

Pressure from all sides

Economic and policy influences on part-time higher education

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This report examines the influence of economic and public policy factors on part-time higher education at publicly funded providers in England. It supplements our overall analysis of trends in higher education, 'Higher education in England 2014: Analysis of latest shifts and trends'¹, and a study which included consideration of the types of courses in which the part-time declines have been concentrated².

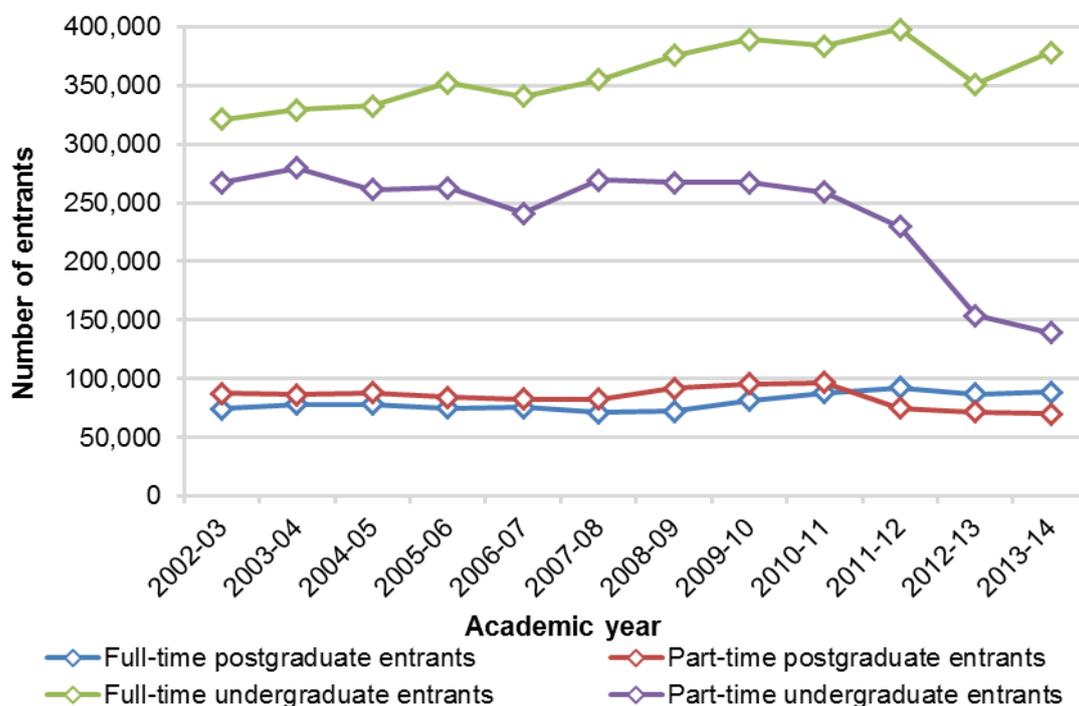
In this report we also draw comparisons with other countries on part-time study at higher education level to help establish whether the declines observed in this provision are a particular feature of English higher education or are a part of a trend in study patterns globally.

Introduction

1. Part-time higher education at publicly funded providers in England has seen substantial falls in the numbers of students beginning part-time courses at both undergraduate and postgraduate level in recent years. These declines cannot be attributed to a single factor. Rather, a range of economic and policy pressures have come together to contribute to the significant decline.

2. Back in 2002-03, almost half (47 per cent) of all entrants to higher education in England were on part-time courses. Figure 1 depicts changes which mean that by 2013-14, a much lower proportion all entrants – less than a third (31 per cent) – were studying part-time. Part-time UK and other EU undergraduate entrant numbers in 2013-14 were almost half what they were in 2010-11, and while decline in postgraduate part-time study has been less pronounced, UK and other EU entrants to these courses fell by around 22 per cent (21,000 entrants) between 2010-11 and 2012-13.

Figure 1: Part-time and full-time entrants at undergraduate and postgraduate level 2002-03 to 2013-14



Source: Analysis of HESES/HEIFES data.

3. The economic recession and its aftermath have made it harder for many students to finance part-time study. Changes to government policies have also had an impact. Some of the policy changes will not have been targeted at part-time higher education itself. For example, some such policies stemmed from concerns to reduce the deficit in public finances, which itself is linked to changes in the economy following the financial crisis. Thus a range of wider economic effects and policy decisions – many of which are interlinked – appear to have particularly affected publicly funded part-time higher education.

Note on data sources

Analysis is based on data from:

- HEFCE's Higher Education Students Early Statistics survey and Higher Education in Further Education Students survey. These aggregate data provide a robust overall picture of entrant numbers, collected in-year.
- Higher Education Statistics Agency (HESA) and Individualised Learner Record (ILR) data. These individualised data provide detailed information on the characteristics of students and higher education in previous academic years – we use them for detailed analyses of longer-term shifts and trends. HESA and ILR data are available in a combined form back to 2005-06, but in a separate form over a much longer timescale.
- Student Loans Company data. These individualised data are used to enhance the 2012-13 HESA and ILR fees data³.

In this report, analysis of the above data includes entrants from the UK and other countries in the European Union (EU). Throughout, this report does not consider part-time education at alternative providers of higher education.

This study also draws on research carried out by Oxford Economics for HEFCE, which is available on the HEFCE web-site⁴.

International comparisons are based on data from the Organisation for Economic Co-operation and Development (OECD), which allows broad comparison of part-time study across countries. There are some significant differences in the definitions of part-time students used by HESA and the OECD, and the OECD data look at enrolments in all years of study instead of entrants as in the HESA data. The two datasets are therefore not comparable. OECD analysis covers part-time students enrolled at levels 5a and 5b of study in the 1997 International Standard Classification of Education (ISCED)⁵. This covers the first stage of tertiary education, up to but not including advanced research qualifications.

Key findings

Part-time UK and EU undergraduate entrant numbers in 2013-14 are **almost half what they were in 2010-11.**

Part-time fees have risen significantly, but still tend to be lower than full-time fees.

Students are generally more likely to find **greater variability in fees for part-time courses** than for full-time courses.

Numbers of UK and EU entrants with **direct financial backing from their employers** for undergraduate part-time study **fell by almost half in 2012-13 compared with the previous year, from 40,000 to 23,000.**

A significant fall in employer financial backing was also seen for postgraduate students between 2010-11 and 2012-13. This is **largely explained by a large fall in the number of entrants to education-related subjects.**

Declines in entry to part-time higher education courses appear to have been affected by a range of macroeconomic factors including **falls in employment – particularly in the public sector.**

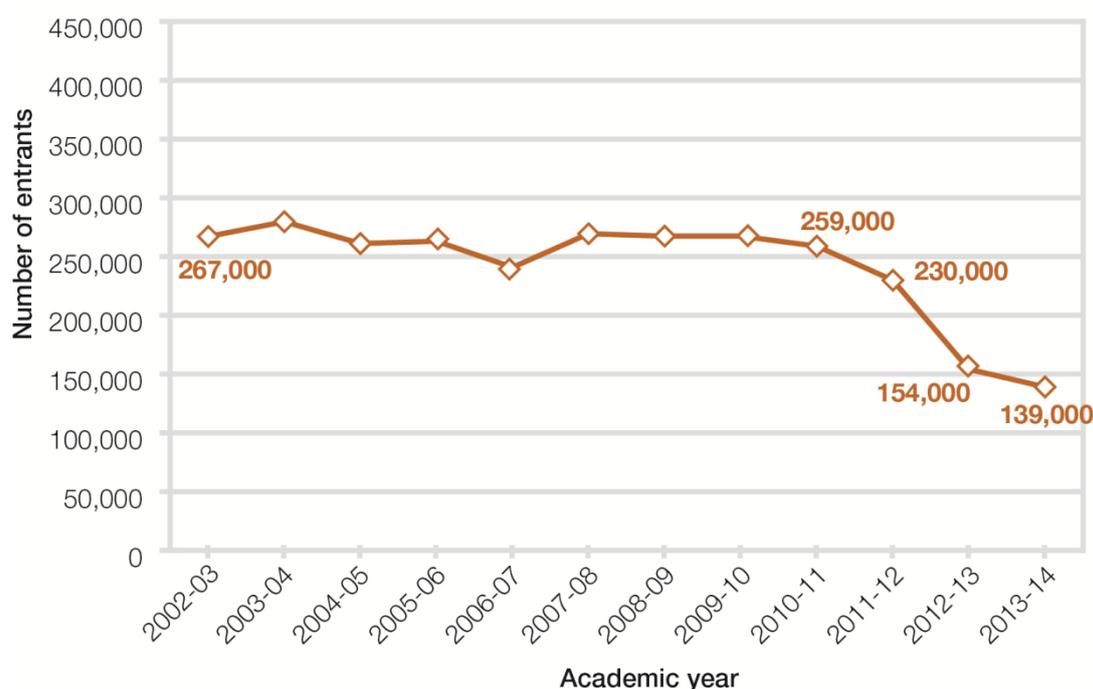
Wider comparisons among the UK nations show part-time declines in England appear to have been **affected by a range of policy changes** alongside economic effects.

Part-time study appears to be more likely to suffer in a recession – but this is not inevitable. Around half of OECD countries saw growth in part-time between 2010 and 2011.

Developments in undergraduate part-time higher education in England

4. The most dramatic declines in part-time study have been at undergraduate level. In 2003-04, 45 per cent of undergraduate entrants were studying part time, whereas by 2013-14 this had fallen to 27 per cent. Most of this change has happened in recent years: part-time entrant numbers in 2013-14 are approximately half the number in 2010-11 (see Figure 2).

Figure 2: UK and other EU part-time undergraduate entrants, 2002-03 to 2013-14



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

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

6. The proportions of part-time undergraduate entrants taught in different types of provider have shifted slightly in recent years. Entrants registered at HEIs but taught at further education colleges under a franchise arrangement made up 7 per cent of undergraduate part-time entrants in 2010-11, but this had dropped to 5 per cent in 2012-13. Conversely, numbers of part-time undergraduate entrants both registered and taught at a further education college increased from 5 per cent in 2010-11 to 7 per cent in 2012-13, reflecting a shift towards more courses being provided directly by further education colleges. Those registered and taught at HEIs continue to make up 88 per cent of undergraduate part-time entrants.

7. Most of the part-time decline has been concentrated in higher education institutions. While there was a 15 per cent decrease in the numbers registered and taught at further education colleges between 2010-11 and 2012-13, for those registered and taught at HEIs there was a 38 per cent decrease in the same period. Franchised provision has seen most decline – entrant numbers registered at HEIs but taught at further education colleges saw a 59 per cent decrease between 2010-11 and 2012-13.

8. Earlier in April 2014 we published a report looking at changes in undergraduate courses other than first degrees⁶, and these changes overlap significantly with the part-time decline. Part-time undergraduate entrant numbers declined by 134,000 between 2008-09 and 2012-13, but only 6 per cent is accounted for by changes in numbers of entrants to first degrees. The remainder of the decline (a fall of 127,000) was in entrants to undergraduate courses other than first degrees. It is likely that these changes reflect, to some extent, changing practice in registering students rather than shifts in activity.

9. The decline in other undergraduate courses affects all types of study and impacts on part-time and full-time study. It is very unlikely that a single policy change (or change in reporting practice) is responsible. Instead, the evidence points to a series of factors coming together to affect such courses among students, or institutions, or both. Higher education institutions appear to be exiting the market for study below degree level and focusing their undergraduate provision around degree courses.

10. Some of the analysis below is limited to HESA data from higher education institutions (HEIs) when data are not immediately available from the ILR and whose groupings are not necessarily consistent with those used in HESA data.

Significant policy changes affecting part-time undergraduate students in England since 2008-09

Equivalent and lower qualifications (ELQ) policy (since 2008-09)

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. There were some exemptions, such as foundation degrees.

HEFCE workforce development programme (2008-09 to 2011-12)

HEFCE's workforce development programme ran from 2008-09 to 2011-12 with the goals of design and delivery of courses in partnership with employers, and to increase the number of learners in the workplace supported by their employers. Employer co-funded students were recruited from 2006-07 to a peak of activity in 2011-12, when there were approximately 30,000 UK and other EU co-funded students in all years of study at English HEIs⁷. Co-funded student numbers are currently being phased out. Data for 2010-11 showed the proportion of co-funded students studying part-time was 87 per cent.

Loan and maintenance changes for part-time students (from 2012-13)

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 than one they already hold (with certain exceptions)
- studying at an intensity of greater than 25 per cent of a full-time equivalent (FTE) – 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 aim (meaning that those studying individual modules for credits are not eligible)⁸.

Since 2012-13, part-time students have not been eligible for government maintenance loans or grants.

Other changes to HEFCE funding (from 2012-13)

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 mainstream 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.

Equivalent and lower qualifications

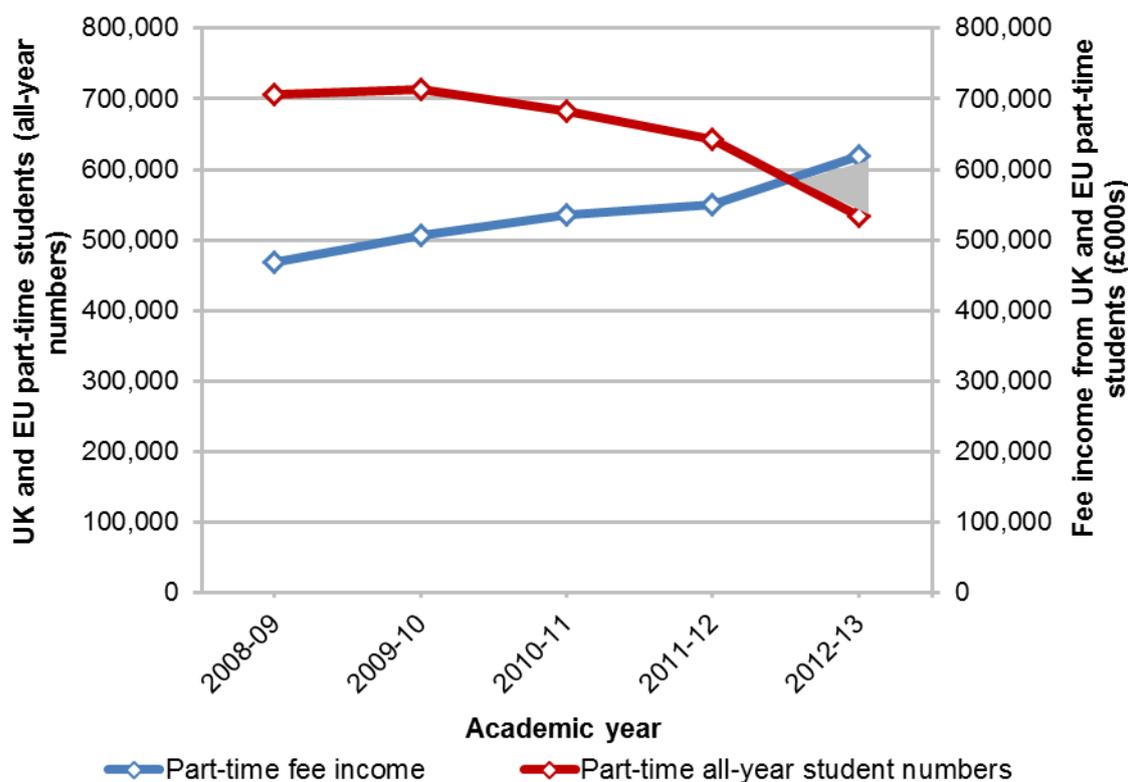
11. From 2008-09 (when the ELQ policy came into force) to 2012-13, there was a 57 per cent drop in the number of part-time UK and other EU entrants studying for an equivalent or lower qualification at English HEIs compared with a 36 per cent drop in the number of part-time entrants not studying for an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

Part-time fees

12. Fees for part-time study have generally risen in recent years. This is at least in part to replace the declines in funding for ELQs since 2008-09, and to offset reductions in direct funding following the fee 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 cent⁹. Thompson and Bekhradnia (2013) report information from the Office for National Statistics pointing to 'large increases in part-time fees for students starting in 2012, in line with the proportional increases found for full-time students'¹⁰.

13. There is evidence that income to institutions from fees continues to rise even as part-time numbers fall, as shown in Figure 3. The analysis draws on data on fee income from part-time students which were reported by HEIs in their finance statistics returns (FSR) to HESA¹¹. This does not include declines in direct public funding for part-time.

Figure 3: Fee income from part-time students and part-time enrolments (all years) 2008-09 to 2012-13.



Data sources:

2008-09 to 2012-13 fee income source: HESA FSR; Table 6a, head 1a iv, v and vi, columns 1 and 3. Part-time fee income from UK and EU students registered at English publicly-funded HEIs. Data in £000s. Excludes fees paid by the Department of Health.

2008-09 to 2012-13 part-time all-year student numbers source: HESA standard registration population, UK and EU part-time enrolments at English publicly-funded HEIs.

14. Recent analysis by HEFCE (2014)¹² 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. Entry to some of these courses may have transferred to non-credit-bearing higher education courses, and the students on these courses would not be counted in the usual statistical returns¹³. 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 rise¹⁴. 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.

15. Despite these recent rises, part-time undergraduate net fees per FTE in 2012-13 were on average lower than those for full-time study¹⁵.

16. Figures 4, 5 and 6 show the median and distribution of fees for home and other EU:

- a. First degree entrants.
- b. Foundation degree entrants.
- c. Undergraduate entrants studying courses not in these first two categories.

17. The three figures show the distribution of fees: the median fee charged for each group is shown by the small square, and the 25th and 75th percentiles (that is, the upper and the lower quartiles) are shown by the lines. The figures show that the range of fees a student is likely to find if they reviewed all part-time courses is generally wider than that for full-time courses. However, given that part-time students are more likely to be geographically bound due to other life circumstances (Callender and Wilkinson, 2006)¹⁶, some may not be able to explore a wide range of options to find a lower fee.

18. The figures also split the fees by where an entrant is:

- a. Registered and taught at an HEI.
- b. Registered at an HEI, but taught under a franchise arrangement usually at a further education college.
- c. Registered and taught at a further education college.

19. This split shows that undergraduate higher education is generally more expensive at an HEI than a further education college for study at a similar level.

Figure 4: Distribution of net FTE fees for entrants to first degree courses in 2012-13

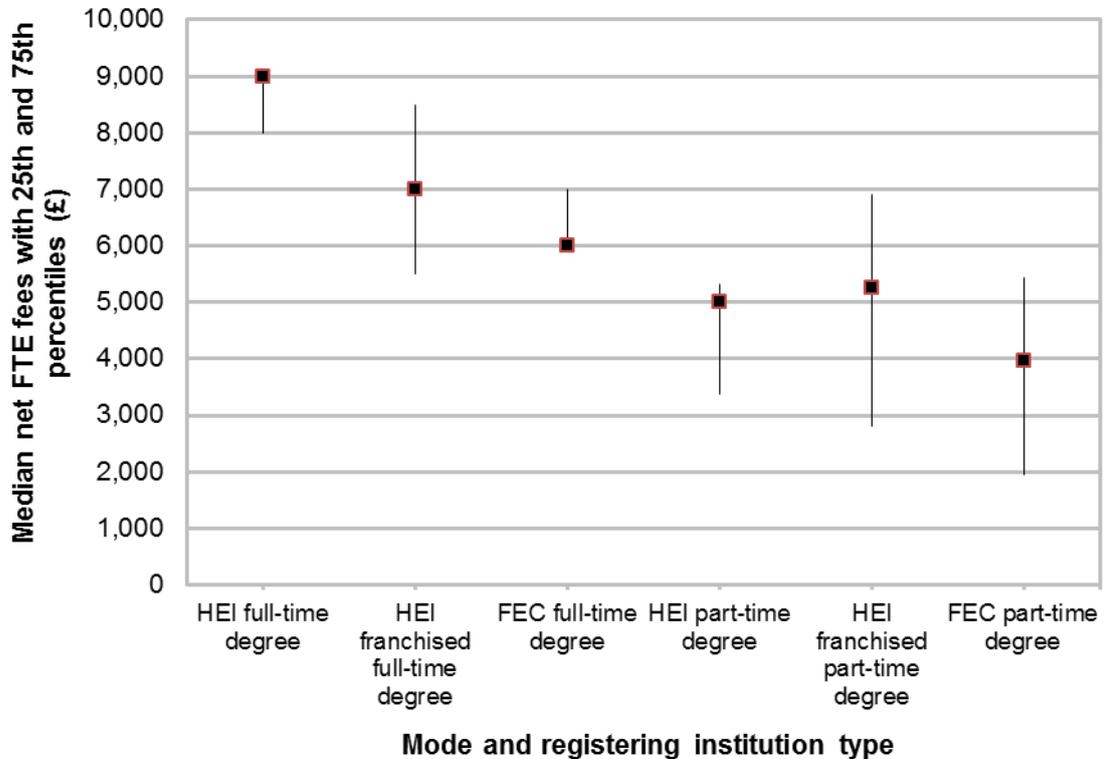


Figure 5: Distribution of net FTE fees for entrants to foundation degree courses in 2012-13

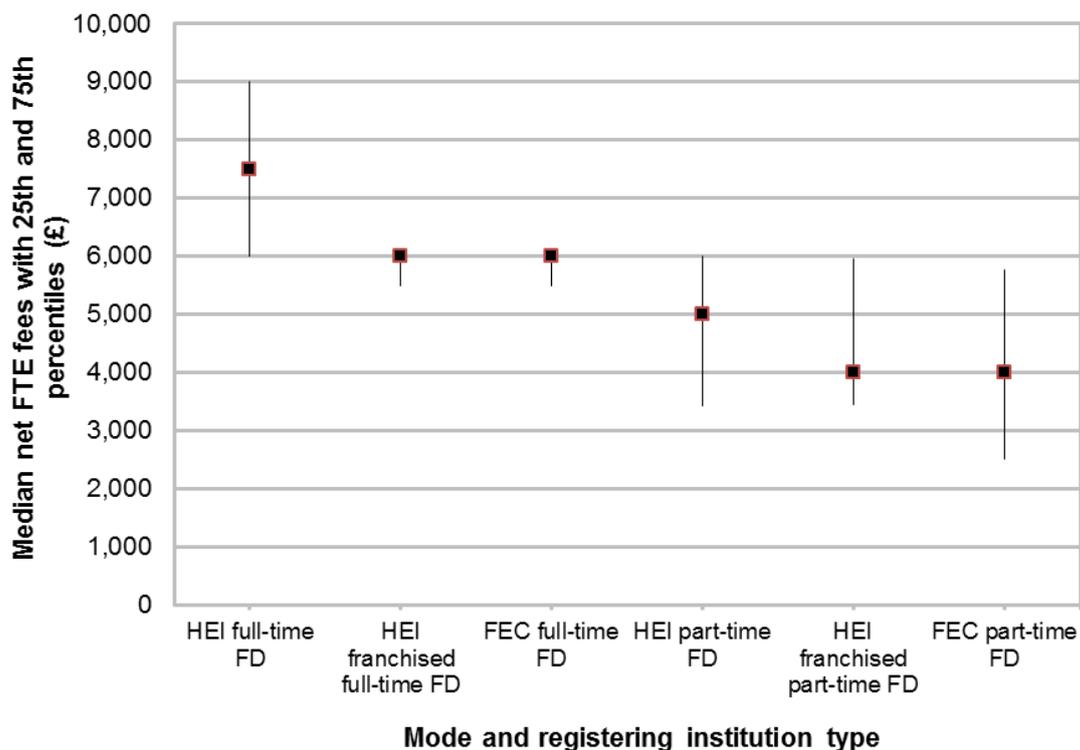
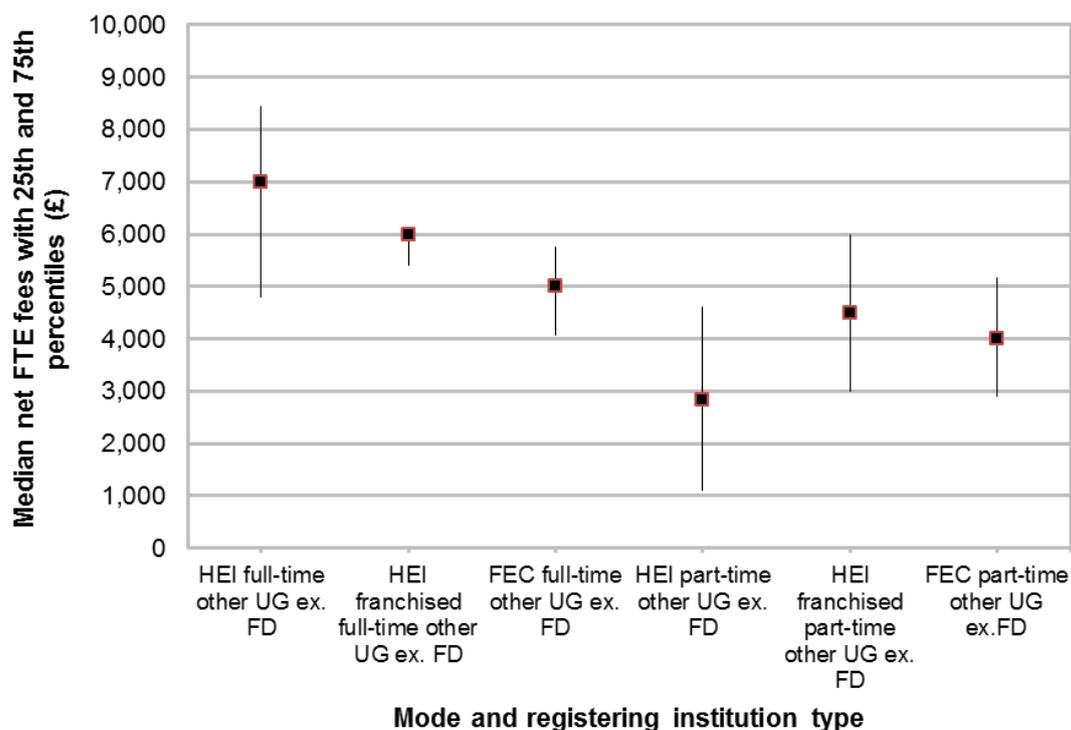


Figure 6: Distribution of net FTE fees for entrants to undergraduate courses other than first degrees and foundation degrees in 2012-13

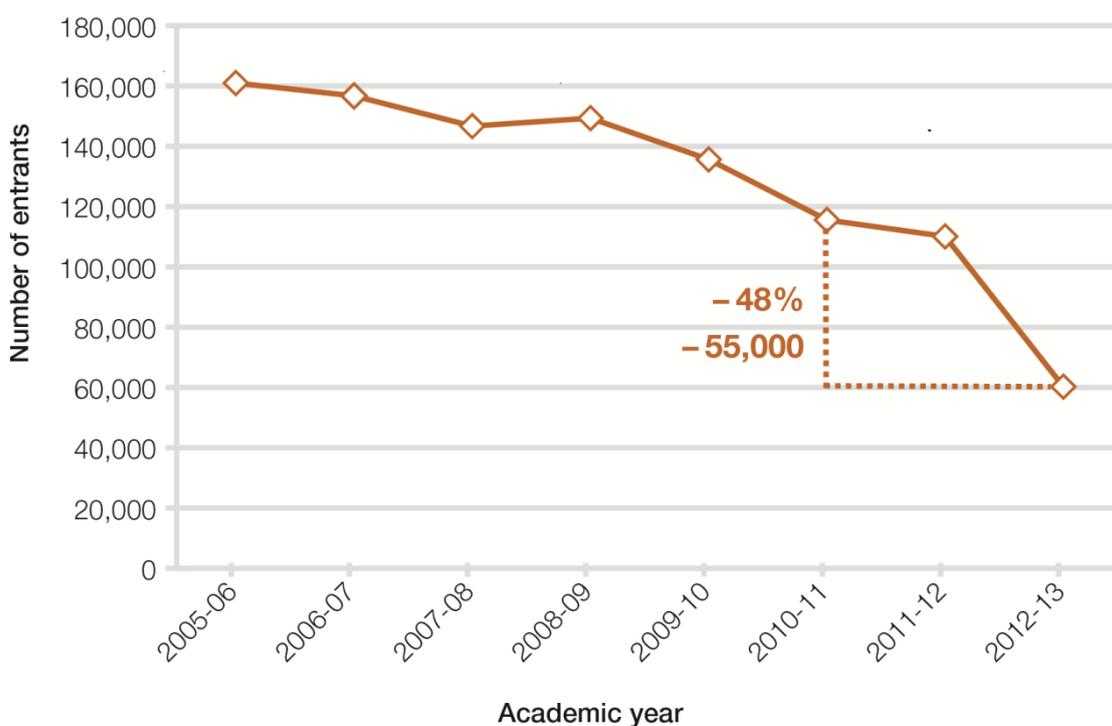


Source (Figures 4-6): HEFCE analysis of data from the Student Loans Company¹⁷, HESA and the ILR.

Sources of funding for students

20. In line with what we might expect given rising fees and challenging economic conditions for many individuals, Figure 7 shows a drop in the number of part-time entrants registered at HEIs who had no financial backing. In 2010-11, 51 per cent of entrants were reported as having no financial backing for their studies, falling to 43 per cent in 2012-13. This represents a drop of 48 per cent (55,000) between 2010-11 and 2012-13 in such entrants. Some of these entrants 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. The implications of the data are not totally clear, but the changing trend indicates that there are fewer entrants on part-time courses who are paying their own way, or who are able to find indirect sources of funding for their studies.

Figure 7: UK and other EU part-time undergraduate entrants registered at HEIs with no financial backing (for tuition fees), 2005-06 to 2012-13



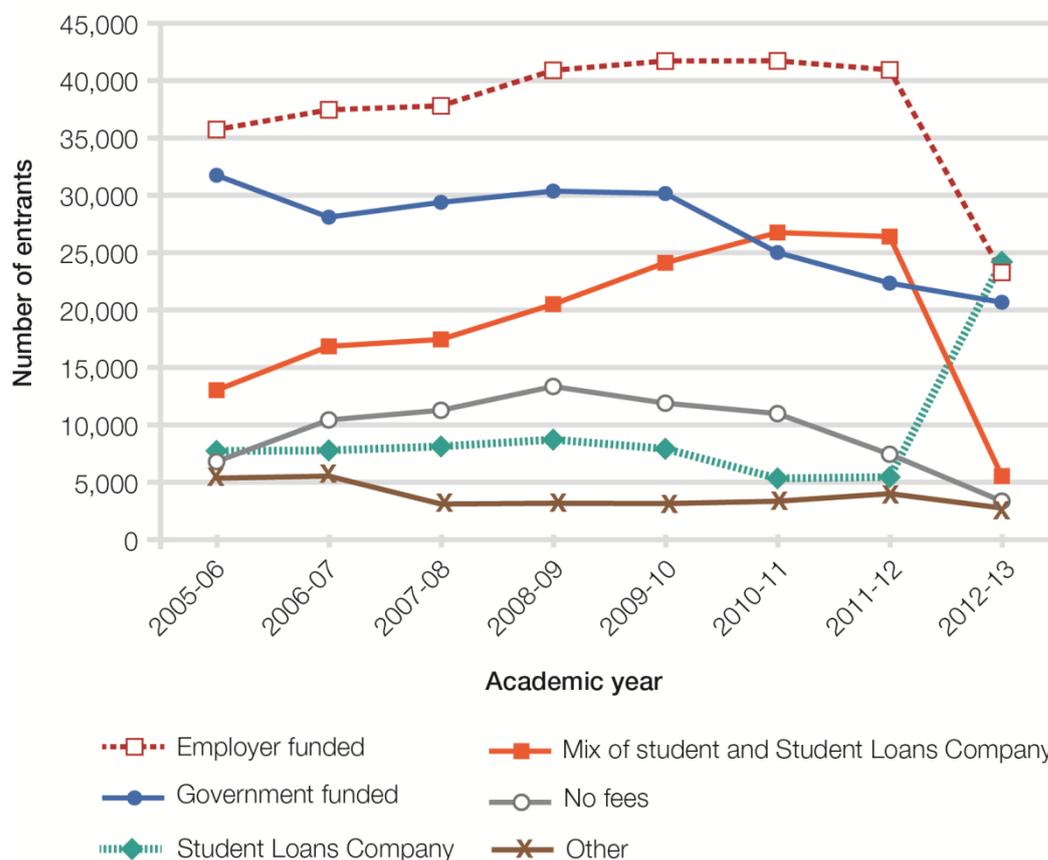
Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13.

21. Figure 8 shows that direct funding for part-time study from employers remained fairly constant at about 40,000 entrants between 2008-09 and 2011-12, but in 2012-13 fell to around 23,000. Recent evidence suggests that this may be influenced by the fee increases and challenging economic conditions¹⁸. Declines in employer funding are also significant at postgraduate level, and this is considered in the postgraduate taught section of this report.

22. Among UK and other EU entrants to part-time first degree study, there was a decline in entrants 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 until their withdrawal in 2012-13). 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 coupled with the withdrawal of grants.

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.

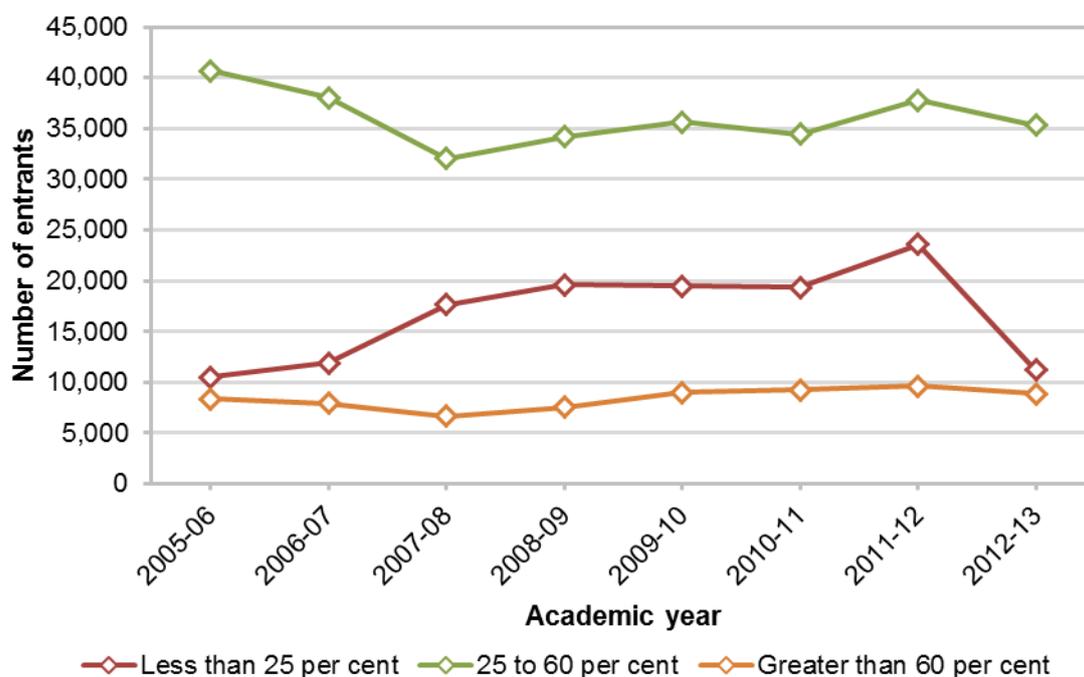
23. Pollard et al (2012) estimated that 31 per cent of part-time entrants would be eligible for student loans (44 per cent of those studying at first degree level and 23 per cent of those studying at other undergraduate level)¹⁹. However, as suggested in a HEFCE survey of further education colleges in 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 entrants received a tuition fee loan²⁰. It is currently not possible to say what proportion of eligible entrants this accounts for because the Department for Business, Innovation and Skills and the Student Loans Company are continuing to develop the methodologies used to determine the populations eligible for tuition fee loans.

Intensity of study

24. Figure 9 shows that the declines in part-time first degree entrants registered at HEIs are largely explained by changes in entrants 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 study²¹, 2005-06 to 2012-13



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

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

The Open University

26. The Open University (OU) teaches over a third of UK and other EU part-time students in England. It is therefore worth considering whether there are factors operating only at the OU which impact overall trends. In 2010-11, 36 per cent (about 94,000) of the UK and EU domiciled undergraduate entrants to part-time study were studying at the OU. In 2012-13, the OU still made up 37 per cent (about 60,000) of part-time entrants, so it has not been disproportionately affected by the large decrease in numbers of part-time entrants.

27. However, in 2010-11, 40 per cent of undergraduate entrants at the OU were studying at less than 0.15 FTE, but by 2012-13 this had decreased to 28 per cent. In contrast, entrants studying between 0.50 and 0.60 FTE had increased from 19 per cent in 2010-11 to 26 per cent in 2012-13. This reflects a shift at the OU towards higher intensity study. In contrast, at other HEIs part-time study at all intensities has been in decline, with study at very low intensity showing an accelerated dip in 2012-13.

Some conclusions on undergraduate part-time study

28. Given the declines in students financing their own study, reductions in public funding for part-time study and rising tuition fees, plus a general increase in economic pressures on students, there exists a particularly challenging environment for financing some forms of undergraduate part-time study.

29. HEFCE conducted a survey in 2013 to explore HEIs views of their top three opportunities and challenges over the next three years. Some respondents cited the following as impacting on recruitment: fee increases, reduced support from employers, a lower level of publicly funded financial support compared to undergraduate full-time provision, and wider economic factors. In the survey more opportunities were reported for recruitment to undergraduate full-time courses than part-time courses. However, in responses to a 2013-2014 survey of further education colleges which asked the same questions, both undergraduate full-time and part-time recruitment from the UK were named with a similar frequency as an area of recruitment opportunity.

30. It is difficult to establish from the data available the extent to which the trends stem from changes in demand from students, or changes in what HEIs and further education colleges supply, or both. As Thompson and Bekhradnia (2013) explore, there is little doubt that these factors combine²². Some prospective students will now be less likely to be able to afford increased fees. Some institutions are also likely to have restructured some of their provision to meet changes in both the full-time and part-time markets.

Developments in postgraduate part-time higher education in England

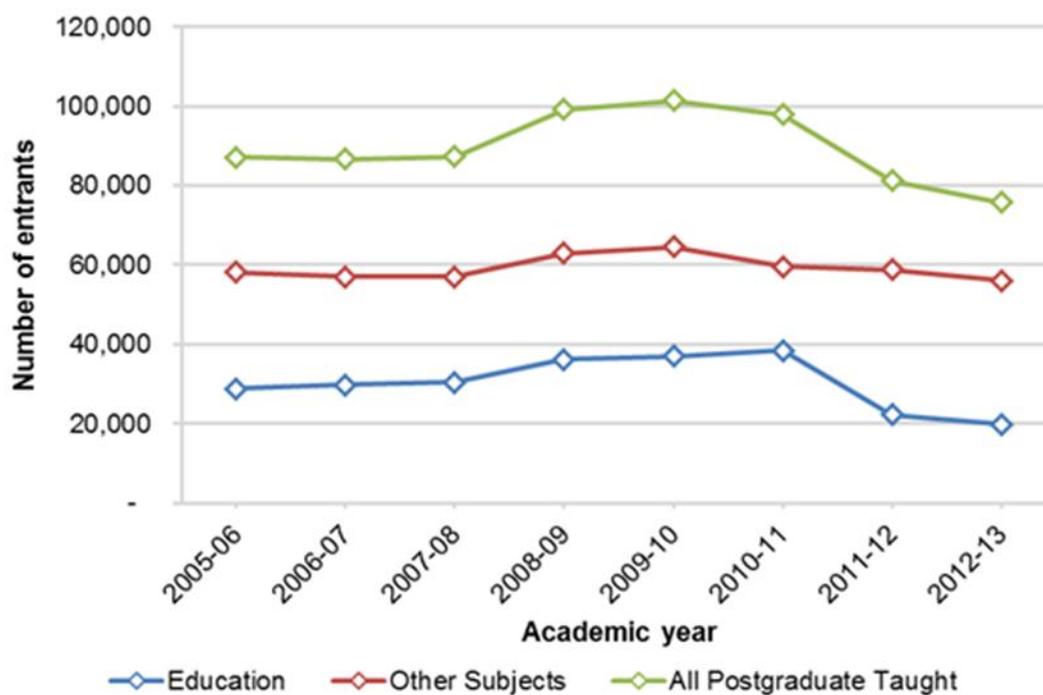
31. Decline in postgraduate part-time study has been less pronounced than at undergraduate level. From HESSES and HEIFES data, in 2002-03 part-time entrants outnumbered their full-time counterparts, making up 54 per cent of all postgraduate entrants. Part-time numbers peaked in 2010-11, after which they declined, so that in 2013-14, 44 per cent of postgraduate entrants were part-time. 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 entrants. This section largely focuses on changes relating to postgraduate taught courses.

32. More than four-fifths (84 per cent) of the decline in part-time postgraduate taught courses at HEIs was due to a drop in the subject area of education, where numbers fell by around a half (18,600 entrants). Entrants to education-related courses include:

- a. Taught masters, which make up around 5,800 of the 18,600 decline.
- b. PGCE courses which make up around 500 of the decline.
- c. Post-registration education qualifications for serving school teachers and lecturers in further education, which make up around 8,000 of the decline.
- d. Certificates, diplomas, credit and other professional qualifications at postgraduate level which make up the rest of the decline.

33. Figure 10 shows the declines in part-time with the subject area of education separated out, demonstrating that in subjects other than education there has been a more moderate decline since 2008-09.

Figure 10: UK and EU part-time entrants to postgraduate taught courses registered at English HEIs, separating education and other subjects



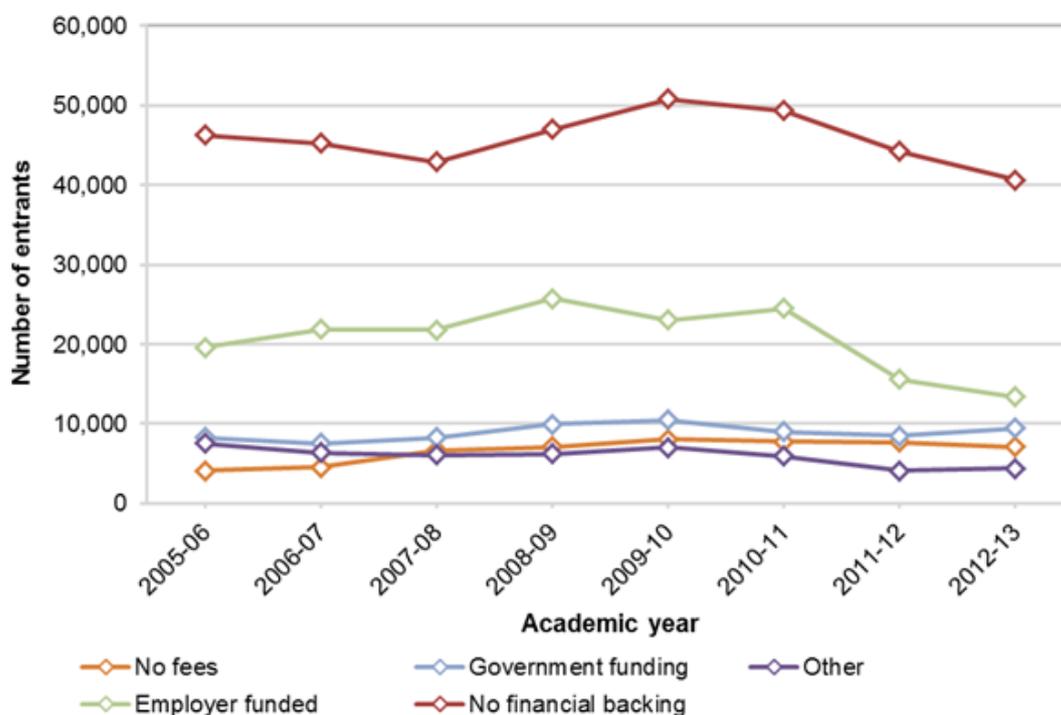
Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2012-13

Funding for postgraduate study

34. Fifty-four per cent of postgraduate taught part-time entrants at English HEIs are reported as having no financial backing in 2012-13. 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 directly to the higher education provider. Figure 11 shows that there has been an 18 per cent decrease in the number of part-time postgraduate taught entrants reported as having no financial backing between 2010-11 and 2012-13.

35. Figure 11 also shows that there has been a 45 per cent decrease in entrants reporting employer funding between 2010-11 and 2012-13. Over four fifths of this (87 per cent) can be explained by the declines in the education subject area. This points to the effects of policy changes leading to lower support for development in education.

Figure 11: UK and other EU part-time postgraduate taught entrants registered at HEIs, 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

36. These declines add to broader challenges facing postgraduate taught higher education. For example, it is possible that, from 2015-16, students with limited access to finance and concerns about adding to their undergraduate debts will be more reluctant to go on to postgraduate study. Student concerns about affordability may also 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.

37. A masters degree is increasingly an entry requirement for doctoral degrees (though this varies between subjects) – 59 per cent of postgraduate research entrants 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.

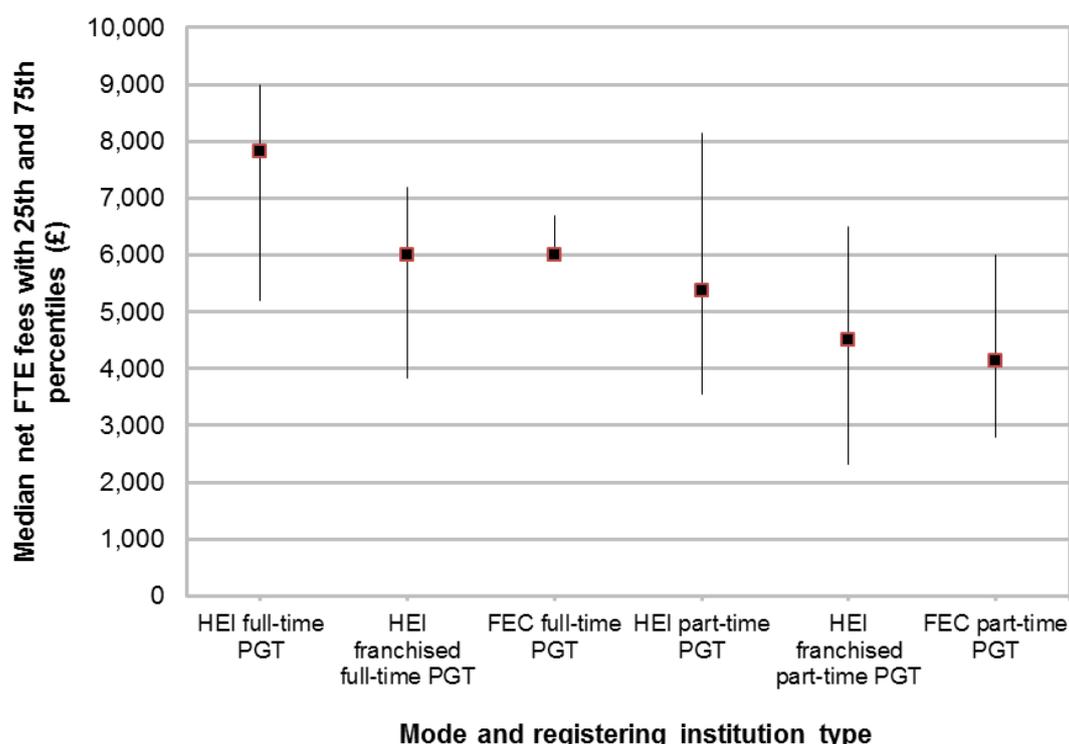
38. HEFCE is continuing to monitor trends and undertake work in relation to postgraduate study²³.

Postgraduate fees

39. As was the case with undergraduate study, part-time postgraduate taught net fees for 2012-13 home and EU entrants were on average lower than those for full-time study (Figure 12)²⁴. However, the picture is slightly different than for undergraduate

study. Broadly speaking, the range of fees that postgraduate taught entrants can expect to find is wider. And while the median fee for a full-time postgraduate taught course at an HEI is around £8,000 compared to £6,700 for full-time courses taught in further education colleges, for part-time postgraduate study at an HEI the median is around £5,500 (dropping to £5,000 for part-time students in a further education college). Some of the populations are small – only 1 per cent of part-time postgraduate entrants were registered and taught at further education colleges in 2012-13 while a further 4 per cent were registered at HEIs, but taught under a franchise arrangement.

Figure 12: Distribution of net FTE fees for part-time entrants to postgraduate taught courses in 2012-13



Source: HEFCE analysis of data from the Student Loans Company²⁵, HESA and the ILR

Macroeconomic influences on part-time higher education

40. The previous sections of this report explored entry to part-time higher education and some of the factors that have influenced recent declines. This section now puts that together with wider macroeconomic data to give a sense of how policy and economic factors are working together. It draws on a study carried out by Oxford Economics for HEFCE, 'Macroeconomic influences on the demand for part-time higher education in the UK', which was published in April 2014.

Public sector employment

41. Entry to part-time education appears to follow a similar cycle to employment in the public sector. The austerity measures introduced by the Government in the public sector from 2010²⁶ have led to reduced public sector employment²⁷.

42. Research by Pollard et al (2013) suggests that 82 per cent of part-time students are employed²⁸. Analysis of HESA data shows that the two subject areas most popular with part-time students are education and subjects allied to medicine. Together with business and administrative studies these subjects account for 45 per cent of all part-time entrants. These areas of study correlate with the largest areas of employment in the public sector – the National Health Service, education, and public administration²⁹. Changes in public sector employment could therefore have a significant impact on those wanting to pursue studies in these subject areas.

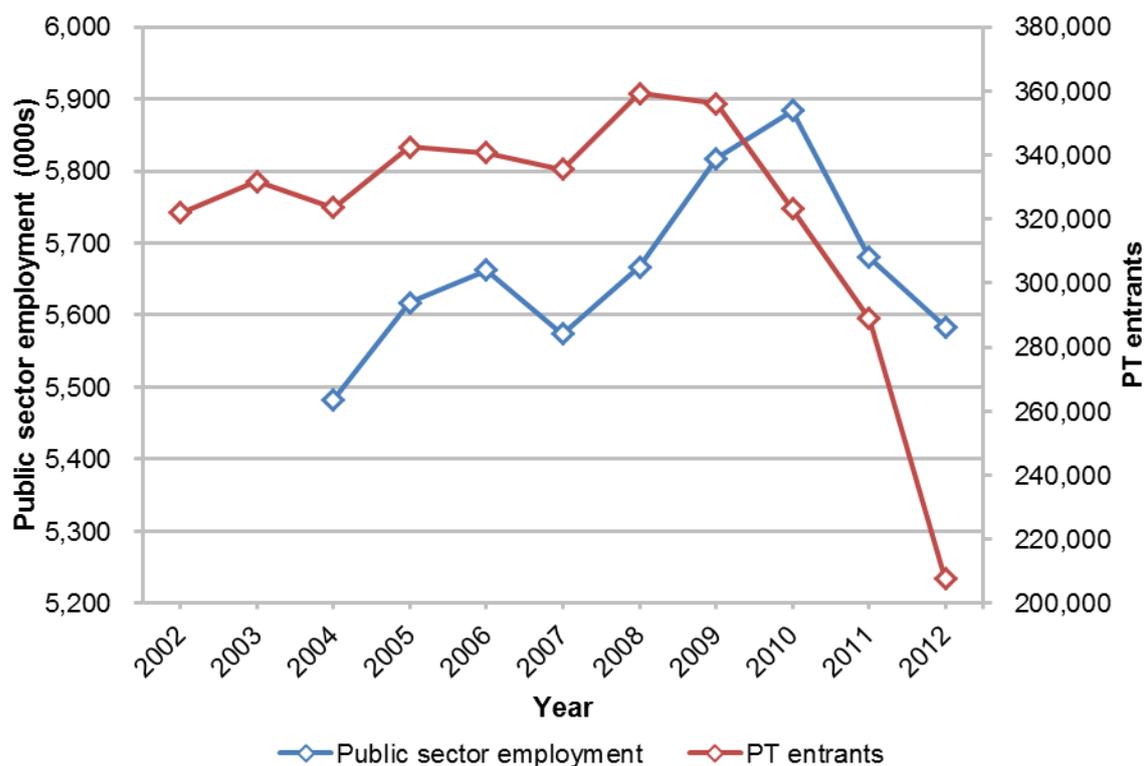
43. The evaluation of HEFCE's workforce development programme identified impacts on employers and their training from the economic downturn and from public sector cuts. Various employers that were interviewed spoke of reductions in training and development budgets. This had led them to seek savings through e-learning, greater employee contributions, or reducing levels of training³⁰.

44. Data from the Labour Force Survey consistently show that more public sector employees have higher level qualifications – for example, in 2013, 59 per cent of public sector employees had higher-level qualifications, compared with 36 per cent of private sector employees³¹. This would mean that public sector employees are more likely to be affected by the equivalent and lower qualifications policy. If they were pursuing a qualification at the same or a lower level to one they already had, this would (with some exemptions) have impacted on direct public funding for courses they take and their eligibility for the new student loan arrangements from 2012-13.

45. Evidence suggests that entry to full-time higher education is counter-cyclical – it tends to increase during a recession and fall in more prosperous times³². This is explained by limited employment alternatives during a recession, making full-time study more attractive. It is also explained by the lower cost of 'foregone income', making the opportunity cost of study lower: students are on average likely to lose less income by studying during a recession than when economic conditions are good. However, the importance of a student support package increases in challenging economic times – if students had to pay costs upfront, this would put pressure on their personal finances.

46. In contrast, entry to part-time study appears to be pro-cyclical: increasing in good economic times and reducing during and after a recession. Figure 13 shows public sector employment and part-time higher education study tracking each other in recent years. A partial explanation may be that decreasing employment in the public sector leads to fewer people able to access employer funding for study, as well as reduction in employers' training budgets. This may be a factor in the large decline in postgraduate part-time study in the education subject area between 2010-11 and 2011-12, which accounted for 84 per cent of the overall decline in this period. This comes alongside major changes in the schools sector, with many schools becoming academies and moving out of the ambit of local authorities³³.

Figure 13: Public sector employment and entry to part-time education

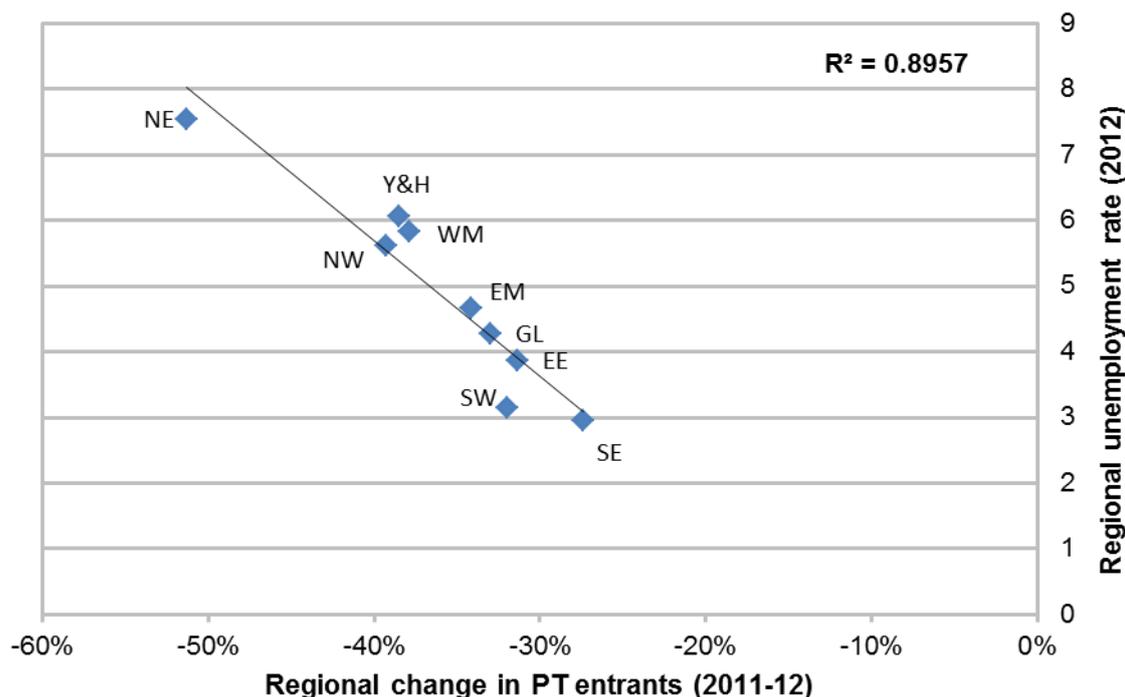


Source: Oxford Economics (2014), using HESA and NOMIS data. These data refer to home-domiciled students, and include both undergraduate and postgraduate taught students. Open University students are included in this analysis. These data do not include students studying at further education colleges. Part-time entrant data is reported on an academic year basis, while macroeconomic data is reported on a calendar year basis.

Regional unemployment and part-time study

47. Figure 14 shows a strong correlation between regional unemployment rate in 2012 and the change in regional undergraduate part-time entrants between 2011-12 and 2012-13. This suggests that the level of unemployment affects the ability of students to finance their studies. This may be because those who have become unemployed are less likely to prioritise funding higher education from their own funds, and will no longer have the possibility of employer support for study.

Figure 14: Regional unemployment rate (2012) vs. change in regional undergraduate part-time entrants (2011-12)³⁴



Source: Oxford Economics (2014), HESA. These data refer to home-domiciled students, and include only undergraduate students. Open University students are included in this analysis. These data do not include students studying at further education colleges. Part-time entrant data is reported on an academic year basis, while macroeconomic data is reported on a calendar year basis. Regional abbreviations are as follows: Eastern England (EE), East Midlands (EM), Greater London (GL), North East (NE), North West (NW), South East (SE), South West (SW), West Midlands (WM) and Yorkshire & Humberside (Y&H).

Part-time study in times of recession

48. Pissarides (2010)³⁵ argues that:

‘in recession unemployment is high, and reducing entry into the labour force by expanding the places in higher education benefits both those who take up the places and those who join the labour force.’

As discussed earlier, there is a wealth of evidence which suggests that full-time higher education enrolments are less affected by economic downturns. This is supported by the April 2014 HEFCE report on higher education trends in England (HEFCE 2014/08). However, while full-time undergraduate entry continued to rise through the recession and its aftermath, part-time higher education appears to have lost some of its appeal following the introduction of the ELQ policy in 2008 and the changes to fees and funding in 2012.

49. It appears that the support available for each form of study may have been important here. While most entrants to full-time undergraduate higher education are eligible for tuition loans and maintenance, as noted above a much lower number of part-

time students qualify for loans. For students who finance their part-time studies privately, in difficult economic times they are more likely to prioritise other spending commitments around their family circumstances over the need to upgrade their skills. This means that the macroeconomic environment will have impacted more forcefully on these 'unsupported' students, whereas for first-time students on full-time courses the economic recession may have actually made study more attractive.

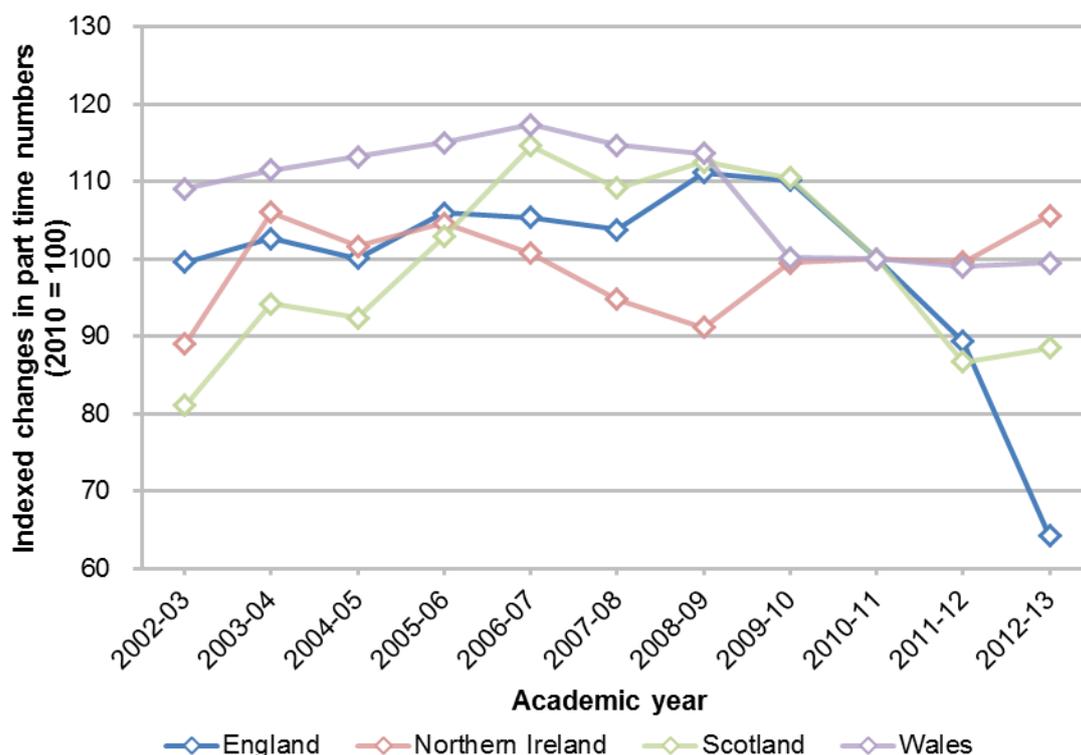
Comparison of part-time trends with other UK nations and overseas

50. A sense of the dominance of macroeconomic or policy effects can be gathered by comparison with other countries. Drawing on the Oxford Economics report, this section explores how different policy and macroeconomic influences have affected countries within the UK, and across the members of the Organisations for Economic Co-operation and Development (OECD).

Comparisons within the UK

51. Figure 15 shows that England has experienced the steepest decline in part-time entrants since 2010-11 when compared with Northern Ireland, Scotland and Wales.

Figure 15: UK part-time entrant trends by UK country index (2010 = 100)



Source: Oxford Economics (2014). Note: These data refer to home-domiciled students, and include both undergraduate and postgraduate taught students. Open University students are included in this analysis. These data do not include students studying at further education colleges. Data source: HESA standard registration population.

52. Table 1 is adapted from the Oxford Economics study and summarises key macroeconomic, demographic and policy factors that are likely to have affected demand for part-time education in the four UK nations. The recession of 2008 appears to have initially impacted the UK nations similarly, but gross value added (GVA) growth for England in the aftermath of the recession outperforms the other countries. Nonetheless, part-time study continues to decline most steeply in England. Demographic factors are unlikely to have had a negative impact on part-time enrolments: there are no population declines that might have affected entry. The main differences between England and the other countries are the introduction of the ELQ policy in 2008-09, followed by the undergraduate tuition fees reforms in 2012-13. Northern Ireland bucks the trend of part-time declines, and displays the most supportive policy conditions for part-time in recent years. It also had the least developed part-time sector, though, so potentially had more room for growth.

Table 1: Comparison of economic and policy factors in UK nations

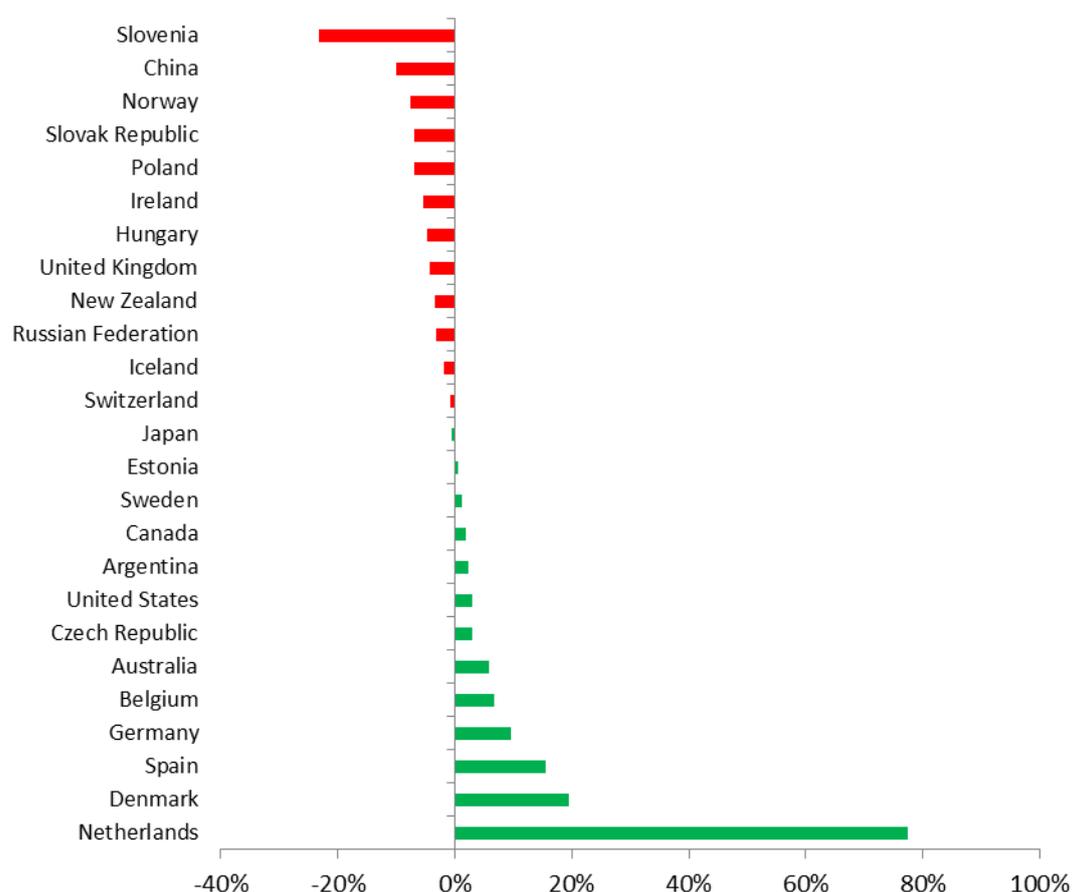
UK nation	Percentage change in part-time entrants 2008-2012	GVA growth 2008-2009	GVA growth 2009-2012	Weighted increase in potential part-time population 2008-2012	Possible explanations of trends
England	-42%	-5.3%	+3.5%	+2.4%	<ul style="list-style-type: none"> - ELQ funding policy introduction - Tuition fee increases - Recession - Reduced funding for postgraduate taught study in education - Disincentives for HEIs to pursue part-time provision
Scotland	-23%	-5.2%	+1.9%	+1.2%	<ul style="list-style-type: none"> - Recession - Disincentives for HEIs to pursue part-time provision (part-time students contribute to fees, full-time students do not)
Wales	-12%	-5.4%	+2.0%	+0.7%	<ul style="list-style-type: none"> - Recession
N. Ireland	+16%	-5.1%	+1.2%	+1.7%	<ul style="list-style-type: none"> - Relatively undeveloped part-time sector - Government promotion of up-skilling and reskilling - Policy-neutral environment (no ELQ, no changes to loan and funding arrangements for part-time study)

Source: Adapted from Oxford Economics (2014). Part-time entrant data are based on the undergraduate and postgraduate taught markets, including Open University students. Students studying at further education colleges are not considered. Weighted increases in potential part-time populations are based on the age structure of each country's part-time population in 2008. Part-time entrant data is reported on an academic year basis, while macroeconomic data is reported on a calendar year basis.

Comparisons across OECD countries

53. Wider comparisons across OECD countries for which data are available show that a decline in part-time enrolments occurred across around half of the countries between 2010 and 2011 (Figure 16). This again suggests that while part-time enrolment is affected by recession, differing policy and other factors will impact on it to differing extents. The UK decline does not appear as dramatic in the OECD data because of differences in data definition and because the chart is based on enrolment data (entry in all years rather than first-time entrants) where declines may take several years to show in the overall student population. The growth in part-time enrolments for Netherlands needs to be treated with caution due to major changes in the data collection methodology: from 2011 enrolments in the private education sector are included, while until 2010 the figures only included public higher education. Most of the students enrolled in the private sector are likely to be studying part-time, compared to their counterparts in the public sector³⁶.

Figure 16: Change in part-time enrolments across the OECD countries 2010-11 to 2011-12



Source: Oxford Economics (2014). Data: OECD higher education statistics. Data refer to growth in part-time enrolments at ISCED levels 5a and 5b.

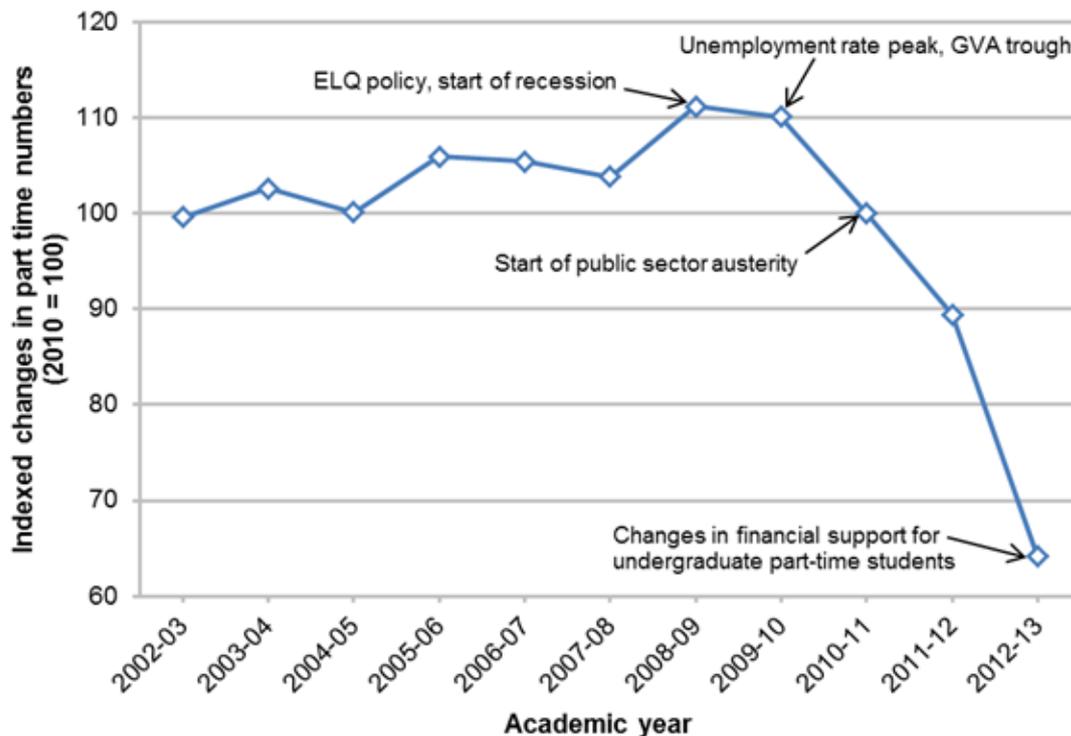
54. As part of the analysis by Oxford Economics, a smaller comparator set of countries with higher education systems similar to the UK were considered. This included

Australia, Canada and New Zealand, all of which have well-developed part-time sectors. The analysis showed a strong positive relationship between economic growth and change in part-time enrolments in the period 2009-10 to 2011-12, with the UK being the only country in the sample with economic decline and decline in part-time enrolments. In addition, inverse correlation was found between part-time enrolments and unemployment in the comparator set of countries – where there is higher growth in the unemployment rate, part-time higher education tends to see lower, or even negative, growth.

Conclusion

55. The recent economic recession and government policy decisions – some directly and some not directly related to higher education – have created a situation where part-time study has been under pressure from all sides. Figure 17 summarises these changes. Rises in unemployment – particularly public sector employment – appear to have taken their toll. The latter was exacerbated by the austerity measures imposed on the public sector. Those aspects of study that have been most supported by higher education policy – such as part-time first degrees where there has been loan eligibility – have held up relatively well, whereas other types of part-time study have seen significant decline.

Figure 17: Major changes affecting the declines in part-time higher education between 2008-09 and 2012-13



Source: Adapted from Oxford Economics (2014). Note: These data refer to home-domiciled entrants and include both undergraduate and postgraduate taught entrants. Open University students are included in this analysis. These data do not include students studying at further education colleges.

Data sources: analysis of HESA standard registration population between 2002-03 and 2012-13.

56. While tough economic conditions have affected these changes, such decline does not seem to be inevitable. Northern Ireland has bucked the trend of part-time decline, though its increased numbers grew from a relatively low proportion of part-time study. Across the OECD, some countries have seen decline whereas others have seen growth.

57. The question now, though, is not how we get back to where we were in 2008-09. The world and its economies have changed. People, governments and employers are

looking to what education and skills will be needed in the future. The possibilities of new technologies for learning are being explored, and there are lively debates about how people might be best equipped to thrive in employment and in their wider lives.

58. The challenge is to develop the environment for a higher education system that provides a wide range of high-quality learning opportunities, well matched to the demand from individuals and employers. Such opportunities will come through courses and programmes that allow people to achieve their goals and to further develop their potential. Flexible and well-supported higher education can also support individuals who need to reskill and upskill through challenging economic situations in the future. With this in mind, HEFCE looks forward to playing its part in the development of a thriving environment for flexible higher learning in England.

References and notes

¹ HEFCE (2014) 'Higher education in England 2014: Analysis of latest shifts and trends', HEFCE 2014/08, www.hefce.ac.uk/heinengland/2014/

² HEFCE (2014) 'Undergraduate courses other than first degrees: An analysis of recent trends', HEFCE 2014/08, www.hefce.ac.uk/pubs/year/2014/201408c/

³ Higher Education Students Early Statistics survey and Higher Education in Further Education Students survey data are rounded to the nearest 500 students. HESA and ILR are rounded to the nearest five students. Fee data are rounded to the nearest £500. All percentages and charts are based on unrounded numbers.

⁴ Oxford Economics (2014) 'Macroeconomic influences on the demand for part-time higher education in the UK', www.hefce.ac.uk/pubs/rereports/ptdemand

⁵ UNESCO (2006) 'ISCED 1997', www.uis.unesco.org/Education/Pages/international-standard-classification-of-education.aspx

⁶ HEFCE (2014) 'Undergraduate courses other than first degrees: An analysis of recent trends', HEFCE 2014/08c, www.hefce.ac.uk/pubs/year/2014/201408c/ Undergraduate courses other than first degrees 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.

⁷ Source: HESA. This refers to all co-funded students, and not just entrants.

⁸ Students must be studying for: a first degree, a foundation degree, a Certificate of Higher Education, a Diploma of Higher Education (DipHE), an HNC, an HND, a PGCE, or Initial Teacher Training.

⁹ Callender, C. and Wilkinson, D. (2012) 'Futuretrack: Part-time higher education students – the benefits of part-time higher education after three years of study', www.hecsu.ac.uk/futuretrack_part_time_students.htm

¹⁰ Thompson, J. and Bekhradnia, B. (2013) 'The impact on demand of the Government's reforms of higher education: The first evidence on part-time demand and an update on full-time', HEPI report (62), www.hepi.ac.uk/2013/10/03/the-impact-on-demand-of-the-governments-reforms-of-higher-education/

¹¹ See www.hesa.ac.uk/index.php?option=com_content&task=view&id=2953&Itemid=233

¹² HEFCE (2014) 'Higher education in England 2014: Analysis of latest shifts and trends'

¹³ As noted in Thompson, J. and Bekhradnia, B. (2013) 'The impact on demand of the Government's reforms of higher education: The first evidence on part-time demand and an update on full-time'

¹⁴ Analysis of HESA Finance Statistics Return Table 6a, Head 2, www.hesa.ac.uk/index.php?option=com_collns&task=show_colln&Itemid=232&c=C12031&s=5&wvy=any&wvs=1&isme=1

¹⁵ We use full-time equivalence in these analyses to allow us to compare part-time fees with full-time fees. Actual fees paid by part-time students per year will be lower. 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 the analysis.

¹⁶ Callender, C. and Wilkinson, D. (2006) 'Part-time students and part-time study in higher education in the UK – Strand 3: a survey of students' attitudes and experiences of part-time study and its costs 2005/06', a report for Universities UK and GuildHE, www.universitiesuk.ac.uk/highereducation/Pages/ParttimeStrand3.aspx

¹⁷ This is the first year that these fee data have been collected on HESA and the ILR, so while they should give an accurate overall picture they could not be relied on for lower level analysis, such as for individual institutions. To ensure robustness, students starting in atypical months are excluded from this analysis, as are those that leave their course without qualifying. This analysis is separate from the continuing analysis of Student Loans Company fee data by HESA.

¹⁸ Mason, G. (2013) 'Employer support for part-time higher education students', report to Higher Education Careers Service Unit (HECSU) and Department for Business, Innovation and Skills (BIS), BIS research paper number 119, www.gov.uk/government/publications/employer-support-for-part-time-higher-education-students

¹⁹ Pollard, E., Newton, B. and Hillage, J. (2012) 'Expanding and improving part-time higher education', www.gov.uk/government/publications/expanding-and-improving-part-time-higher-education

²⁰ Student Loans Company (2013) 'Student support for higher education in England: Academic year 2013/14 (Provisional)', www.slc.co.uk/statistics/national-statistics/newnationalstatistics1.aspx

²¹ The greater than 60 per cent category includes all students above this 60 per cent intensity but excludes students who fulfil the criteria to be considered full-time. In brief, this is where the student is normally required to attend the institution, or elsewhere, for periods amounting to at least 24 weeks within the year of instance and, during that time, they are normally expected to undertake periods of study, tuition, learning in the workplace, or sandwich work placement that does not meet the criteria to be sandwich year-out, which amount to an average of at least 21 hours per week. For full information on the criteria in 2013-14 see HEFCE (2013) 'HESES13: Higher Education Students Early Statistics Survey 2013-14', Annex M: Mode of study, HEFCE 2013/26, www.hefce.ac.uk/pubs/year/2013/201326/name,83351,en.html

²² Thompson, J. and Bekhradnia, B. (2013) 'The impact on demand of the Government's reforms of higher education: The first evidence on part-time demand and an update on full-time'

²³ See www.hefce.ac.uk/whatwedo/crosscutting/pg/

²⁴ We use full-time equivalence in these analyses to allow us to compare part-time fees with full-time fees. Actual fees paid by part-time students per year will be lower. The distribution of fees in Figure 12 shows the median fee and the 25th and 75th percentiles. 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.

²⁵ This is the first year that these fee data have been collected on HESA and the ILR, so while they should give an accurate overall picture they could not be relied on for lower level analysis, such as for individual institutions. To ensure robustness, students starting in atypical months are excluded from this analysis, as are those that leave their course without qualifying. This analysis is separate from the continuing analysis of Student Loans Company fee data by HESA.

²⁶ For details on public spending changes see HM Treasury (2013) 'Public Spending Statistics release: October 2013', www.gov.uk/government/publications/public-spending-statistics-release-october-2013

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- ²⁷ Office for National Statistics (2014) 'Public Sector Employment, Q4 2013', www.ons.gov.uk/ons/rel/pse/public-sector-employment/q4-2013/stb-pse-2013-q4.html
- ²⁸ Pollard, E., Hunt, W., Hillage, J., Drever, E., Chanfreau, J., Coutinho, S. and Poole, E. (2013) 'Student Income and Expenditure Survey 2011/12', BIS research paper number 115, www.gov.uk/government/publications/student-income-and-expenditure-survey-2011-t0-2012
- ²⁹ Office for National Statistics (2014) 'Public Sector Employment, Q4 2013'
- ³⁰ Kewin, J., Nixon, I., Diamond, A., Haywood, M., Connor, H. and Michael, A. (2011) 'Evaluation of the Higher Education Transforming Workforce Development Programme: Report to HEFCE by CFE and KSA', www.hefce.ac.uk/pubs/rereports/year/2011/evalwfdp/
- ³¹ Office for National Statistics (2014) 'Public and Private Sector Earnings – March 2014', www.ons.gov.uk/ons/rel/lmac/public-and-private-sector-earnings/march-2014/rpt---march-2014.html
- ³² Douglass, J. A. (2008) 'College vs. Unemployment: Expanding Access to Higher Education Is the Smart Investment During Economic Downturns', <http://cshe.berkeley.edu/publications/college-vs-unemployment-expanding-access-higher-education-smart-investment-during>; Dellas, H. and P. Sakellaris (2003) 'On the cyclicity of schooling: theory and evidence', *Oxford Economic Papers* 55, pages 148-172, <http://oep.oxfordjournals.org/content/55/1/148.full.pdf+html>
- ³³ For information on academy numbers see Department for Education (2014) 'Open academies and academy projects in development', www.gov.uk/government/publications/open-academies-and-academy-projects-in-development
- ³⁴ R^2 is a statistical measure of the goodness of fit in a regression model. It measures how well a regression line approximates the real data point. Specifically, R^2 represents the percentage of the response variable variation that is explained by a linear model.
- ³⁵ Pissarides, C. A. (2010) 'Regular Education as a Tool of Counter-cyclical Employment Policy', www.finanspolitiskaradet.se/english/swedishfiscalfiscalpolicycouncil/thecouncilsreports/background-reports.4.3dc0d3a412bc4ba245f800013549.html
- ³⁶ Direct communication with Statistics Netherlands.

