes observed in UK and other EU entrants to both full- and part-time study at undergraduate level are broadly similar for both young and mature entrants. When full-time first degree and other undergraduate entrants are considered together there appears to be a differential decline between young and mature students, but this is due to the disproportionate number of mature students in other undergraduate programmes. Early indications from UCAS for the 2013 and 2014 cycles suggest a trend of increasing recruitment of mature students to full-time undergraduate courses. However, the part-time picture will affect mature students as there are significantly more of them in part-time programmes – 92 per cent of part-time UK and other EU undergraduate entrants in 2012-13 were over 21 years of age, compared with 24 per cent of full-time undergraduate entrants.

91. The majority of UK and other EU postgraduate taught entrants are not those who have graduated at 21 and proceeded immediately to further study – 58 per cent are over 25 years old. However, the proportion of postgraduate taught entrants who are aged 25 or under has risen from 36 per cent in 2002-03 to 42 per cent in 2012-13.

Facilitating subjects

92. The Russell Group defines ‘facilitating subjects’ as subjects that are required more often than others for entry to undergraduate courses. They note that mathematics and further mathematics, English literature, physics, biology, chemistry, geography, history, and classical and modern languages

Numbers of
UK-domiciled students
starting part-time
postgraduate taught
courses between
2010-11 and 2012-13
from black and
minority ethnic groups

Down 7%

and from white ethnic
groups

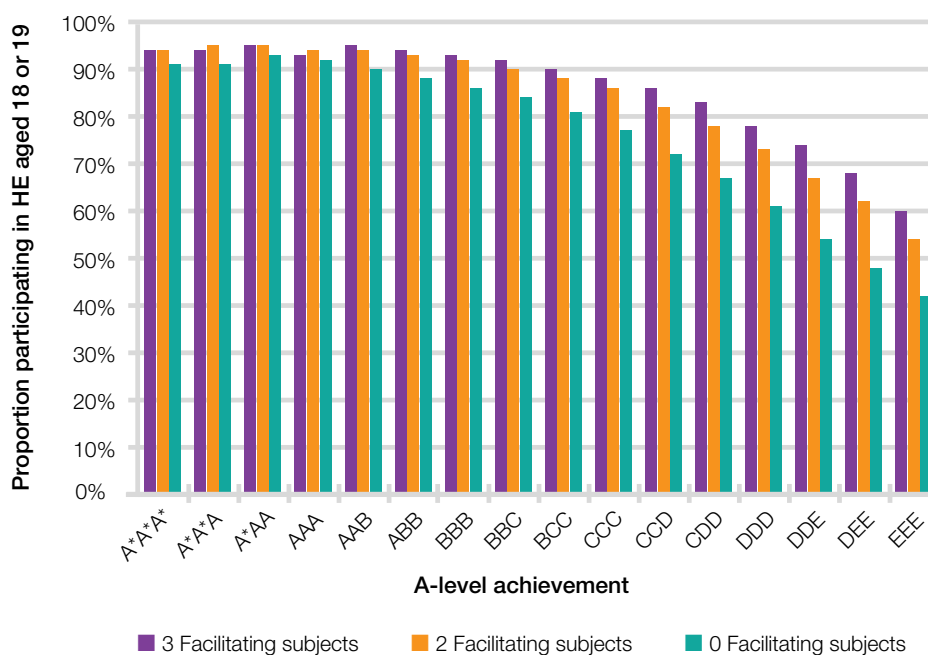
**Down
25%**

Proportion of
part-time UK and other
EU undergraduate
entrants in 2012-13
who were mature

92%

can all be seen as facilitating subjects⁵⁵. The Department for Education performance tables now include the percentage of A-level students achieving three A-levels at grades AAB or higher in two categories: in at least two facilitating subjects and in at least three facilitating subjects. More than nine out of ten students with three A-levels at grades of A and above progress to higher education, regardless of the number of facilitating subjects they take. A gap increasingly opens up at lower levels of achievement between those with more facilitating subjects and those with fewer. At grades EEE, 60 per cent of those with three facilitating subjects progress to higher education, compared with 42 per cent of those with no facilitating subjects.

Figure 17 Rates of young participation (aged 18 or 19) of those A-level students holding at least three A-levels, by grades achieved



and number of facilitating subjects

Source: HEFCE analysis of linked National Pupil Database, HESA and ILR data, 2005-06 to 2012-13

Populations of A-level qualifiers are consistent with those defined by the Department for Education, and extend to all students with results reported, including students at independent schools. Students obtaining at least three A-levels between 2005-06 and 2010-11 have been aggregated. Their progression up to two years after obtaining those A-levels has been considered.

4

Subjects

93. This section provides a focus on subject trends in science, technology, engineering and mathematics (STEM), and modern foreign languages. It does not cover all subjects, which are covered by our continuing monitoring of subject trends⁵⁶. It also highlights some trends in subjects for international students⁵⁷.

Science, technology engineering and mathematics

Undergraduate

94. In 2013-14, positive trends in STEM applications translated to 98,000 acceptances via UCAS, the highest level recorded. Engineering and technology acceptances bounced back by 6 per cent (2,000) after a decline, returning to 2010-11 peak levels. Acceptances to computer sciences in 2013-14 were higher than at any point since 2003-04, having increased by 12 per cent (2,000) compared with the previous year.

95. UCAS applications data for the 2014 cycle suggest continued growth in engineering and technology subjects, with applications rising by 11 per cent compared with the previous cycle. Computer sciences have seen the biggest increase in applications, of 13 per cent.

96. Increased entries to STEM subjects at A-level suggest that there is scope for further growth in higher education in the coming years. Although total numbers of A-level entries remained flat between 2011-12 and 2012-13, the numbers of entries to STEM subjects increased by 6,000 (2 per cent)⁵⁸.

97. UCAS data on UK-domiciled acceptances and applicants suggest that some STEM disciplines are becoming increasingly difficult to be accepted into. For example, the total number of UK-domiciled applicants to physics in 2013-14 was 18 per cent higher than those who ultimately accepted a place, whereas in 2003-04 applicant numbers were only 6 per cent higher than acceptances. This means that that a physics applicant 10 years ago could have been up to 10 per cent more likely to secure an acceptance than in 2013-14. Similar changes are observed in mathematical sciences and chemistry.

Exploration of recent changes in entry to STEM courses

98. With a fall of 8 per cent (5,800) between 2010-11 and 2012-13, HESA data show that full-time undergraduate entrants to STEM subjects at HEIs held up well in 2012-13 relative to an overall 11 per cent dip in full-time undergraduate entrant numbers. Countering the trend, numbers of entrants to undergraduate physics courses in 2012-13 were 9 per cent higher than in 2010-11.

Number of
applicants accepted
to STEM subjects in
2013-14

**Highest
level
recorded**

Continuing positive
trends in
applications to
STEM subjects in
2014-15

**Engineering and
technology**

up 11%

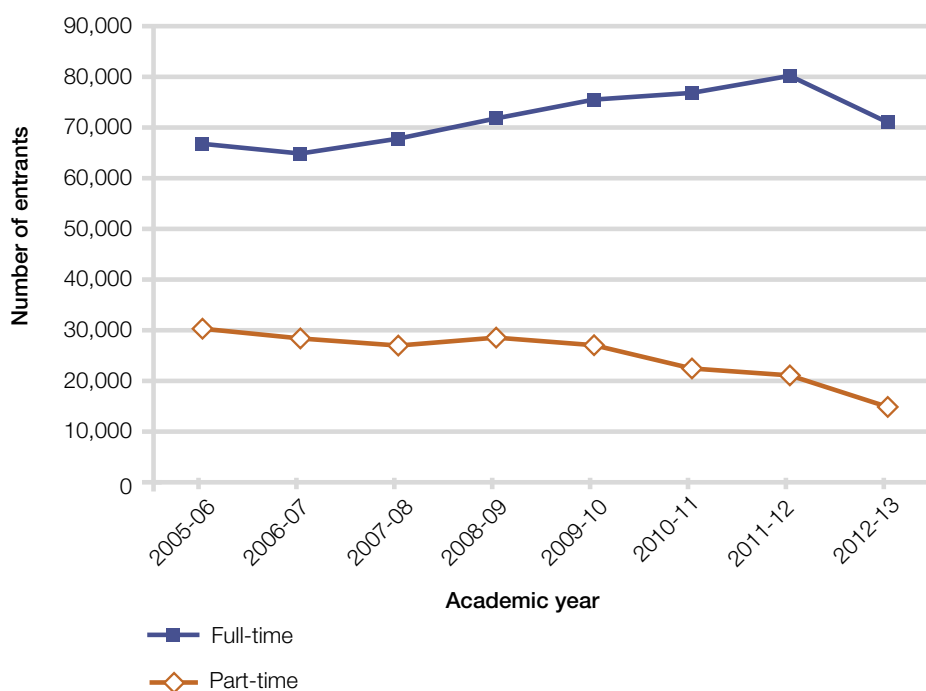
**Computer
sciences**

up 13%

99. Part-time undergraduate entrant numbers in STEM fell by a third (7,600) between 2010-11 and 2012-13, with a substantial number of these in the areas of computer sciences and engineering and technology. Sizeable declines of more than 1,000 were also observed in the subject areas of biological sciences and mathematical sciences.

100. Figure 18 shows the medium-term trends in entry to full-time and part-time undergraduate STEM courses.

Figure 18 **UK and other EU undergraduate entrants to STEM subject areas registered at English HEIs, 2005-06 to 2012-13**



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

101. The recent falls in part-time undergraduate provision have had a significant impact on part-time STEM provision, which in some areas is now negligible. Numbers of part-time first degree entrants to chemistry and physics fell by 73 per cent and 85 per cent respectively between 2010-11 and 2012-13 – there were fewer than 100 entrants starting study in each of these subject areas in 2012-13. However, physics and chemistry entrants have always been a small proportion of the total part-time cohort. In other undergraduate provision, the largest decline was in mathematics, where entrant numbers fell by 81 per cent from around 1,200 in 2010-11 to around 200 in 2012-13.

Postgraduate

102. For postgraduate taught courses, UK and other EU entrants to full-time STEM programmes fell by 10 per cent between 2010-11 and 2012-13 (by 1,000 students, to 9,100). The declines were mainly driven by computer science (down by 20 per cent, 400 entrants) and engineering and technology (down by 12 per cent, 400 entrants). Part-time postgraduate taught numbers in STEM subjects increased by 9 per cent (around 700 students). This was driven almost entirely by UK students starting programmes in the subject areas of pharmacology, toxicology and pharmacy.

103. Between 2010-11 and 2012-13, full-time postgraduate research STEM entrants increased by around 100 (2 per cent) to around 6,600, growth being driven by entrants from EU countries other than the UK. Part-time entrants to postgraduate research courses in STEM subjects are very small in number and have been seen to fluctuate over time – a very modest longer-term decline continued between 2010-11 and 2012-13.

Modern foreign languages

Undergraduate

104. UCAS data indicate that falls in applications to modern foreign language courses for 2013-14 were reflected in acceptances, which are now lower than at any point in the previous decade. Acceptances to European languages fell by 6 per cent (200) compared with 2012-13, and acceptances to non-European languages fell by 14 per cent (100). For 2014, European languages have seen applications fall by a further 5 per cent compared with 2013, and non-European languages by 6 per cent.

Exploration of recent changes in entry to modern foreign language courses

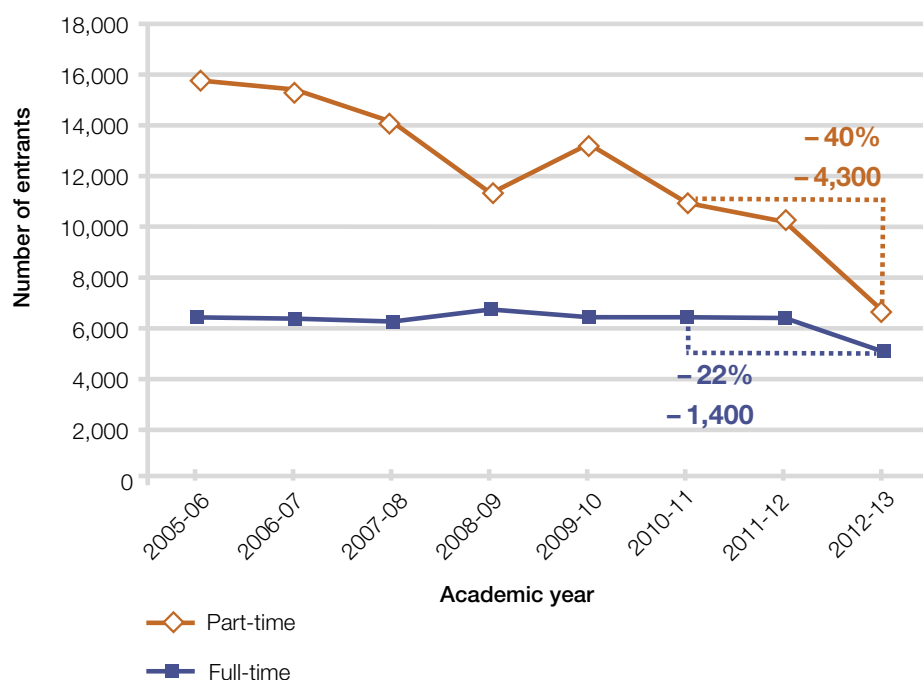
105. Figure 19 shows that, until 2012-13, longer-term declines in entry to modern foreign languages were concentrated in part-time undergraduate study. However, in 2012-13 they became evident in full-time undergraduate study as well – numbers of entrants fell by 22 per cent (1,400) between 2010-11 and 2012-13. This decline is almost entirely due to lower entrant numbers from the UK rather than the other EU countries.

106. Declines in full-time first degree entrants are also seen in joint honours courses where a modern foreign language is coupled with an area of study that is not a modern foreign language. Numbers of entrants to such courses fell by 22 per cent (1,000) between 2010-11 and 2012-13, continuing earlier declines.

Number of applicants
accepted to modern
foreign language
courses in 2013-14

**Lowest
level in a
decade**

Figure 19 UK and other EU entrants to undergraduate modern foreign language courses registered at English HEIs, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

107. However, there appears to have been an increase in UK students choosing to do a language degree abroad. Modern foreign languages were the most popular subjects in 2012-13 for UK students studying in France (1,300 students studying modern foreign languages) and Germany (600 students) and the second most popular choice (after economics) for students going to the Netherlands (300 students)⁵⁹.

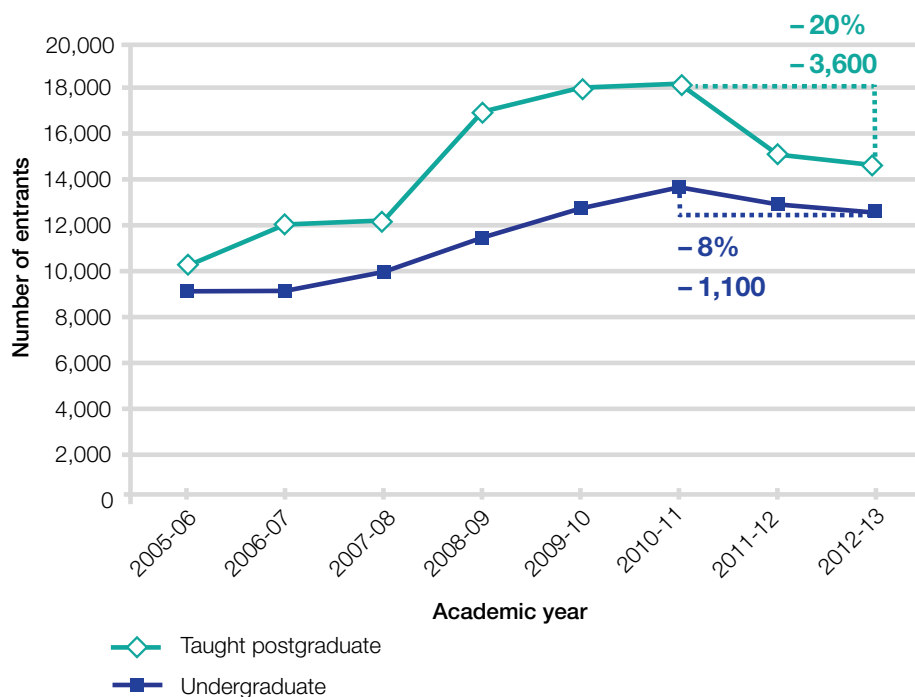
108. There is also evidence of growth across a number of institutions in non-specialist language study, such as non-compulsory language course units taken for academic credit and language courses studied alongside a student's degree programme⁶⁰. However, while valuable, these starter courses will not give the depth of understanding of a language and its contexts and uses that would be provided by a language degree.

Postgraduate

109. Numbers of UK and other EU entrants to postgraduate taught courses in modern foreign languages are small, totalling just 1,000 entrants across full- and part-time courses in 2012-13. Postgraduate taught full- and part-time each fell by around 200 between 2010-11 and 2012-13 – a drop of more than a quarter in full-time numbers, and more than half in part-time. Cohorts of postgraduate research entrants remained stable.

International entrants

Figure 20 Full-time international entrants to STEM subject areas registered at English HEIs by level of study, 2005-06 to 2012-13



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

110. Figure 20 shows that international entrants to full-time undergraduate STEM courses fell by 8 per cent (1,100) between 2010-11 and 2012-13. This decline is almost entirely explained by declines in entrants to full-time first degrees in computer sciences (down 900, 35 per cent) and engineering and technology (down 300, 5 per cent). An increase of 200 (18 per cent) in entrants to full-time mathematical sciences courses partly offsets these falls.

111. Figure 20 also shows that international entrants to full-time postgraduate taught STEM courses fell significantly between 2010-11 and 2012-13, dropping by around 3,600 (20 per cent). Falls were concentrated in computer sciences (down 2,000, 37 per cent) and engineering and technology (down 1,000, 2 per cent). The decline was concentrated among entrants from India (down 64 per cent) and Pakistan (down 65 per cent).

112. By contrast, growth in postgraduate enrolments in the US between 2012 and 2013 was predominantly driven by students from India (up 40 per cent). Data released from the Council of Graduate Schools show that increases in first-time international graduate enrolments in the US from 2012 to 2013 were highest in engineering (17 per cent) and physical and earth sciences including maths and computer science (18 per cent)⁶¹. International non-immigrant STEM graduates in the US are permitted to

International entrants to full-time undergraduate STEM courses between 2010-11 and 2012-13

Down by 8%

International entrants to full-time postgraduate taught STEM courses between 2010-11 and 2012-13

Down by 20%

work upon graduation for up to 29 months⁶². There may therefore have been some displacement of Indian students from the UK to the US in the area of STEM following UK changes to post-work visa routes in 2011.

113. Numbers of international entrants to modern foreign languages were small, with only 1,000 entrants across all levels of full-time study, and remained broadly the same as 2010-11 across each level.

HEFCE action

Subjects

We are continuing to monitor, assess and publish information on the supply of and demand for subjects in higher education in England.

We have continued to support subjects at undergraduate and postgraduate level. This has included:

- the continued provision of funding for high-cost subjects at undergraduate level, including additional funds for the highest-cost STEM subjects.
- a new programme of demand-raising activity in languages – Routes into Languages – from 2013 to 2016
- support for quantitative skills both through sigma, the national maths and statistics support network, and the Q-Step Centres of Excellence in quantitative methods for social science
- grants from our Catalyst Fund to support activities which build on the current upturn in STEM subjects, including support for new engineering, mathematics and chemistry provision, and to address issues of student diversity in physics.

Further information on these and other activities is available on the HEFCE web-site⁶³.

The Government's grant letter to HEFCE also confirms that within total capital funding for 2015-16, the Government will make available £200 million for investment in teaching facilities for high-cost subjects like science, engineering and technology, matched by equal investment from the sector⁶⁴.

Outcomes for students

114. The National Student Survey is a UK-wide survey of final year undergraduate students, gathering feedback on their higher education experience including overall satisfaction with their course. In 2013, 85 per cent of respondents from English higher education institutions reported satisfaction with their course, continuing a trend of improvement⁶⁵. Previous cohorts had been less satisfied with assessment and feedback – in 2013, 71 per cent reported satisfaction, up by 2 per cent from the previous year. HEFCE has limited information on student satisfaction with alternative providers of higher education, but this is expected to improve in future if more of these providers opt to take part in the National Student Survey.

115. In HEFCE's survey of HEIs which covered ways to address their main opportunities and challenges in the next three years, almost half of respondents reported reviews of or changes to the course portfolio for meeting the changing needs and demands of students and employers. Innovation in the mode of delivery of courses was mentioned by around a quarter of HEIs, including diversifying the methods, timing and places of learning. A number of comments referred to the potential for using technology to attract and deliver education to students both locally and overseas, including those in employment. The survey also shows a substantial number of institutions developing their marketing and promotion activities to prospective students, and developing the quality of their provision taking into account published information such as National Student Survey results and graduate employability data.

116. The Office of the Independent Adjudicator (OIA) received 2,012 complaints from students in 2012, 25 per cent more than the previous year⁶⁶. Complaints received by the OIA do not necessarily reflect the experience of the majority of students. However, these figures give an indication of an increase in the propensity to escalate complaints to the OIA if students feel they have not received a satisfactory response through their institution's own complaints procedure.

117. The Quality Assurance Agency for Higher Education notes a similar trend to the OIA, with the number of applications under its Concerns scheme increasing. There were 58 applications in 2011-12, up from 42 in 2010-11⁶⁷. Concerns most frequently raised in 2011-12 related to admissions, including the refunding of fees after non-admissions. The application of academic regulations and providers' collaborative provision were the focus of applications which progressed to a full investigation.

Proportion of
final-year
undergraduate
students from
English HEIs
reporting
satisfaction with
their course in
2013

85%

118. The Office of Fair Trading also issued a report into universities' terms and conditions in 2013⁶⁸. It concluded that around three-quarters of UK universities it looked at had terms and conditions that could prevent students from graduating or enrolling onto the next academic year if debts not related to tuition fees, such as for accommodation, were unpaid. The Office of Fair Trading's view was that a generalised use of academic sanctions, without regard to the circumstances, had the potential to breach consumer protection law.

HEFCE action

Student engagement

As suggested by Gibbs, a student engagement measure might be an appropriate means of assessing student outcomes⁶⁹. A HEFCE-supported pilot study carried out by the Higher Education Academy asked existing students about the extent to which they invest effort in their studies. The outcome of the study will be used to identify areas where more engagement may be required.

In 2013 HEFCE set up the Student Engagement Partnership to deliver targeted support for student engagement activity within institutions. The partnership is funded by HEFCE, with financial help from GuildHE and the Association of Colleges, and it is supported by the National Union of Students. To ensure the funding is spent effectively and efficiently, a steering group has been set up to direct the work. Its members include a representative from each of the funding councils, higher education sector organisations and practitioners.

Proportion of
graduates
unemployed 40
months after
graduation

Postgraduate
qualifiers

2.3%

First degree
qualifiers

3.8%

119. Previous work by HEFCE shows that rates of non-continuation, levels of degree attainment and progression outcomes vary according to students' characteristics⁷⁰. Further exploration is needed to fully understand the factors that might be driving the unexplained differences in outcomes that have been observed.

120. Holding a higher education qualification, in broad terms, offers benefits in employability compared with less qualified people⁷¹. Holding a postgraduate qualification appears to offer particular benefits for employability, with students holding postgraduate qualifications other than masters most likely to be employed. This may reflect the vocational nature of such qualifications, but also that many such students study part-time and are already in employment. Postgraduates are also more likely to be employed in the longer term. A survey of graduates 40 months after graduation found that 2.3 per cent of postgraduate qualifiers were unemployed compared with 3.8 per cent of first degree qualifiers⁷². There is also evidence that postgraduate study delivers an

earnings premium. For those holding an undergraduate degree, the median salary is around £24,000, while for postgraduates this rises to £30,000. A survey by the Sutton Trust in 2013 concluded that a postgraduate could expect to earn an average of £5,500 more per year (£200,000 over a 40-year working life) than someone with a bachelors degree⁷³.

HEFCE action

Graduate outcomes

HEFCE is working jointly with Universities UK and Research Councils UK on projects to investigate how a postgraduate qualification benefits the individual, the economy and society by examining postgraduates' employment outcomes and their impact in the workplace.

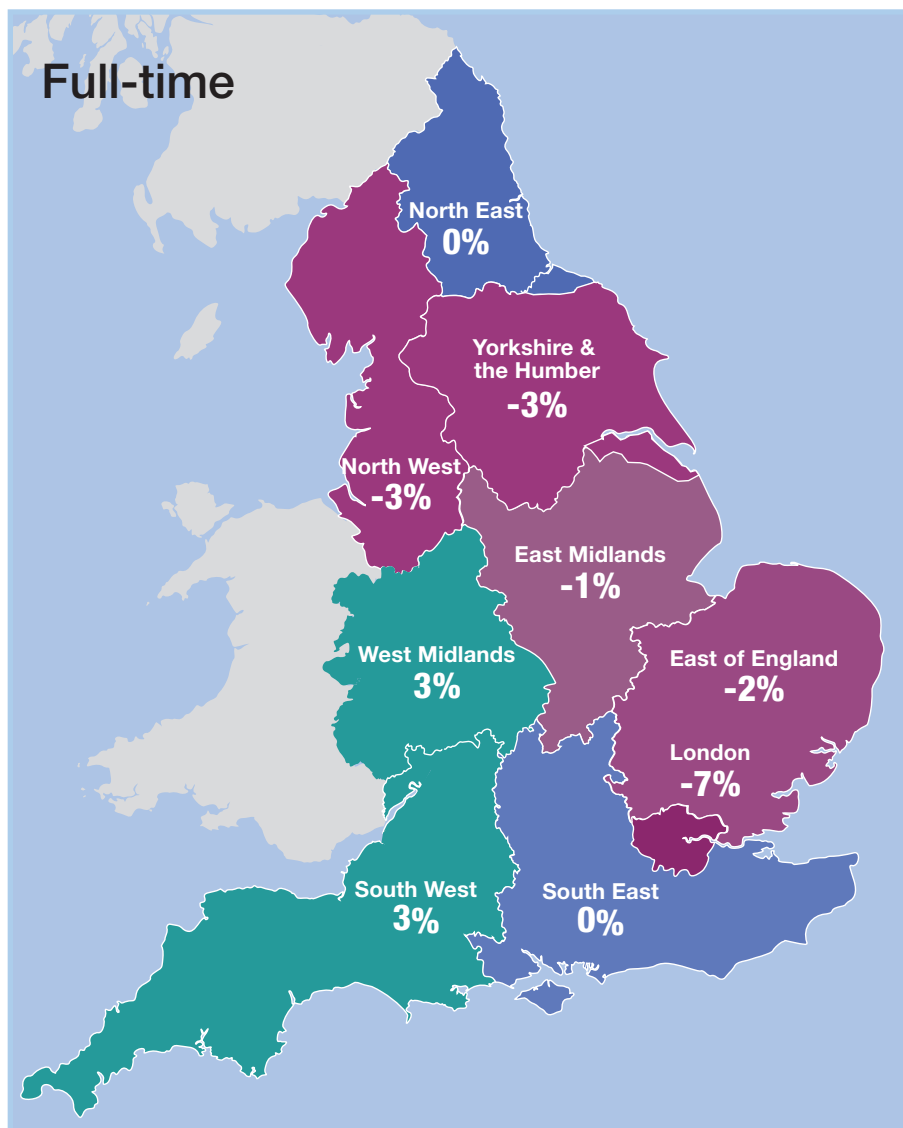
We have commissioned the National Centre for Universities and Business to report on industry's views on graduate and postgraduate requirements, which will go some way to helping us develop a better understanding of the demand from employers for higher education graduates. The report will be published in spring 2014, and annually thereafter.

Provision of higher education

Shifts in where undergraduate higher education is provided

121. There have been shifts in recent years in the provision of higher education by region. Figures 21a and 21b show changes in full-time and part-time undergraduate recruitment by region of institution since 2010-11.

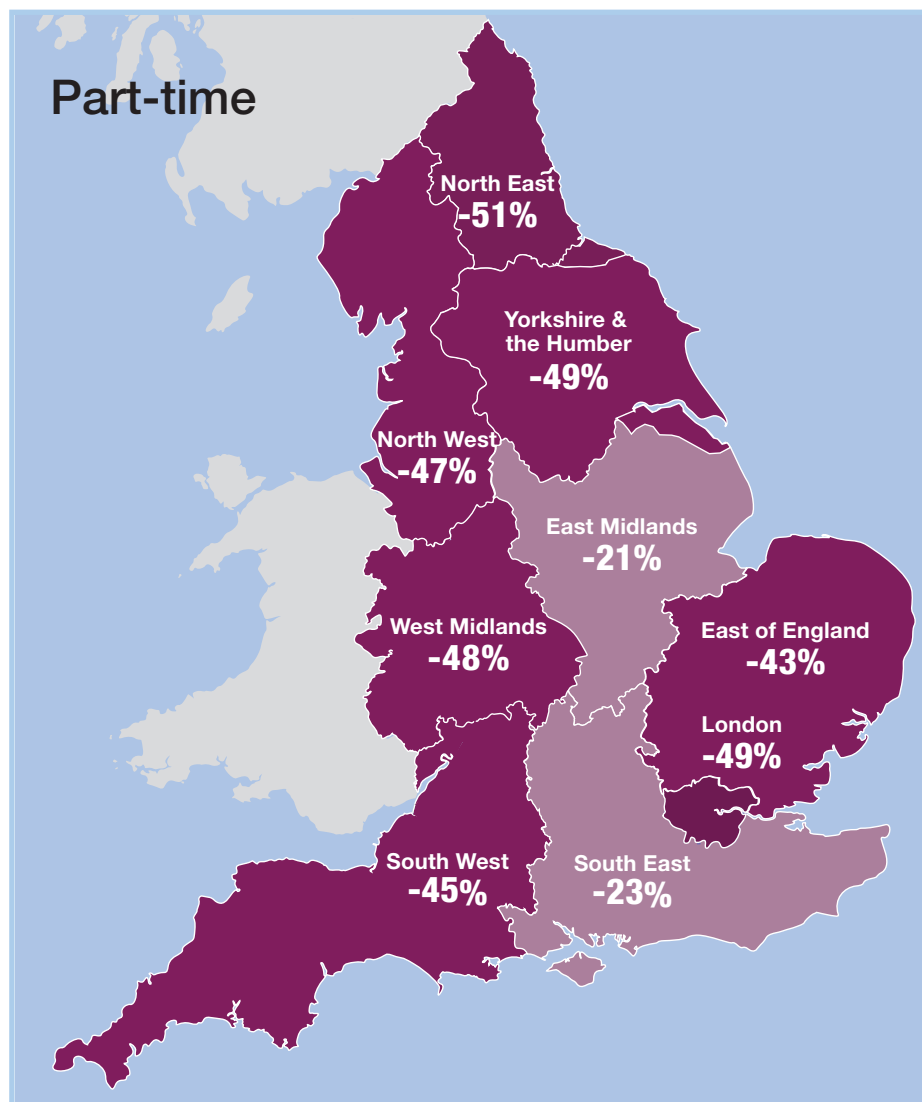
Figure 21a **Change in UK and other EU full-time undergraduate entrants between 2010-11 and 2013-14 by region of institution and mode of study**



Source: Table 5, Column 2 in HESES/HEIFES data

Figures given are the percentage changes in full-time undergraduate entrants between 2010-11 and 2013-14. Regions shaded the darkest green saw the biggest growth in this period; regions shaded the darkest purple saw the biggest declines.

Figure 21b Change in UK and other EU part-time undergraduate entrants between 2010-11 and 2013-14 by region of institution and mode of study



Regions experiencing the **smallest** decline in UK and other EU part-time undergraduate entrants

East Midlands and South East

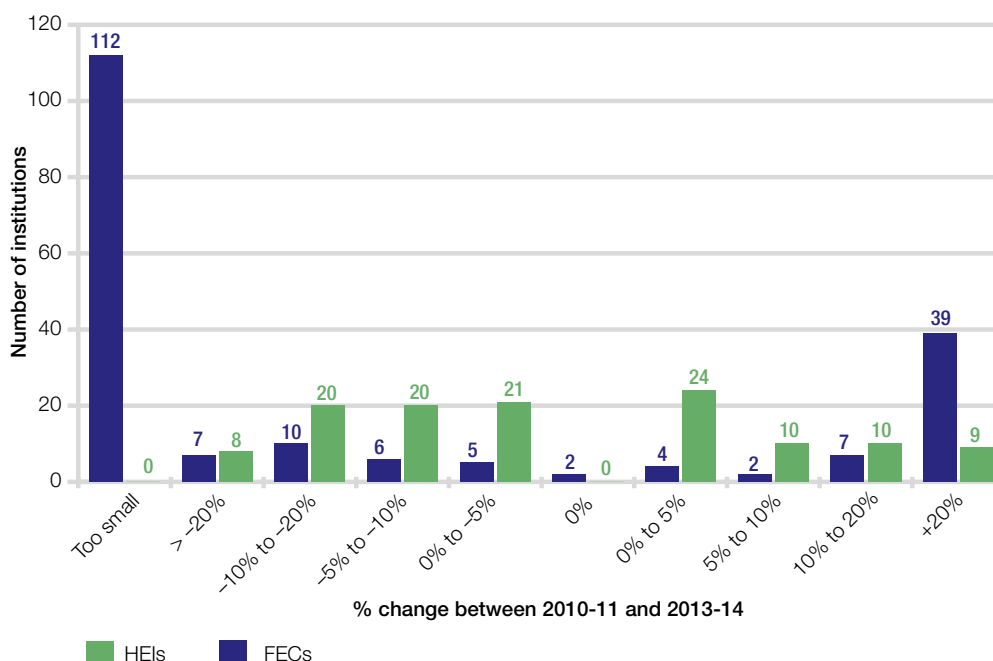
Source: Table 5, Column 2 in HESES/HEIFES data

Figures given are the percentage changes in part-time undergraduate entrants between 2010-11 and 2013-14. Regions shaded the darkest purple saw the biggest declines in this period.

122. Regional recruitment is dependent on individual HEIs and colleges, and overall regional trends can be dominated by a small number of institutions. We know that there has been variation in recruitment performance between different institutions. Increases in full-time undergraduate entrants of more than 10 per cent occurred at 19 HEIs and 46 further education colleges between 2010-11 and 2013-14. The HEIs tended to be specialist institutions or those whose students have high average tariff scores. Declines of more than 10 per cent took place at 28 HEIs and 17 further education colleges. The majority of the HEIs seeing these levels of decline were those where entrants had low or medium average tariff scores. Figure 22 shows the numbers of HEIs and further

education colleges seeing different levels of proportional change. Colleges with fewer than 50 full-time undergraduate entrants in either 2012-13 or 2013-14 are excluded from the analysis as numbers are too small to calculate robust proportional changes.

Figure 22 **Distribution of HEIs and further education colleges by proportional change in full-time undergraduate entrants between 2010-11 and 2013-14**



Source: Table 5, Column 2 in HESES/HEIFES data

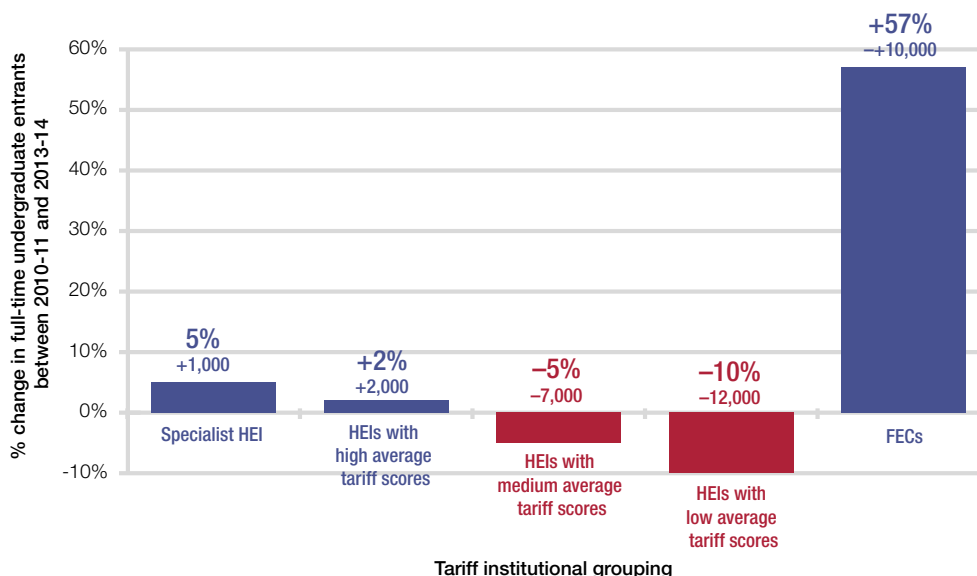
123. Figure 23 shows that overall there has been a shift between 2010 and 2013 of increasing numbers of entrants going into institutions asking higher grades for entry. There has also been growth in numbers of entrants registered at further education colleges, reflecting broader shifts away from provision franchised from HEIs towards more colleges offering higher education directly.

Full-time undergraduate student number controls

124. Overall, 98 per cent of controlled student places at HEIs were filled, and 84 per cent at further education colleges. A total of 48 institutions (39 HEIs and 9 further education colleges) recruited beyond their flexibility margin. A total of 84 institutions (29 HEIs and 55 further education colleges) failed to reach their student number control, amounting to around 6,700 places not filled.

125. There were around 110,000 entrants in the uncontrolled ‘ABB+’ population in 2013-14. Some institutions have done better than others in recruiting such students. Figure 24 shows that, as might be expected, most of these students went to institutions that asked for high grades for entry to their courses – however, 14 per cent chose to go either to HEIs with relatively low entry requirements, or to further education colleges.

Figure 23 **Change in UK and other EU entrants to full-time undergraduate courses by institutional groupings**



Source: Table 5, Column 2 in HESES/HEIFES data

Student number control arrangements in 2013-14

In 2013-14, HEIs' and colleges' undergraduate numbers for UK and other EU entrants had control limits. Institutions could exceed their student number controls by up to 3 per cent of their total 2012-13 recruitment without incurring a reduction to their HEFCE grants.

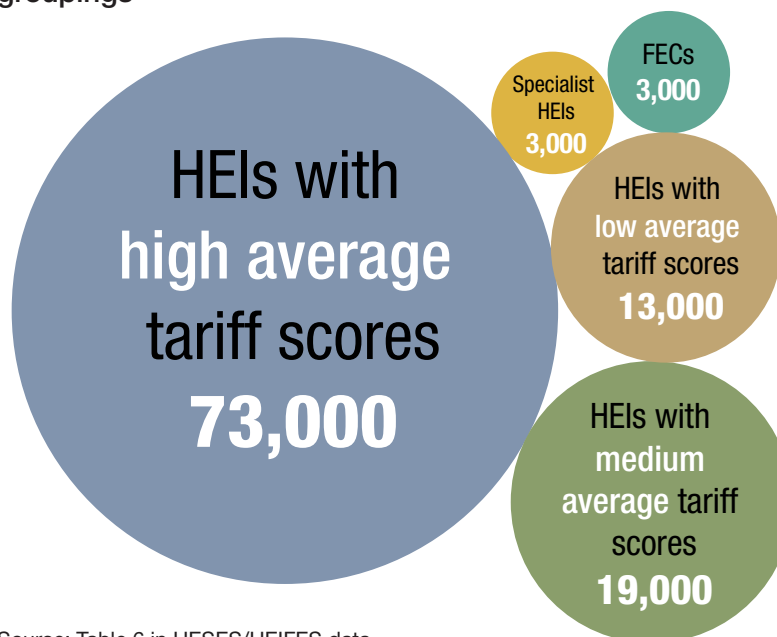
Students entering higher education in 2013-14 with grades of ABB or above at A-level, or certain equivalent qualifications and grades, were not included in HEI and college student number controls. This policy would have left some institutions with very few controlled places, so for these HEFCE also provided an allocation sufficient to allow them to provide fair access to students who did not meet our definition of ABB or above, or equivalent.

Another 5,000 student places were allocated through the 'core and margin' policy to institutions with lower average tuition fees (after fee waivers), which met threshold criteria of demand and quality.

These allocations are designed only to control the number of students entering university or college. They are not designed to influence decisions about the suitability of candidates. Universities and colleges are autonomous organisations and these decisions are entirely up to them.

126. In 2013-14 around 2,000 'margin' places were not filled⁷⁴. Around 35 per cent of these places (700) were at HEIs and 65 per cent (1,300) were at further education colleges.

Figure 24 Distribution of ABB+ entrants across tariff institutional groupings



Source: Table 6 in HESES/HEIFES data

127. In HEFCE's survey of opportunities and challenges for higher education institutions, the level of uncertainty in planning and recruitment that HEIs perceived as having been created by student number control arrangements was cited as a challenge. Some institutions also expressed concern over the controlling of student numbers when they wished to increase numbers to support their financial sustainability. In addition, some institutions saw aspects of current regulatory arrangements as causing issues.

Alternative providers

128. 2014 is the first time we have received information, through the new Higher Education Alternative Providers Early Statistics survey (HEAPES), from alternative providers of enrolments on courses designated for student support. Data were received from 67 such providers. For 2012-13, full-time undergraduate students who could access student support totalled around 25,000. This was projected to increase to near 60,000 in 2013-14. Much of this is forecast recruitment based on the HEAPES census date of 15 October 2013.

Number of full-time undergraduates at alternative providers who could access student support in 2012-13

Around 25,000

HEFCE action

Course designation for alternative providers

Given the potential removal of the student number controls for some alternative providers from 2015-16, we intend to continue providing advice to Government on course designation, to ensure that providers show evidence of being able to offer appropriate quality and financial sustainability in the interests of students.

Removal of student number controls

In his 2013 Autumn Statement, the Chancellor of the Exchequer announced that provision would be made for an additional 30,000 entrants to publicly funded institutions in 2014-15, with no student number controls applying from 2015-16. Number controls will be introduced for alternative providers in 2014-15, based on 2012-13 recruitment, and may be subject to change in 2015-16.

Higher education providers are facing greater uncertainty due to the changes – there are wider opportunities for expansion, alongside a potentially higher chance of losing prospective students to other institutions. From a student perspective, higher education providers may use the opportunity to expand to present a wider range of high-quality study options and to improve the student experience.

Alternatively, and as the Autumn Statement points out, there is a risk of overly rapid expansion without sufficient focus on quality, the student experience, or support for students. It was noted in the Autumn Statement that number controls could be re-imposed if expansion occurs at the expense of quality in an institution.

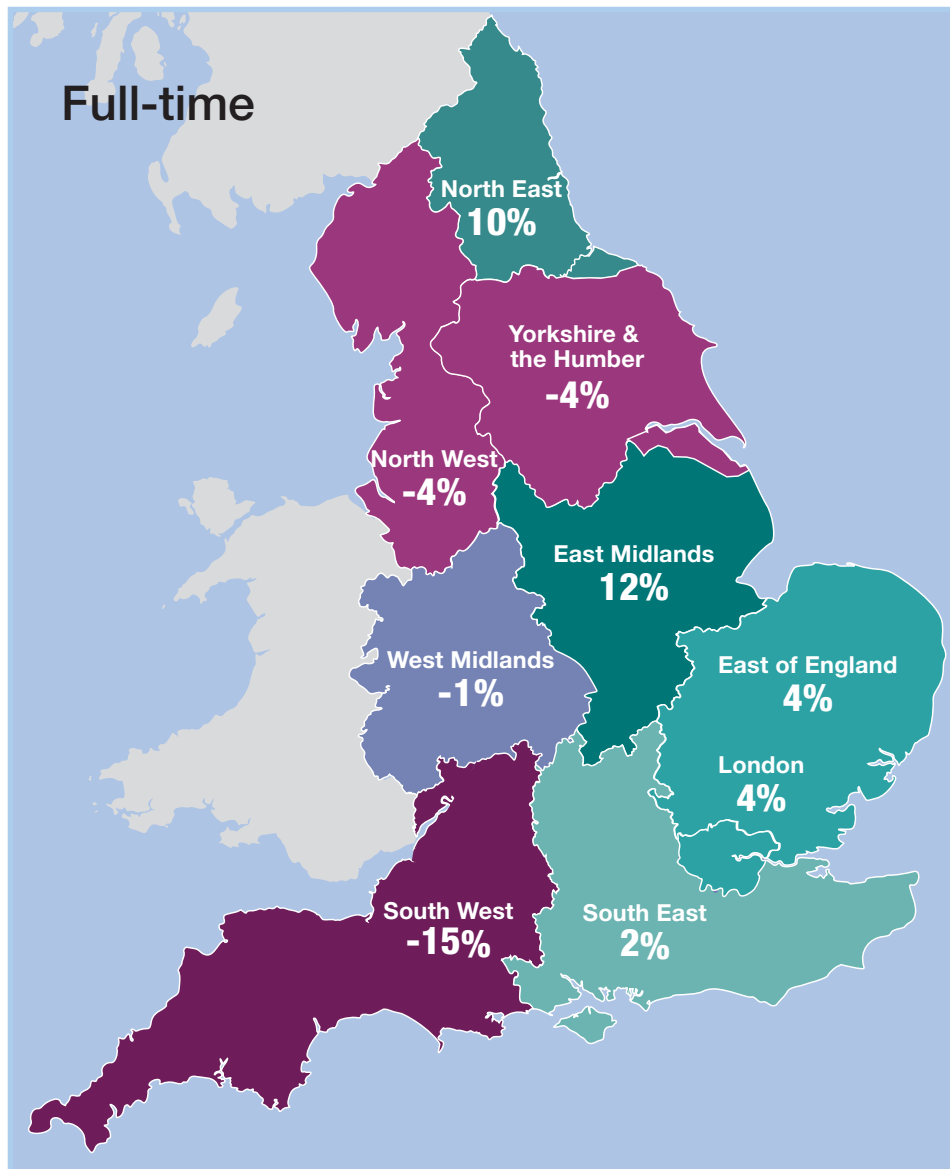
HEFCE will explore the implications of these changes carefully with universities, colleges, alternative providers and Government to help ensure that the benefits of expansion are grasped while the risks are minimised.

129. There are also significant numbers of students at alternative providers who are not eligible to access student support. Research for the Department for Business, Innovation and Skills identified a minimum of 674 privately funded providers operating in the UK⁷⁵. It was estimated that there were 160,000 higher education learners (at all levels) studying with them in 2011-12, around half of whom were from the UK.

Shifts in where postgraduate higher education is provided

130. Figures 25a and 25b shows changes in postgraduate recruitment by region since 2010-11. The declines in part-time postgraduate recruitment are more pronounced in the North West and South West. These regions had concentrations of students in the subject areas of education and subjects allied to medicine, which make up a large proportion of the part-time postgraduate decline overall, but this does not explain the falls entirely. There appears to be at least some proportional shift from part-time postgraduate study in these regions to study elsewhere.

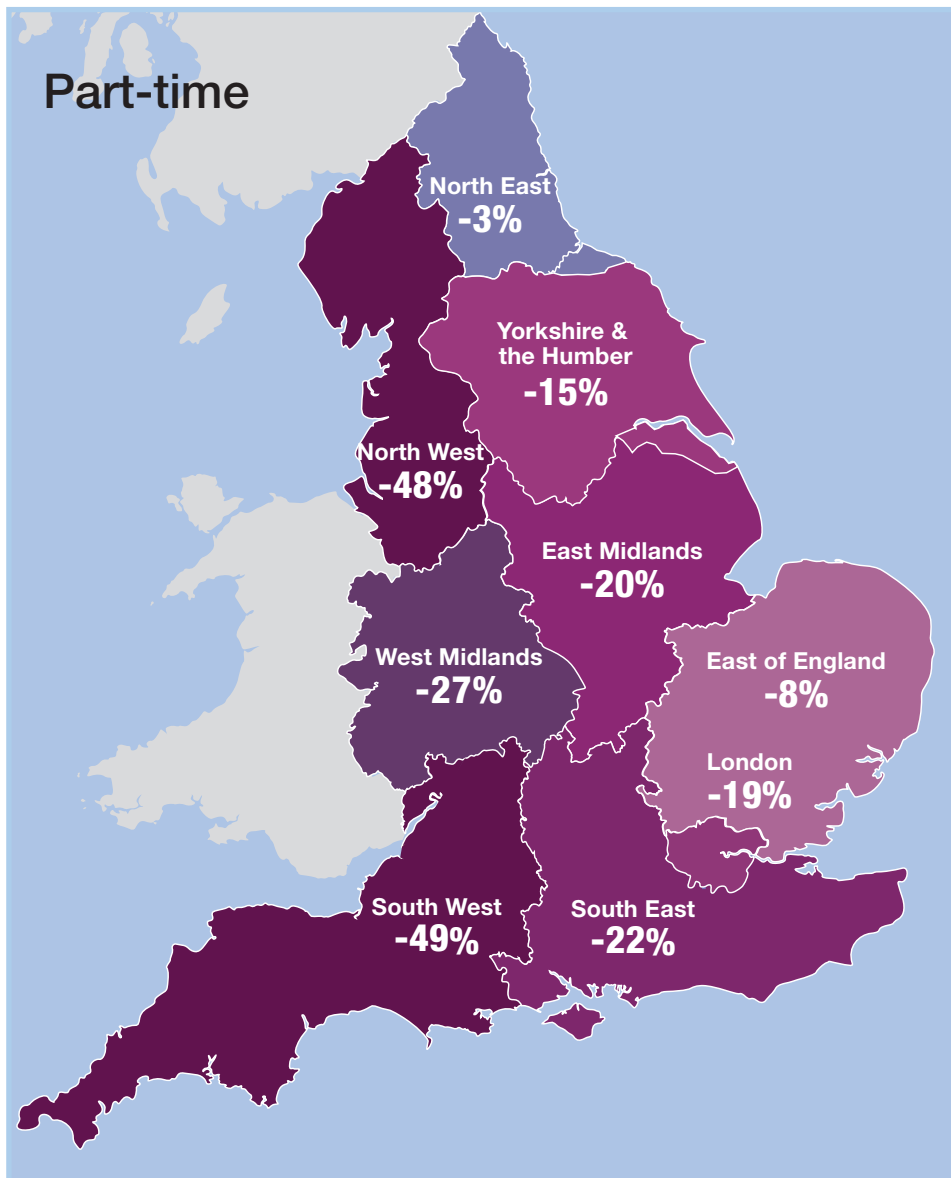
Figure 25a Change in UK and other EU full-time postgraduate entrants between 2010-11 and 2013-14 by region of institution and mode of study



Source: Table 5, Column 2 in HESES/HEIFES data

Figures given are the percentage changes in the full-time postgraduate entrants between 2010-11 and 2013-14. Regions shaded the darkest green saw the biggest growth in this period; regions shaded the darkest purple saw the biggest declines.

Figure 25b **Change in UK and other EU part-time postgraduate entrants between 2010-11 and 2013-14 by region of institution and mode of study**



Regions experiencing the most significant declines in UK and other EU part-time postgraduate entrants

North West and South West

Source: Table 5, Column 2 in HESES/HEIFES data

Figures given are the percentage changes in part-time postgraduate entrants between 2010-11 and 2013-14. Regions shaded the darkest green saw the biggest growth in this period; regions shaded the darkest purple saw the biggest declines.

Research and knowledge exchange

Research

131. Recent research on the international comparative performance of the UK research base by Elsevier for the Department for Business, Innovation and Skills indicates that research in the UK is in good health⁷⁶. It notes that the UK has 0.9 per cent of the world's population, 3.2 per cent of its research and development spending, and 4.1 per cent of its researchers. The UK has a larger amount of research which takes place in the higher education sector (rather than in businesses) than most comparator countries⁷⁷. It draws a strikingly high amount of research funding from foreign investment, at 17 per cent of total gross domestic expenditure on research and development (compared, for example, with France at 7.6 per cent and Germany at 3.9 per cent)⁷⁸. The World Economic Forum Global Competitiveness Survey places the UK third for quality of scientific research institutions, behind only Israel and Switzerland⁷⁹.

132. Overall, the impact of UK research is excellent. It produced 15.9 per cent of the most highly cited articles in the world in 2012, and 11.6 per cent of all global citations – much higher than its 6.4 per cent share of global articles. These citation shares increased between 2008 and 2012, and while global use of the English language is likely to be a factor in the UK's high citation shares, by contrast the US's citation shares declined over this period. The comparative performance study also finds UK research to be highly productive based on a range of measures – for example, producing the highest number of citations per million dollars of higher education research and development spending among its set of comparator countries.

133. UK research not only has high aggregate impact, but performs well across a wide range of academic fields, making it one of the world's most well-rounded research systems. Considering the **volume** of research outputs, since 2002 there has been a shift away from biological sciences, environmental sciences, mathematics, physical sciences and engineering. Conversely, there have been clear shifts towards social science and business article outputs, with smaller shifts towards clinical sciences, health and medical sciences, and humanities. However, when looking at the **impact** of research, the converse is true, with field-weighted citation impact highest in areas where there is a proportionally lower activity rate – particularly in mathematics, physical sciences and engineering⁸⁰. Since 2002, field-weighted citation impact has increased in all areas except for social sciences, business and humanities, but is well above the world average in all areas⁸¹.

Proportion of the most highly cited articles in the world produced by the UK research base in 2012

15.9%

134. Research in the UK is highly internationalised, with significant flows of researchers to and from the UK. The comparative performance report gives a figure of almost 72 per cent of active UK researchers having published articles while affiliated with a non-UK institution between 1996 and 2012. Also, 47.6 per cent of articles are collaborative, with at least one researcher from outside the UK. Such collaborative articles are shown to be associated with a higher field-weighted citation impact than nationally co-authored, institutionally co-authored and single-author papers.

Research Excellence Framework

The Research Excellence Framework (REF) is a system for assessing the quality of research in UK higher education institutions, undertaken by the four UK higher education funding bodies. Submissions to the 2014 Research Excellence Framework were made by the deadline of 29 November 2013. The REF assessment will be completed in 2014, and HEFCE will use the results to inform research funding allocations to HEIs in England from 2015-16 onwards.

We refer to 'Category A' staff in the 2014 REF – these are academic staff with a contract of employment of 0.2 FTE or greater and on the payroll of the submitting HEI on the census date (31 October 2013), and whose primary employment function is to undertake either 'research only' or 'teaching and research'.

135. Overall, numbers of staff submitted to the 2014 REF were very similar compared with its predecessor the 2008 Research Assessment Exercise – 52,077 Category A FTE staff compared with 52,401 submitted to the 2008 Research Assessment Exercise. Around 10,000 staff (headcount) were submitted in the REF as early career researchers.

136. REF Main Panel B saw the greatest increase in the numbers of FTE researchers submitted (up 9 per cent). This panel is made up of the following subject areas:

- Earth Systems and Environmental Sciences
- Chemistry
- Physics
- Mathematical Sciences
- Computer Science and Informatics
- Aeronautical, Mechanical, Chemical and Manufacturing Engineering
- Electrical and Electronic Engineering, Metallurgy and Materials
- Civil and Construction Engineering
- General Engineering.

Number of
'Category A' FTE
academic staff
submitted to
2014 REF

52,077

137. REF Main Panel D saw the greatest falls in numbers of FTE staff submitted (down 5 per cent). This panel is made up of the following subject areas:

- Area Studies
- Modern Languages and Linguistics
- English Language and Literature
- History
- Classics
- Philosophy
- Theology and Religious Studies
- Art and Design: History, Practice and Theory
- Music, Drama, Dance and Performing Arts
- Communication, Cultural and Media Studies, Library and Information Management.

HEFCE action

Open access

Following a two-stage consultation during 2013, HEFCE and the other three UK higher education funding bodies have finalised a policy for open access in research assessments that follow the 2014 Research Excellence Framework⁸². For journal articles and conference proceedings accepted for publication after 1 April 2016 to be eligible for submission to the next REF, the author must deposit a copy of their final peer-reviewed draft in an open-access repository upon acceptance for publication. This must be discoverable to anyone with an internet connection, and be freely accessible for reading and downloading within a set period.

Based on an analysis of a sample of the 2014 REF submissions, we estimate that 96 per cent of outputs will be able to become open-access within the above parameters and without requiring any author-side payment of article processing charges. Case-by-case exceptions will be considered for the remaining 4 per cent.

Knowledge exchange

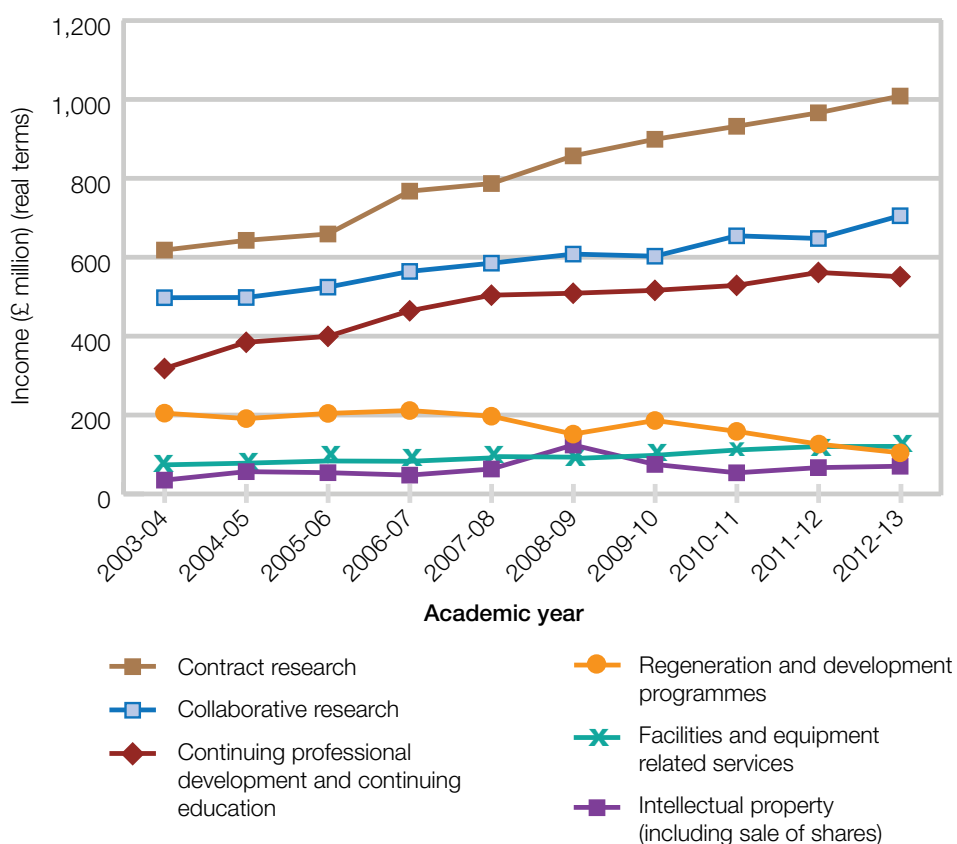
138. The World Economic Forum Global Competitiveness Survey places the UK very positively for university-business relations⁸³. In response to the survey question 'In your country, to what extent do business and universities collaborate on research and development (R&D)?', the UK ranks fifth, behind only Switzerland, Finland, the US and Singapore.

World ranking of UK
for university-business
relations

5th

139. As part of the research on the international comparative performance of the UK research base, Elsevier compared knowledge exchange based on a range of measures, and found that knowledge exchange in the UK is successful and improving. For example, UK articles are increasingly cited in global patents, indicating a use of research to inform new innovations. In 2012, the UK accounted for 6.4 per cent of global articles but had a higher 10.9 per cent of global patent citations. In the period 2007 to 2011, this share increased at 5.4 per cent per year⁸⁴. Figure 26 shows that there have been positive improvements in almost all income measures covered by the Higher Education – Business and Community Interaction Survey over the past decade⁸⁵.

Figure 26 **Selected knowledge exchange income streams in England 2003-04 to 2012-13**



Source: HE-BCI

140. The willingness of many universities and colleges in England to engage with businesses in the UK is supported by our survey of opportunities and challenges for HEIs. When asked about their top three opportunities in the next three years, 43 HEIs named relationships with businesses in the UK on research and knowledge exchange – the second highest response. The fourth highest response – listed by 28 institutions – was relationships with businesses and employers in the UK on education. Overall, 62 HEIs named one or both of these within their top three opportunities – a figure approaching half of all institutions. The reasons given for pursuing these partnerships and relationships were various, and

included developing business education, enhancing the student experience and employability, expanding research activities and income, and capitalising on research outputs.

141. Conversely, only five institutions named relationships with businesses overseas on research and knowledge exchange in their top three opportunities, and only one listed this as one of its top three challenges. Seven named relationships with businesses and employers overseas on education in their top three opportunities, and two in their top three challenges. This finding should not be interpreted as showing that there is low interest, as there could be considerable activity in this area without it constituting a key opportunity or challenge for most – but it does suggest that it is not currently among the top three opportunities or challenges for many institutions.

142. At an individual researcher level, there appear to be strong connections to businesses internationally – for example, the Elsevier international comparisons report notes significant movement for individuals between academic and both domestic and international corporate affiliations between 1996 and 2012. Case study interviews on knowledge exchange in the report showed interviewees tending to speak about relationships formed between individuals in personal networks over time, rather than as part of an overarching institutional strategy.

HEFCE action

Knowledge exchange

Following Andrew Witty's review of universities and growth, UK Trade & Investment will undertake a project with HEFCE and the UK Higher Education International Unit, aiming to:

- describe UK universities' international innovation activities and their impacts
- suggest mechanisms to further the scale and effectiveness of government interaction with the university system on trade and investment
- boost the wide range of university-business links between the UK and international partners.

HEFCE continues to provide knowledge exchange formula funding (through Higher Education Innovation Funding) to support and develop a broad range of knowledge-based interactions between universities and colleges and the wider world, which result in economic and social benefit. We also fund and support the National Centre for Universities and Business, which aims to increase the impact of the UK's research and development and to improve students' entrepreneurial and employability skills and opportunities.

Financial health of higher education in England

Financial sustainability

143. The overall financial health of higher education institutions in England is good. However, projected sector performance in 2013-14 is not as strong as in the preceding three years, and the most recent forecasts published were made before the Government's 2014 grant letter announced reductions in HEFCE funding.

144. The sector's total income is forecast to rise by £1,018 million (4.2 per cent) in 2013-14 compared with £1,042 million (4.5 per cent) in 2012-13. Some of the rise in income is due to the continued growth in fee income from international (non-EU) students, which in 2012-13 came to £3 billion. This represented around 30 per cent of all tuition fee and education contract income reported by English institutions. This growth is expected to remain strong, but there is a risk that growth will not materialise at the level forecast, and any reduction could have a major impact on institutions' financial positions. As noted in our survey of opportunities and challenges in higher education, international recruitment for full-time taught programmes is seen within the sector as both a significant opportunity and a challenge.

145. Figure 27 shows a breakdown of the actual and projected teaching income (in real terms) from 2009-10 to 2015-16. It illustrates the sharp fall in grants from HEFCE and other funding bodies over this period, which is countered by significant growth in fee income from home and other EU students. It also shows that total teaching-related income is forecast to rise from 2012-13 by 12.3 per cent (£1,656 million) by 2015-16. However, these projections were made before the 2014-15 funding settlement announcement in the Government's grant letter to HEFCE⁸⁶, which confirms significant reductions in teaching funding in 2014-15 and 2015-16.

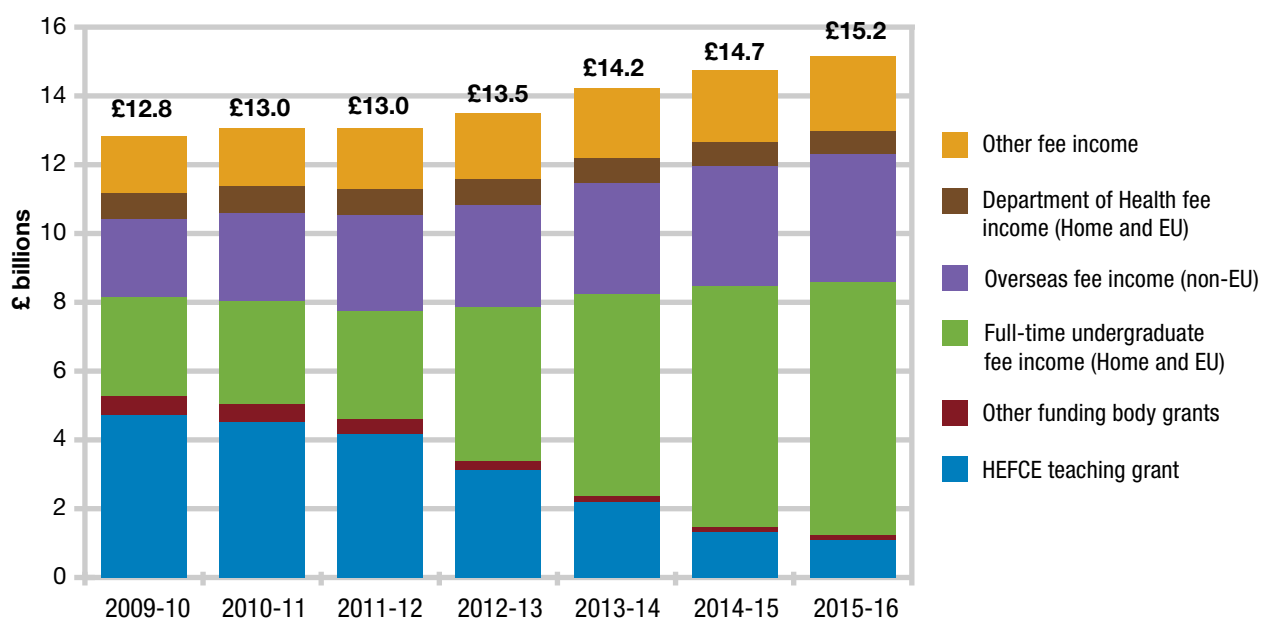
146. The higher education sector continues to operate without making significant surpluses. Projected increases in staff costs and operating expenses in 2013-14 will cause surpluses to fall to 2.2 per cent of income compared with 3.9 per cent in 2012-13. Operating on such fine margins means that even small changes in income could have a material impact on the sector's financial performance. The funding reductions announced in the Government's grant letter to HEFCE are therefore challenging for the sector to manage.

Sector surpluses are forecast to fall to

2.2%

of income in 2013-14

Figure 27 **Breakdown of actual and projected teaching income 2009-10 to 2015-16**



Source: Data based on institutional financial returns, including actual income for the period up to and including 2012-13, and projected income for the period 2013-14 to 2015-16 (2013-14 income as per December 2013 forecasts, and 2014-15 to 2015-16 income as per July 2013 forecasts)

All figures are expressed in 2012-13 prices.

147. HEFCE's survey of opportunities and challenges for HEIs identified a strong concern for financial sustainability in an increasingly competitive context – these issues appeared to drive decisions relating to recruitment strategies, marketing and promotion, and working in partnership for education, recruitment, research and knowledge exchange purposes. Public funding was named in the top three challenges for the next three years by over half of HEIs, and over half of HEIs mentioned financial strategies as a way to capitalise on key opportunities. The financial strategies tended to be described in terms of maximising income from key areas of activity in teaching, research and knowledge exchange, and diversifying income streams within an uncertain environment.

148. The removal of the student number control from 2015-16 and its impacts on home and other EU undergraduate recruitment, and continued uncertainty over international student recruitment, could result in increasingly volatile forecasts and a widening of financial performance between institutions. Maintaining high levels of cash will be necessary for institutions to manage efficiently the possibility of increased unpredictability in undergraduate recruitment, and the increasing competition from overseas higher education institutions.

Infrastructure and estates

149. Higher education institutions have spent around £28 billion since 2001 on improving their physical infrastructure, not including day-to-day maintenance. Estate management returns show that in July 2012 some institutions still had large amounts of non-residential space in poor condition, with the sector reporting a backlog of under-investment of around £2.8 billion. Despite a significant reduction in public funding for infrastructure, with HEFCE capital grants falling by 64 per cent over the period 2008-09 to 2011-12, the sector is planning to invest over £3.3 billion per year in infrastructure projects during the next three years (an increase of 30 per cent compared with the average over 2010-11 to 2012-13). This is also indicated in responses to HEFCE's survey of opportunities and challenges for higher education institutions, where just under one-third of HEIs identified developing their facilities and/or estate as a response to opportunities and challenges.

150. The latest forecasts show that the sector is now funding a significantly higher proportion of capital expenditure from internal cash reserves or through other sources to help maintain the quality of infrastructure. In 2013-14, the sector requires £2.2 billion from its own cash reserves, equivalent to 8.9 per cent of total income, to help fund the capital investment planned for that year. The forecasts may have been influenced by the Government Spending Review announcement in June 2013, which indicated a rise in public capital grant funding in 2015-16, together with an extension to the UK Research Partnership Investment Fund. The Government's grant letter to HEFCE confirms this: the amount of capital funding for teaching and research in 2014-15 is set to increase to £440 million (from £330 million in 2013-14), with a further increase in 2015-16 to bring the total to £603 million⁸⁷. Within this total for 2015-16, the Government will make available £200 million for capital investment in teaching facilities for high cost subjects like science, engineering and technology, matched by equal investment from the sector. It will also provide further UK Research Partnership Investment Fund allocations of £100 million per year for 2015-16 and 2016-17, to support major research infrastructure projects in universities and colleges undertaking world-leading research and stimulating university-business collaboration in key industries.

151. Institutions looking to expand as a result of the removal of student number controls may have infrastructure issues to consider, which may lead to further changes in plans for infrastructure investment.

Amount the sector is
planning to invest in
infrastructure projects
each year during the
next 3 years

**£3.3
billion**

Borrowing

152. Declines in recent years in HEFCE capital grants have led to more institutions seeking to borrow to fund major capital projects. This has further increased recently as institutions have become more confident about student demand, leading to plans to invest in better facilities to continue to attract students.

153. Conditions in the money markets have eased, and bank lending repayment periods have started to extend beyond five to ten years. The appetite for long-term bond finance has increased, with institutional investors (such as pension and life assurance companies) keen to invest in higher education. The higher education sector is perceived as low-risk, and this is reflected in the low interest rates achieved by some institutions which have issued bonds recently. The reduced supply of gilts following quantitative easing, a reduction in bonds required from other sectors (such as social housing), and the need for investors to match the maturity of their assets and liabilities, have also led to an increasing appetite for investment in higher education. Financing by issuing a bond is currently very attractive as it provides long-term financing (for a 30- to 40-year term) at relatively low rates of interest. However, a bond is usually repaid at the end of the term through a one-off payment. It will be important for higher education institutions to ensure they are able to repay these large amounts when the bonds mature.

Conclusion

154. This report has highlighted a range of shifts and trends in higher education in England.

155. It has shown that demand for full-time undergraduate education continues to grow and that recent improvements in widening participation and fair access continue, although gaps in participation between the most and least advantaged areas are still very wide.

156. It has explored significant changes in numbers of students starting undergraduate courses other than first degrees – including that there are now more entrants to other undergraduate courses in further education colleges than in higher education institutions.

157. It has highlighted the impact of economic and policy factors on part-time undergraduate education, and the increasing reliance on students from outside the UK at postgraduate level.

158. These and other shifts and trends will be viewed in different ways by different people and groups. Some will see certain changes as positive, others as negative. Some will think a public policy response is necessary in certain areas, and others will not.

159. Healthy discussion is a mainstay of higher education in England, where academic freedom has been vigorously defended for centuries. In this light, we believe that debate about higher education itself is a good thing. It leads us towards a richer understanding, and ultimately towards better decisions about and within higher education.

160. We hope that this report will provide a springboard for many discussions, and we look forward to engaging with a diversity of views from a range of people and groups in the year ahead. We will continue to work in partnership with student representative groups, higher education providers, the Government, and other higher education bodies – among others – to promote and develop high-quality higher education in England.

Abbreviations and glossary

Acceptance or accepted applicant	When referring to UCAS applicants, an acceptance or accepted applicant is someone who at the end of the admissions cycle has been placed for entry into higher education
Applicant	When referring to UCAS applicants, an applicant is a person who has made an application in the UCAS system
Application	When referring to UCAS applicants, an application is the submission of information to the UCAS system by a prospective student that is intended for securing a place in higher education
Application rate	The number of applicants divided by the estimated base population (in this UCAS definition the estimated base population is based on Office for National Statistics' Mid-year Population Estimates and National Population Projections, and defined further in UCAS' End of Cycle report 2013)
Alternative provider	A provider of higher education courses which is not in direct receipt of recurrent public funding and is not a further education college
Designation	Specific-course designation of a course offered by an alternative provider of higher education, or an HEI working in a franchise arrangement with an alternative provider, allows eligible English-domiciled students on that course to access loans and grants from the Student Loans Company
Entrant	A student begins a course registered at a higher education institution, further education college or alternative provider in England and remains on that course for at least two weeks
Entry rate	UCAS defines entry rate as the number of acceptances from a UCAS application cycle divided by the estimated base population
Estimated average fee and (after fee waivers)	An institution can charge varying levels of fees for different courses students. An average fee is calculated by summing total income from fees for all HEFCE fundable undergraduate provision (net of fee waivers), and dividing this by the number of full-time equivalent students
EU	European Union
Facilitating subjects	The Russell Group defines 'facilitating subjects' as subjects that are required more often than others for entry to undergraduate courses. It notes that subjects that can be seen as facilitating subjects are mathematics and further mathematics, English literature, physics, biology, chemistry, geography, history, and classical and modern languages ⁸⁸

First degree	First degrees are undergraduate courses largely made up of honours/ordinary degree qualifications, such as Bachelor of Arts and Bachelor of Science degrees, and integrated undergraduate/postgraduate bachelors degrees, such as Master of Engineering or Master of Physics
Franchise	Under a franchise arrangement, a student undertakes provision that is delivered by one provider on behalf of another; these arrangements mostly involve a further education college delivering provision on behalf of a higher education institution
FTE	Full-time equivalent (FTE) is a unit that seeks to standardise an employed person's workload, or a student's course load, with the normal work or course load of a full-time worker or student. It measures workers or students in a way that makes them comparable even though they may work or study for a different number of hours in a given period. A full-time worker or student is counted as one FTE, while a part-time worker or student gets a score in proportion to the hours they work or study
Further education college	An establishment mainly offering courses at further education level, but which may also offer higher education courses; HEFCE provides funds directly to 212 further education colleges in England
HEFCE	The Higher Education Funding Council for England distributes public money to many higher education providers in England, including universities and colleges
HEI or higher education institution	A university or college of higher education; HEFCE provides funds to 130 higher education institutions
HEIFES	Higher Education in Further Education: Students survey; an annual survey of students registered on recognised higher education courses with further education colleges
HESA	The Higher Education Statistics Agency collects student, staff and finance data from UK higher education institutions and some alternative providers
HESES	Higher Education Students Early Statistics survey; an annual survey of students registered on recognised higher education courses with higher education institutions
ILR	Individualised Learner Record; a collection of data about learners and their learning that is collected from providers in the further education sector by the Data Service
Key Information Set	Key Information Sets are comparable sets of information about full- or part-time undergraduate courses and are designed to meet the information needs of prospective students

Knowledge exchange	Knowledge exchange is the range of interactions between higher education and business, the public and third sectors and wider society
Level 3	Study or a qualification equivalent to A-level
MFL	Modern foreign languages
Other undergraduate	Any credit-bearing undergraduate provision that does not fall into the category of a first degree. The group is largely made up of foundation degrees, diplomas and certificates of higher education, Higher National Diploma (HND) and Higher National Certificate (HNC), and undergraduate PGCE. It also includes study for institutional undergraduate credit, which is credit that can be carried forward and count towards a full qualification
Net fee (per FTE)	Net fees are tuition fees payable by a student after tuition fee waivers have been taken into account, but not accounting for any other forms of financial support; for part-time students, net fees have been scaled to provide a full-time equivalent fee.
NSS	National Student Survey
NUS	National Union of Students
OFFA	The Office for Fair Access is an independent public body that helps safeguard and promote fair access to higher education
OIA	Office of the Independent Adjudicator, an independent body set up to deal with student complaints in England and Wales
Participation	Participation is literally ‘taking part’ in the activity of higher education; it is usually expressed as a participation rate which indicates what proportion of a group enter or ‘take part’ in higher education
PGCE	The PGCE is a higher education programme providing both professional training leading to qualified teacher status and a course of study leading to an academic qualification. It can stand for Professional Graduate Certificate in Education when at honours degree level, and Postgraduate Certificate in Education when beyond honours level
POLAR	Participation of Local Areas is a classification of geographical areas which is based on rates of participation in higher education by young people; areas are ranked by a measure of young participation and then divided into five equal-sized groups – quintiles
Provision	In the context of this report ‘provision’ generally refers to higher education offered by a university or college
Quintile	A quintile is any one of five equal groups into which a population has been divided according to the distribution of values of a particular variable. In the context of this report, quintiles have been defined based on the distribution of the values of the measure of young participation

Research Assessment Exercise	The system used for assessing the quality of research in UK higher education institutions until 2008; it was replaced by the Research Excellence Framework
Research Excellence Framework	The new system for assessing the quality of research in UK higher education institutions; the first of these will be completed in 2014
SLC	The Student Loans Company administers the student loans system
Specialist institution	A higher education institution that has 60 per cent or more of its provision concentrated in one or two subjects (cost centres) only; examples include music or art colleges
STEM	Science, technology, engineering and mathematics
Tariff	Tariff scores of entrants to HEIs are derived from the UCAS Tariff. Through the allocation of points which enable comparison of post-16 qualifications that can be used for entry to higher education, the UCAS Tariff seeks to provide information to universities and colleges about a wide range of qualifications held by the students they recruit
UCAS	UCAS is the central organisation that processes applications for full-time undergraduate courses at UK universities and colleges
Unistats	The official web-site for comparing UK higher education course data
Widening participation	Widening participation is when an organisation implements policies and engages in activities designed to ensure that all those with the potential to benefit from successful participation in higher education have the opportunity to do so. This can be at any stage: from pre-entry, through admission, study support and successful completion at undergraduate level, to progression to further study or employment

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- ⁶ Department for Education (2014) 'Destinations of key stage 4 and key stage 5 pupils by characteristics: Academic year 2010 to 2011', www.gov.uk/government/publications/destinations-of-key-stage-4-and-key-stage-5-pupils-by-characteristics-academic-year-2010-to-2011
- ⁷ UCAS Annual data files, www.ucas.com/data-analysis/data-resources
- ⁸ UCAS Annual data files.
- ⁹ A specialist higher education institution in England has been defined as one that has 60 per cent or more of its provision concentrated in one or two subjects (HESA academic cost centres) only – examples include music or art colleges. The remaining non-specialist institutions are ranked by the average tariff score of their young (under 21) UK-domiciled undergraduate entrants in the 2011-12 academic year. The average tariff score calculation considers all such entrants holding Level 3 qualifications which are subject to the UCAS Tariff. (Note that both this population and this calculation are consistent with those from which tariff information is drawn with respect to Unistats data.) Institutions in the top third of the ranking by average tariff score form the 'Higher education institutions with high average tariff scores' group, and those in the bottom third comprise the 'Higher education institutions with low average tariff scores' group.
- ¹⁰ Elsevier (2013) 'International comparative performance of the UK research base – 2013', www.gov.uk/government/publications/performance-of-the-uk-research-base-international-comparison-2013
- ¹¹ Based on data submitted to the Higher Education – Business and Community Interaction Survey (HE-BCI), www.hefce.ac.uk/whatwedo/kes/measureke/hebci/

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16 HESSES and HEIFES data collections identify numbers of entrants to a grouping of qualifications which includes first degree courses and foundation degree bridging courses. The data also separately identify numbers of entrants to HNDs, foundation degree and other sub-degree courses such as HNC, Diploma of Higher Education (DipHE) or Certificate of Education (CertEd).

17 Analysis undertaken using Participation of Local Areas (POLAR) classifications. POLAR2 and POLAR3 are classifications of small geographical areas across the UK, which are based on rates of participation in higher education by young people living in those areas. Areas are ranked by a measure of young participation and then divided into five equal sized groups – quintiles ordered from '1' (those areas with the lowest participation in higher education) to '5' (those areas with the highest participation).

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19 HEFCE analysis of data from the Student Loans Company, HESA and the ILR to consider the median net fees of 2012-13 new regime entrants by type of registering institution, teaching arrangements, mode and level of study.

20 Net fees are tuition fees payable by a student after tuition fee waivers have been taken into account, but not accounting for any other forms of financial support. Where non-zero net fees are expected but are shown as zero or are missing in underlying data, an assumption of data error has been made and these students have been removed from analysis.

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