



HE in England from 2012: Student numbers

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New students starting higher education in England in 2012 faced higher tuition fees, potentially higher loan interest rates and longer loan durations. But compared to the pre-2012 system access spending on students from disadvantaged backgrounds has increased; fee loans have been extended to part-time students; after graduation monthly repayments for all will borrowers will be smaller; and some graduates earning the smallest amounts could repay less over the course of their working life. At the same time as these funding reforms the Government also brought in a new 'core and margin' model which introduces an element of competition into the allocation of student numbers between institutions.

The impact of these changes on potential students and student numbers is seen as a key test of the success of the Government's reforms to higher education in England. The number of new UK/ EU full-time undergraduates fell by more than 50,000 or 11% in 2012. This was larger than the earlier falls seen when fees were first introduced and then raised. There was a particularly large drop in part-time entrants in 2012 following on from falls in 2011.

Full-time undergraduate numbers recovered in 2013, but the increase in UK/EU students of almost 39,000 still meant that the total was almost 15,000 below the 2011 peak. The number of UK/EU part-time undergraduates fell by 77,000 or 29% in 2012/13. The number of full-time undergraduate applicants is up again in 2014. However, there have been dramatic falls in the number of part-time entrants, particularly undergraduates. These started before 2012 and there are thought to be multiple factors behind them including the 2012 reforms, earlier policy changes, the recession and actions taken by providers. There is also increasing attention on the postgraduate sector as a whole where full-time entrants have remained steady, but the 2012 reforms could potentially affect entrants in the future.

Any long term change to student numbers would have important implications for the financial health of the higher education sector and the UK economy.

In the [Autumn Statement 2013](#) the Chancellor announced that the cap on student numbers in England would be increased by 30,000 in 2014/15 and removed in 2015/16. This will effectively scrap the 'core and margin' model of student number control introduced alongside the 2012 funding reforms. It is estimated that this could mean an additional 60,000 students

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starting each year. The cost of this is to be met, in the short term at least, by sales of pre-2012 income-contingent loans. It is estimated that gross proceeds from these sales over the five years from 2015-16 will be in the range of £10-15 billion, with a central estimate of £12 billion.¹

This note looks at how student numbers have figured in the 2012 higher education reforms and summarises the emerging evidence on new student numbers from 2012 onwards. It builds on the analysis of student numbers in [Changes to higher education funding and student support in England from 2012/13](#). That note summarises the Government's reforms and looks at the potential impact on graduates, universities and public spending. [Entrants to higher education](#) looks in more detail at overall student numbers and longer term trends in the number and characteristics of new students.

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¹ *Autumn Statement 2013*, HM Treasury

1 Student numbers in the background to the 2012 reforms

The independent review of higher education funding –the Browne Report²- was published in October 2010. It made recommendations on the future funding and organisation of the higher education sector and on student finance. The report noted that for financial reasons the Government had to limit places in the sector. This meant demand exceeded supply. It quoted annual estimates of 20-30,000 for the number of (full-time) applicants through UCAS who may have been qualified to enter higher education but could not find a place. Demand for places would continue to increase despite the fall in the number of school leavers. It concluded:³

The higher education system in this country does not meet the aspirations of many people who wish to enter higher education. There are not enough places for those who want to study full time; and there is insufficient support for those who want to study part time.

Browne recommended that the sector be allowed to expand to meet the demand from qualified applicants with the potential to succeed. Student places should be increased by 'roughly 10%' over the next three years but this should be adjusted in the light of actual demand. 10% would be at the upper end of the 20-30,000 range the report quotes. 10% of funded places across all years and modes would be around 90,000 full-time equivalents.⁴⁵ The implication of this recommendation is that part of this increase should be made *before* the new arrangements are introduced in 2012/13. The report recommended that places should follow student demand, meaning that some institutions would grow by more than 10%, while others could shrink. It proposed that the Government should have some control over student numbers by limiting student finance (maintenance support and fee loans) only to prospective students who meet minimum entry requirements which would be set by Government each year.⁶

The Browne review recommendations were not the only proposals made to change higher education finance. Most prominent among those aimed at increasing student numbers are those from Professor Nicholas Barr of the London School of Economic. His arguments and proposals for reform (made before the Browne Review was published) are summarised in the note [Student Loan Statistics](#) (pp 13-14). Post-Browne proposals are briefly described in [Changes to higher education funding and student support in England from 2012/13](#) (p17).

2 Student numbers and student number controls from 2012

The Government announced its plans for reform of higher education and student finance in November 2010.⁷ This accepted most of the Browne recommendations, but did not address the question of student numbers. The Minister for Higher Education has said at the time that it would be addressed in the Government's long-term response to the Browne Report.⁸ The annual grant letter from the Government to the Higher Education Funding Council for

² [Securing a sustainable future for higher education](#) –An independent review of higher education funding & student finance

³ *ibid.* pp22-23

⁴ Based on HEFCE mainstream funded student numbers of 926,000 (including foundation degrees) in 2010-11. HEFCE news release 22 July 2010 [HEFCE publishes revised recurrent grant and student number allocations for 2010-11](#)

⁵ *Browne Report* section 4.5

⁶ This letter sets out funding for the upcoming financial year (2011-12). However, in the past where there has been a multi-year settlement it has given details for all years covered by the most recent spending review.

⁷ [Reform for higher education and student finance](#), BIS (3 November 2010)

⁸ HC Deb 3 November 2010 c932

England (HEFCE) said that student numbers should remain at 2010/11 levels in 2011/12. This meant continued funding for an additional 10,000 places, but these extra places would not continue into 2012/13.⁹ *Entrants to higher education* includes a description of the changes in student number control totals from 2009 onwards.

2.1 Higher Education White Paper and the 'core and margin' model

The Higher Education White Paper¹⁰ was the Government's long-term response to Browne. It acknowledged that the demand for higher education was likely to carry on growing and gave various reasons including improved school/college attainment and rising demand from employers. It said:¹¹

We have no target for the "right" size of the higher education system but believe it should evolve in response to demand from students and employers, reflecting particularly the wider needs of the economy. Subject to expenditure constraints, we endorse the principle enunciated in the Robbins report that "courses of higher education should be available for all those who are qualified by ability and attainment to pursue them and who wish to do so."

It stressed that overall costs still needed to be managed. There are no plans to increase the total number of controlled places, as stated in the 2011-12 funding letter, but some places would be freed up for competition between institutions. Initially around 85,000 places (23%) of the total will be 'freed up' in 2012/13 and this proportion will be increased over time. The Government will do this by introducing a 'core and margin model' where institutions compete for places outside their core allocation. In 2012/13 there will be unrestricted recruitment of students achieving the equivalent of AAB¹² at A level. It is expected that this will cover around 65,000 students. All institutions will have their core allocation reduced by the number of such student they currently recruit (57,000 in 2009/10) and there will be pro rata cuts in the core allocations of all institutions for the expected growth in this group. This is expected to take the total to around 65,000 students/places in 2012/13. Institutions will be able to compete for these students as they will have no limit on the number they can take. Competition for these students will be between the most selective institutions. The remaining places, estimated at 20,000 in 2012/13, will be taken in pro rata cuts in the core allocation of all institutions. Any institution that charges an average fee (after fee waivers) of £7,500 or below and can demonstrate the quality of and demand for their courses can bid for these places.¹³ The Government asked HEFCE to consult on the details of this proposal. It plans to widen both of these elements after 2012/13 and shrink the core allocation of each institution.

The White Paper also signalled a longer term intention to ensure that employer- or charity-sponsored places do not count against an institutions student number control, as all but 'closed courses' would do at present. This could increase the number of students, but the White Paper stresses that the Government needs to ensure that they do not create any additional cost to the public sector.¹⁴

⁹ *Higher education funding for 2011-12 and beyond*, BIS 20 December 2010. para. 14

¹⁰ *Higher Education: Students at the Heart of the System*, BIS (June 2011), Cm 8122

¹¹ Cm 8122. Para 4.15

¹² No details have yet been published of exactly what or how many qualifications students will be able to count against this target.

¹³ *Higher education: Students at the heat of the system. Impact Assessment*, BIS (June 2011)

¹⁴ Cm 8122. Paras 4.22-4.23

Implementation of the 'core and margin' model

2012-13

HEFCE published [Teaching funding and student number controls Consultation on changes to be implemented in 2012-13](#) in June 2011. This set out proposals for how the core and margin model would work in practice. It also included [data](#) on 'AAB+' students by institution, subject, socio-economic group, gender, ethnicity and various other characteristics. After consultation HEFCE made a number of changes to their initial core and margin proposals. These do not change the nature of the system, but are generally aimed at protecting particular subjects/institutions or helping to ensure fair access. Details are given in the HEFCE publication [Student number controls for 2012-13 Invitation to bid for student places](#). This note does not include a description of the mechanics of the process; the [executive summary](#) of the invitation to bid gives a summary of its principle and operation.

HEFCE published the outcome of the bids for the 20,000 places in early March. 190 of the 203 universities and further education colleges that bid for places were awarded some. 35 Higher education institutions were awarded just under half the places (9,643) with the remainder going to 155 further education colleges.¹⁵

The overall impact of this on each institution's core student numbers was shown at the end of March in [Recurrent grants and student number control totals for 2012/13](#). This set out the core student number control, any additions to this from the flexible margin and estimated numbers of AAB+ equivalent students. The last element is calculated from the number of these students that each institution recruited in the past, plus a pro rata allocation of the growth in these students in 2012/13. Clearly this is not meant as a prediction of recruitment from this pool of students, it simply allocates their numbers on past patterns. Where there is competition between institutions for these students then their numbers could be considerably different.

The combined total for 2012-13 is compared to the student number control for 2011-12. The largest increases were for further education colleges which successfully bid for flexible margin places in 2012/13, but had very few (HE) students in 2011/12. A minority of further education colleges had a lower implied total for 2012/13 than in 2011/12. The largest percentage increases among HE institutions were in Oxford (14%), Cambridge (13%) and the LSE (9%). All fully benefit from the increase in the number of AAB+ students which the calculations assume are recruited pro rata to existing AAB+ students and (implicitly) these institutions want and are able to recruit. 34 HE institutions have an implied 2012/13 total 10% or more below their 2011/12 control total. None of these were allocated any flexible margin places and all have a relatively low percentage of AAB+ students. This means their core student numbers are cut to 'fund' the margin and growth in AAB+ student numbers, but they do not benefit from either aspect of the changes to the student number controls. These institutions, and others with similar cuts, would need a considerable increase in recruitment among AAB+ students to ensure that their 2012 is not lower than in 2011. The overall change is calculated as -6% for HE institutions and +57% for further education colleges.¹⁶

Funding totals based on the first evidence of actual recruitment in 2012 were produced as [adjusted allocation](#) for 2012/13 in March 2013.¹⁷ Final allocations will not be confirmed until 2014 after final end of year data is produced.

¹⁵ HEFCE press notice 7 March 2012, *HEFCE has allocated 20,000 student places for 2012-13 through the 'margin' process*

¹⁶ *Recurrent grants and student number controls for 2012-13*, HEFCE

¹⁷ *Recurrent grants for 2012-13 Adjusted allocations*, HEFCE (March 2013)

There has been some concern expressed that unrestricted recruitment of 'AAB+' students will harm efforts to widen participation in higher education. HEFCE data shows that 'AAB+' students were more likely to be from higher socio-economic groups, independent schools, local areas where participation was already above average and studying medicine/dentistry, maths, economics, history, English, Law.¹⁸ The consultation on the 'core and margin' model implied that some prestigious universities where all or virtually all students were in the 'AAB+' group would have no 'core' student number limit and therefore no ability to accept students from disadvantaged backgrounds with lower qualifications. Concerns about the impact on disadvantaged students led to HEFCE's decision in the invitation to bid to modify this proposal. All institutions would retain a 'core' of 20% of their 2011/12 limit. This would allow these institutions greater flexibility to widen participation to disadvantaged groups.

Evidence on the impacts of the first two year of these changes from the funding council is summarised in section 3 below.

2013-14

In late April 2012 the Government announced its decisions on extending the core and margin model in academic year 2013-14. Unrestricted recruitment will be extended to students with ABB+ or equivalent qualifications. This is expected to extend the total number of places freed up from controls on recruitment to around 120,000, or around one in three new students. Increasing the pool of 'uncontrolled' student numbers increases the possibility that actual recruitment will be above funded numbers. The Government's letter to HEFCE stressed the importance of a cautious approach in assessing the likely numbers of ABB+ students to avoid any overspend.¹⁹

A flexible margin of 5,000 places will allocated. The fee level 'qualifier' for institutions to bid for these places will be modified. HEFCE has been guided to allocate the majority to institutions with average net fees of below £7,500, but a 'sizeable majority' should go to institutions with fees of between £7,500 and £8,250.²⁰

In July 2012 HEFCE set out guidance for student number controls and invited bids for 2013-14.²¹ This explained that the 'core' allocation of student number control limits from 2012-13 will be reduced to allow for the extension of students eligible for unrestricted recruitment from AAB+ to ABB+ (and equivalents), for the expected growth in ABB+ students between 2012-13 and 2013-14 and various other minor adjustments. The 5,000 flexible margin places will be created by reducing this new smaller 'core' pro rata for all institutions with adjustments made to exclude certain science and languages from reductions, to protect institutions with very small allocations. In addition a formula is being used to ensure the core student number controls at highly selective institutions do not fall below a minimum limit. This is to allow them to recruit from a wider range of students and ensure fairer access.

As in the 2012-13 exercise institutions wanting to bid for the flexible margin places will have to satisfy HEFCE about the quality of and demand for these places. At least 60% of the margin will go to funded institutions with average fees below £7,500 per year and around 30% are expected to go to those with average fees between £7,500 and £8,250. The remaining places are for providers not currently funded by HEFCE and franchised-out provision at institutions that would not otherwise qualify. The reductions in the core allocation

¹⁸ *Teaching funding and student number controls Consultation on changes to be implemented in 2012-13*, HEFCE. Annex D

¹⁹ *Higher education: Student number controls for 2013-14*, BIS

²⁰ *ibid.*

²¹ *Student number controls for 2013-14. Guidance and invitation to bid*, HEFCE

set out above mean that it is possible that 'many' of the institutions that successfully won places from the 20,000 margin in 2012-13 (which would otherwise continue in 2013-14) will have these numbers cut in 2013-14 to 'fund' the expansion in unrestricted recruitment. Most will be eligible to bid for some of the 5,000 flexible places.

HEFCE published its response to the consultation in July 2012.²² This said that most responses agreed with their proposals and they intended to implement them largely as proposed.

The 2013-14 funding letter from the Department of Business, Innovation and Skills asked HEFCE to make some changes to how it calculates the core, in response to recruitment patterns in 2012/13. These were:²³

- Use the *central* estimate of ABB+ recruitment as the basis for reducing core numbers
- The core allocation need not be cut to balance out the expansion of the margin by 5,000 places

The 2013/14 student number controls were published alongside [initial funding allocations](#) for institutions in March 2013. Table 3 shows how 2012/13 control total is adjusted for the number of newly exempt students²⁴ places awarded under the 'flexible margin' and other adjustments²⁵. Unlike in earlier years these have not been directly compared to allocations from the previous year.

Data for individual institutions

Both UCAS and HEFCE have decided not to publish data on student recruitment in 2013-14 until after the start of the academic year. In the past UCAS has published data on applications at the 'equal consideration' deadline of 15 January by institution and later on in the cycle. HEFCE normally published individual grant tables for institutions in the March before the start of the academic year, but will now only publish summary data in March and leave the detailed data until October. UCAS cited 'competition law' and said that mid-cycle data could potentially change the actions of institutions and potential applicants that could harm competition.²⁶ Similarly HEFCE said that the normal March publication of data could affect competition between institutions and delaying this to October would mean institutions could not monitor each other's recruitment plans.²⁷ UCAS data on accepted applicants by institutions from 2009 to 2013 can be found on their website under [reference tables](#).

Student number control limits

In 2009 the Government introduced penalties for over recruitment. HEFCE was required to claw back the cost to the public sector of student support and return this to the Department for Business, Innovation and Skills (BIS). Prior to this, institutions were not funded for recruiting additional 'unagreed' students, but were not fined either. This was deemed necessary by the Government to improve controls over public finances. At the same time the

²² *Student number controls and teaching funding in 2013-14 and beyond. Summary of responses to consultation and decisions made*, HEFCE

²³ [Provisional student number control allocation for 2013-14](#), HEFCE

²⁴ Largely due to the change in the unrestricted recruitment boundary from AAB+ in 2012/13 to ABB+ in 2013/14. These numbers are based on past recruitment patterns and are netted off the control total because recruitment of these students does not count against it.

²⁵ Includes appeals, transfers between institutions and 'core protection' for the most selective institutions which gives them some flexibility in recruiting students with qualifications below the threshold for unrestricted recruitment.

²⁶ [Ucas withholds 2013-14 application data](#), Times Higher Education 14 February 2013

²⁷ [Funding for universities and colleges for 2013-14: Board decisions](#), HEFCE. para 33

increase in overall student numbers had been scaled back and demand for places was continuing to increase. These student number controls cover full-time undergraduate and PGCSE student only (those who received student support). The 2010-11 control totals can be viewed in this [HEFCE spreadsheet](#), the 2011-12 totals are broadly similar. A [letter from HEFCE](#) to institutions sets out how that year's totals would be modified.

As the system moves from one largely based on direct funding to institutions to one where the bulk of public funding comes via loans the balance between the costs and benefits of over recruitment shifts. A university would receive more fee income from the student, but the cost to the public sector increases because the costs of (larger) fee loans increase. The 2012-13 funding letter to HEFCE reiterated the earlier statement that there would be no increase in student numbers. It added that because HEFCE had in the past set student number controls for individual institutions which summed to slightly more than the level assumed for public spending, the total they use should be cut by 5,000 places in 2012/13. It stated that this was not a cut in the number of students they expect to fund, but because of strong demand for places there was no need for the extra 'headroom' HEFCE had previously allowed.²⁸ It does represent a fall in funding places compared to earlier years, but only because earlier recruitment has been have the target.

These student number controls do not apply to part-time students. Institutions are faced with a situation broadly analogous to the pre-2009 situation for undergraduates. If they over recruit they do not receive additional direct public support but are not fined. Students starting on qualifying part-time courses in 2012 with an intensity of 25% or higher will be eligible for a fee loan for the first time. There are no plans to include part-time numbers in student control totals yet, but HEFCE has raised the prospect of a similar system of fines and grant clawback if the student support budget is exceeded.²⁹

The 2013-14 funding letter also asked HEFCE to give institutions a 3% over-recruitment 'buffer zone', above their *total* recruitment of HEFCE-fundable students, before penalties are imposed. This is to help avoid unfilled places. The set out new higher penalties for over recruitment (above the 3% buffer zone) and asked HEFCE to consider increased flexibility from 2014/15 for institutions with strong recruitment and balancing this out by tapering this away from those with weak demand.³⁰ HEFCE gave guidance on how it plans to implement this flexibility to institutions alongside provisional student number control totals in mid-January 2013.³¹

The document which announced provisional funding totals and student number controls for 2013/14³² included a range around the central allocation to allow for i) the 3% over recruitment buffer zone and ii) the level recruitment needs to reach to avoid the possibility of a reduction in student number allocations in 2014/15 ('tapering away'). The more selective institutions have a wider range because it is based on their allocation plus exempt students in order to help them maintain/improve fair access.

Private or alternative providers of higher education

The Higher Education White Paper contained proposals to open up the higher education sector to a wider range of 'alternative' providers. These included making it easier for new

²⁸ [Higher education funding 2012-13](#), BIS

²⁹ [Teaching funding and student number controls Consultation on changes to be implemented in 2012-13](#), HEFCE

³⁰ [Higher education funding for 2013-14](#), BIS

³¹ [Provisional student number control allocation for 2013-14](#), HEFCE

³² [Recurrent grants and student number controls for 2013-14](#), HEFCE

providers to enter the sector, simplifying the regime for obtaining degree-awarding powers and increasing the maximum fee loan to £6,000 per year. There has been concern about the increase in the number of students at alternative providers taking out loans and the cost of this to the public sector. Their numbers have not come within student number controls in the past. The total value of maintenance and fee loans awarded to these students for 2013/14 was £216 million up to the middle of November 2013 compared to total loan payments of around £35 million in 2010/11 and £78 million in 2011/12.³³ Data on the number of grant and loan recipients for individual providers (including alternative providers) are given in new statistics from the [Student Loans Company](#). In March 2013 the Government announced that it would introduce student number controls for alternative providers in 2014/15. In November 2013 the Government announced that in response to alternative provider recruitment plans it would stop further recruitment in 2013-14 to HNC and HND courses at the 23 providers that were expanding the fastest.³⁴

3 Autumn statement 2013: Removing the cap on student numbers

In the [Autumn Statement 2013](#) the Chancellor announced that the cap on student numbers in England would be increased by 30,000 in 2014/15. This would be a 12% increase on the academic year 2013/14 student number control allocation, or around 8% of the controlled total plus the estimated number of ABB+ students. He also announced that the cap on student numbers would be removed in 2015/16. It is estimated that this could mean an additional 60,000 students starting each year described as “...young people ... who have the grades to enter higher education but cannot currently secure a place.”³⁵ Removing the cap effectively scraps the core and margin model introduced in 2012. The 60,000 figure is very similar to earlier estimates of unmet demand for higher education which were published alongside the Higher Education White Paper. These looked at re-applications among potential students who did not get a place through UCAS and estimated that 38% of non-placed home and EU applicants fell into this category; 63,000 in the 2010 cycle.³⁶

The annual cost of removing the cap on student numbers is estimated at £2.6 billion in cash in 2018-19; £0.7 billion in maintenance grants and direct spending on teaching³⁷ and £1.9 billion on the full face-value of loans. The resource cost of this policy –which only includes the subsidy element of the loans³⁸- is expected to be around £1.4 billion per year in the medium term. The Autumn Statement explained that the additional outlay of loans over the period to 2018/19 would be more than covered by sales of pre-2012 income-contingent loans. It is estimated that gross proceeds from these sales over the five years from 2015-16 will be in the range of £10-15 billion, with a central estimate of £12 billion.³⁹

The Institute for Fiscal Studies estimated the additional resource costs of these students at £1.5 billion (2014 prices) if these students are like existing students in terms of their household income and future earnings. However the cost could rise considerably, to more

³³ *Student Support for Higher Education in England: Academic Year 2013/14 (provisional)*, Student Loans Company

³⁴ HC Deb 19 November 2013 c43

³⁵ *Autumn Statement 2013*, HM Treasury

³⁶ *Higher education: Students at the heart of the system –Impact Assessment*, BIS (June 2011)

³⁷ Includes the cost of the knock on-impact of this spending increase on Treasury grant to Scotland, Wales and Northern Ireland ('Barnet consequentials')

³⁸ The proportion of their face value which is not expected to be repaid, in present value terms.

³⁹ *Autumn Statement 2013*, HM Treasury

than £2 billion, if they are assumed to earn less on average and/or come from lower income households than the existing student population.^{40 41}

The Office of Budget Responsibility has estimated that the cash value of lending to students will increase by around 0.1% of GDP from 2017-18 onwards as a result of the decision to lift the cap on student numbers. This would be around £1.6 billion in 2013-14 prices in 2017-18, increasing to more than £2 billion, again in 2013-14 prices, a decade later. It increases the cash value of lending by around 14%. These additional loans will eventually result in additional repayments. Net lending (cash loans less repayments in year) are projected to stabilise at 0.03-0.04% of GDP in the long term or £1.2 billion (2013-14 prices) in the mid-2040s.⁴²

The first student number controls across all alternative providers are due to be introduced in 2014/15. The Government has said that this cap will also be removed for "...high quality alternative providers", but they will continue to retain a control on numbers at "...higher risk provision".⁴³

In July 2014 the Secretary of State is reported to have ruled out any sale of these loans (in this Parliament) because recent evidence suggested there was "...no longer any public benefit..." to the sales.⁴⁴ The Government have subsequently said that the expansion of student numbers has been agreed with the Treasury and "Student numbers are not contingent on the sale..."⁴⁵

4 Student entrants in 2012 and 2013

4.1 Full-time undergraduates applying through UCAS

Background

Prior to 2012 the introduction of fees in 1998 and the increase in 'variable fees' in 2006/07 saw the only falls in applicants since the sector was reorganised in 1994. Both were preceded by large increases in applications and entrants to higher education.⁴⁶ 2011 did not follow this pattern very closely. There was a small (0.4%) increase in home applicants, a decline in accepted mature applicants and a modest (2%) increase in accepted applicants from England.⁴⁷ One particularly large change was in the number of accepted applicants who deferred entry (took a year out). The number fell by more than half from 33,400 in 2010 to 16,300 in 2011.⁴⁸ Home and EU students who were accepted at English universities in 2011 would see their tuition fees increase by up to £5,600 a year for each year of their degree if they deferred their entry to 2012.

The past pattern would on its own suggest that applications and possibly student numbers would fall in 2012/13. In addition the number of 18 and 19 year olds is projected to continue its recent fall in 2012/13 and beyond. The large fall in deferred entry from 2011 to 2012 resulted more students actually starting in 2011 (year of entry rather than year of application cycle) than applicant numbers on their own would suggest and it means fewer will start in

⁴⁰ These estimates assume all the 60,000 additional students are young full-time undergraduates who all take out loans and complete their courses.

⁴¹ [Estimating the public cost of student loans](#), IFS April 2014

⁴² [Fiscal Sustainability Report – July 2014](#), OBR

⁴³ HC Deb 8 January 2014 c233W

⁴⁴ [Student loans sell-off abandonment raises tension in cabinet](#), The Guardian 20 July 2014

⁴⁵ PQ HL1512 [on Higher and further education: Admissions], 11 August 2014

⁴⁶ See [Entrants to higher education](#) for more detail

⁴⁷ [Final end of year figures for 2011](#), UCAS

⁴⁸ [Accepted applicants deferring for one year](#), UCAS data tables,

2012 than applicants numbers from the 2012 cycle on their own imply. Against these factors is the relatively large number of unsuccessful applicants in recent years and the tough labour market, especially for young people.

The note [Entrants to higher education](#) gives a fuller analysis of applicants and entrants in 2012.

Applicants

The total number of applicants to UK universities in 2012 was down by 6.6% or 46,500, compared to 2011. There were larger percentage falls in groups directly affected by the fee increase; particularly among students from England, EU students and across all applicants to institutions in England. Applications from outside the EU were up by 6.8% but these students are not affected by the 2012 changes. The smallest decline by age (from all domiciles) was among 18 year olds at 1.9%, although the decline 18 year olds from England was larger at 4.2%.⁴⁹ The estimated decline in the proportion of English 18 year olds applying was smaller at less than one percentage point.

The overall fall in applicants took the 2012 total below the levels in the previous two applications cycle, but still well above the 2009 level.⁵⁰ However the range of courses covered by UCAS expanded in 2010, so the 2009 and 2012 figures are not directly comparable. This data is entirely consistent with the assumption that the increase in fees will put some potential students off. The drop in applicants has been largest among potential students who could have avoided higher fees by applying earlier (aged >18) or by attending university elsewhere (EU students). The fall in applicants was larger than that seen in 1998 (2.7%) and 2006 (3.0%).⁵¹

Applicant numbers increased by 23,700 (3.6%) in 2013 to a total that was 22,800 below the 2011 peak and also below the 2010 total. The increase among home applicants was slightly smaller at 3.4%. The largest increase by age was among those age 20 and under at 4.3%.

The UCAS data exclude part-time students, so do not give a completely comprehensive picture of demand for higher education places. Data on the take-up of part-time places is summarised below.

Accepted applicants

The total number of accepted applicants in 2012 was 27,100 or 5.5% below the record level from 2011. The patterns of change in applications in 2012 were largely reflected in changes in acceptances. Again the drop in acceptances in 2012 was larger than that seen in either 1998 (1.9%) or 2006 (3.6%). The 6.6% increase in accepted applicants in the 2013 cycle mean the number of accepted applicants more than made up for the 2012 fall and a new record high was set. The proportion of applicants accepted in 2013 was the highest for four years.

It was noted earlier than acceptances for deferred entry fell dramatically in 2011. The earlier applicant figures look at the year when the application was made rather than when the potential student intends to start their course. When the number of applicants for deferred entry remains broadly the same the change in the number of accepted applicants through UCAS is a good guide to the change in the number of new full-time undergraduate entrants. Clearly that was not the case in 2011/12.

⁴⁹ UCAS annual datasets

⁵⁰ [End of cycle report 2012](#), UCAS

⁵¹ *Annual statistical tables*, various years, UCAS

The drop in deferred entry in 2011 means that even if accepted applicant numbers in the 2012 application cycle remained at 2011 levels there would still be a substantial cut in new entrants in academic year 2012/13.⁵² Changes in deferred entry caused a relative 'peak' in 2011/12 entrants and look like resulting in a 'trough' in 2012/13 entrants. The changes to fees appear to have brought forward a large number of new entrants from 2012 to 2011. This effect could only be short lived and was reversed to a large extent in 2013, but it was on top of the underlying drop in accepted applicants. This explains why the data set out below suggests falls in new entrants which were so much larger than the headline drop in accepted applicants in 2012.

This UCAS analysis looked at accepted home and EU applicants only. Overall acceptances for entry in 2012/13 were 417,400; a fall of 53,300 or 11% on acceptances for 2011/12 entry. The drop was larger for institutions in England at 13% and Wales at 12%, but numbers were up by 2% in Scotland and 3% in Northern Ireland. While there was a large increase in acceptances for 2011/12, the 2012 total was still below the equivalent totals for 2008/09, 2009/10 and 2010/11.⁵³ UCAS has also analysed these data by the average level of attainment. Institutions were grouped into three bands –high, medium and low- according to the average UCAS tariff points of its entrants. Accepted applicants for 2012-13 were down at all three types of institutions, but the fall was smallest at higher tariff 7% and largest at lower tariff institutions (14%). Entry rates to institutions with the highest tariffs increased for students from areas with the lowest levels of past HE participation in all of the home countries. They did so for all groups on this proxy measure of advantage.

The average fee for accepted home and EU applicants to English institutions was £8,389. Half were accepted to courses with fees of £8,750 to £9,000. According to UCAS there was no change in the pattern of acceptances from England by 2012 fee level. In other words students as a whole were not shifted towards universities that charged lower fees. Students from lower participation areas have tended to go to universities with lower (2012) fees and *vice versa*. The average fee faced by those from the lowest participation areas was £8,341 compared to £8,703 by those from the highest participation areas. UCAS notes that the change in the pattern of institutions attended was similar among all groups - there is no evidence that students from lower participation areas opted for different institutions in 2012 because of the change in fees, students from these areas have tended to go to these universities anyway.⁵⁴

The number of accepted home and EU applicants through UCAS for entry in 2013/14 was just under 455,000; an increase of 38,500 or 9.3% compared to 2012/13. This total was still below the 469,500 peak in 2011/12 despite the higher number of home and EU accepted applicants in the 2013 cycle. The 2011/12 year of entry total was boosted by the large drop in deferred entry to 2012/13 and it is this factor which means the 2013/14 total is not a new record. UCAS analysis of entry rates (taking the size of the population into account) show new record entry rates for 18 year olds from England and among all those aged 19 or under; there were above average increases in entry rates for 18 year olds with qualifications *below* ABB+ and those from areas with lower levels of participation in the past. Overall 61% saw the number of students they recruited through UCAS fall between 2013/14 and the 2011/12 (overall) peak⁵⁵ institutions recruited more students

4.2 All home and EU entrants at English institutions

⁵² Assuming that patterns of deferred entry return to normal levels in 2012

⁵³ [End of cycle report 2012](#), UCAS

⁵⁴ *ibid.*

⁵⁵ [2013 Application Cycle: End of Cycle Report](#), UCAS

All institutions in England sent HEFCE data on the number of 2012/13 entrants – undergraduate, postgraduate, full- and part-time- in December 2012. The first comprehensive data across all modes and levels. The funding council made its first comment on these in a funding document in February when it said that it expected full-time undergraduate entrants to be around 28,000 below Government assumptions; there had been ‘modest’ reductions in entrants to full-time and part-time postgraduate taught courses and ‘very significant’ reductions in part-time undergraduate entrants.⁵⁶ In March 2013 HEFCE published much more detail in *Higher education in England: Impact of the 2012 reforms*. This was updated in April 2014 in *Higher education in England 2014 Analysis of latest shifts and trends* which gave more detail of postgraduate and part time entrants in 2012/13 plus entry patterns for all modes and levels in 2013/14. Summary figures are given opposite.

Home and EU entrants to higher education courses at higher education institutions and FE colleges

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--|---------|---------|---------|---------|
| Undergraduates | | | | |
| Full-time | 384,000 | 398,000 | 351,000 | 378,000 |
| Part-time | 259,000 | 230,000 | 154,000 | 139,000 |
| Postgraduates (research and taught) | | | | |
| Full-time | 88,000 | 92,000 | 87,000 | 89,000 |
| Part-time | 96,000 | 75,000 | 71,000 | 70,000 |

Source: Higher education in England 2014 Analysis of latest shifts and trends, HEFCE

Full-time undergraduates

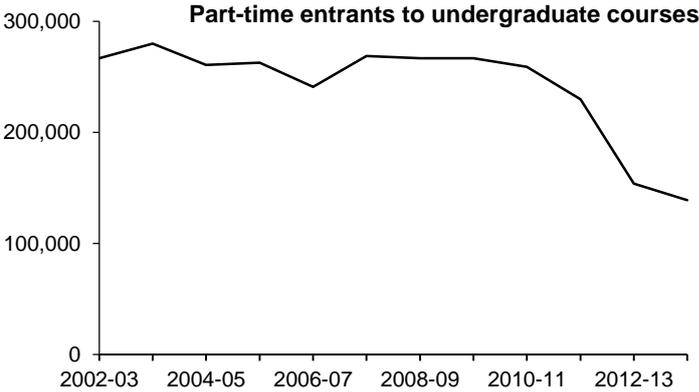
HEFCE put the fall in home/EU full-time undergraduate entrants in 2012/13 at 47,000 or 12% compared to 2011/12. As with UCAS they point to the large drop in students deferring entry in the 2011 applications cycle as an important reason for this. They therefore compared 2012/13 entrants with 2010/11 which still showed a fall of 33,000 or 9%. Numbers increased by 27,000 in 2013/14 which left the total 20,000 below the 2011/12 and 6,000 below the 2010/11 level.

Courses other than first degrees

Further analysis of more detailed data on 2012/13 entrants found that the fall in full-time undergraduate entrants between 2010/11 and 2012/13 was concentrated in courses other than first degrees. Entrants to these courses fell by 35%. Just over half of the fall was due to changes in nursing qualifications, which shifted from diplomas to degrees. Among other courses taught at higher education institutions the largest absolute fall was almost 8,000 in foundation degrees.⁵⁷ There were large relative falls in entrants to all other types of undergraduate courses and these were only partially offset by smaller increases in entrants at further education colleges. Provisional data for 2013/14 suggests these trends have continued with higher education institutions seeing increases in full-time first degree entrants and further falls in other undergraduate entrants while further education colleges have seen an increase in other undergraduate entrants.

Part-time undergraduates

The 2012 reforms cut the funding for part-time as well as full-time undergraduate courses, but part-time students had access to tuition fee loans for the first time in 2012. The largest fall in entrants in 2012 across all broad modes and levels was in part-time undergraduates. Their number fell by 76,000 or 33% in 2012/13. There was a



⁵⁶ Funding for universities and colleges for 2013-14: Bo

⁵⁷ The funding council removed additional support for these courses from 2010/11.

further fall of 15,000 in 2013/14 which took numbers to around half their 2008 level. The chart opposite shows that part-time undergraduate entrants started falling at the end of the last decade but this decline accelerated in 2012/13.

HEFCE analysis of entrants up to 2012/13 shows that, as with full-time undergraduates, falls were concentrated in courses other than first degrees. The drop in entrants was more than 50% between 2010/11 and 2012/13 and there have been more modest falls between 2008-09 and 2010-11. The funding council suggested that the shifts in provision reflect to some extent changes in how students are registered rather than in actual activity. But they add that “Higher education institutions appear to be existing the market for study below degree level and focussing their undergraduate provision around degree courses.” The largest absolute fall was in ‘institutional credit’ courses –those that do not lead to a formal qualification on their own.

The range of contributory factors behind the scale of the drop in part-time undergraduate entrants they suggest are summarised below:

- Cuts in funding for equivalent and lower qualifications from 2008/09
- Phasing out of the programme to promote employer co-sponsored courses after 2011/12
- The 2012 funding reforms, specifically the loss of most direct funding for teaching, the impact on fees, possible confusion around the operation of loans, reluctance among mature students to take out loans and the fact that loans are not available for courses with an intensity of less than 25%
- The impact of the recession and continued ‘challenging’ economic conditions on individuals to fund their own part-time courses and employers to directly fund courses for their employees.

The funding council quotes research which compares changes in part-time entrants (undergraduate and postgraduate) in each of the home countries. This showed a general decline from 2006-07 onwards, but while there was a small increase in Scotland, Wales and Northern Ireland in 2012-13 numbers fell by around 30% in 2012/13 in England. The recession in England was no worse than elsewhere in the UK and demographic factors are unlikely to have had a negative impact in England.⁵⁸ This suggests that policy change - funding reform for undergraduates in England in 2012- is behind a substantial amount of the recent fall in part-time entrants.⁵⁹

HEFCE says that it is hard to tell to what extent these trends reflect changes in demand from students and changes in the courses that universities and colleges offer. It is highly likely that it is both to some extent, but the actual balance between the two is open to question.

While the recent drop in part-time entrants has not been associated with any particular student characteristics HEFCE says that the overall decline may “...have a detrimental impact on widening access overall”. This is because part-time higher education tends to have a higher share of students with characteristics linked to lower levels of participation. The part-time student population includes many more mature students and more from non-traditional backgrounds such as those from disadvantaged background, with low prior qualifications or caring responsibilities

Postgraduates

Full-time postgraduate entrants increased from 2007 to 2011 and numbers have been broadly maintained since then.

⁵⁸ There was a slightly larger weighted increase in the potential part-time population in England than elsewhere

⁵⁹ *Pressure from all sides. Economic and policy influences on part-time higher education*, HEFCE April 2014

Between 2010-11 and 2012-13 part-time entrants to postgraduate courses fell by 22% for taught and 9% for research students. Numbers stabilised in 2013-14, but full-time postgraduates are now in the majority (56% among home and EU students) after being the minority of entrants before 2011. The scale of these reductions are smaller than those seen for part-time undergraduates and the overall size of the part-time postgraduate 'market' is substantially smaller.

Much of the decline in part-time taught postgraduate entrants was in the subject area of education.⁶⁰ Without this subject the decline in part-time postgraduate courses has been much more modest. While postgraduate fees have increased HEFCE says that the main policy impact on part-time postgraduate entrants have been policy changes leading to lower support from employers for such courses in education. This includes taught masters and post-registration courses for school teachers and further education lecturers. They also link the wider reduction in part-time postgraduate study to austerity measures introduced by the current Government which have reduced public sector employment⁶¹ and cuts in training and development budgets.

HEFCE have raised the possibility that 2012 undergraduate entrants could be less likely to go on to postgraduate study because of their higher debts and limited access to finance. It is suggested that these effects will vary between different socio-economic groups and could result in a wider gap in postgraduate entry rates between these different groups. In their latest assessment they said "There is evidence to suggest that it is increasingly the better off who engage in study for a taught masters or doctorate."⁶²

Overall assessments

The Higher Education Statistics Agency published its first data on 2012/13 student numbers in January 2014. This data covers all students at UK Higher Education institutions. It confirms the picture HEFCE described earlier in 2013. Compared to 2011/12 the data on first year enrolments show:

- Full-time undergraduates down by 11% (55,000) with a particularly large fall in those from the rest of the EU (18%)
- Part-time undergraduates down by 28% (79,000).
- Home part-time undergraduates at English institutions⁶³ down by 37% compared to 1% falls in Scotland and Wales and a 12% increase in Northern Ireland
- Full-time postgraduates down by 2% and part-time postgraduates down by 7%

The 2012/13 fall in part-time student numbers was on top of falls in the previous two years. The total number of part-time first year students in 2012/13 was 171,000 or 36% below the 2008/09 level.⁶⁴

The funding council has suggested that, despite positive trends among full-time undergraduates, many challenges to widening participation remain and recent changes in the education sector could have an impact in the medium to longer term. These changes include the decline in collaborative outreach/ending of AimHigher, changes to schools careers guidance, replacement of Education Maintenance Allowances, cuts in funding for older

⁶⁰ Almost 19,000 out of a total fall of 25,000. The share was even larger (84%) if only higher education institutions are included.

⁶¹ And hence in potential part-time study particularly in education and subjects allied to medicine

⁶² *Higher education in England 2014 Analysis of latest shifts and trends*, HEFCE p.37

⁶³ Excludes the Open University

⁶⁴ *Higher education student enrolments and qualifications obtained at higher education institutions in the United Kingdom for the academic year 2012/13*, HESA

further education students, changes to exams and in the approach to vocational qualifications.

4.3 Beyond 2013

Applications through UCAS up to the 30 June pre-clearing deadline were 4% up in the 2014 cycle compared to the equivalent 2013 figure. At 659,000 they were still around 9,000 below the 2011 peak. The increase in home applicants was somewhat smaller at 3%, the largest increase was in non-EU overseas applicants (6%). The number of applicants from England increased by 3% but was still almost 20,000 below the 2011 peak.⁶⁵ Analysis of applications to mid-January (the deadline for equal consideration of applications) showed that earlier patterns have continued with a new record application rate (at this point) for 18 year olds from England, a fall in the gap in application rates between areas with the highest and a widening gaps in application rates between men and women.⁶⁶

There were a record number of *accepted* applicants from entry in 2014/15 through UCAS up to mid-September. At just under 500,000 this was marginally above the 2011/12 peak and 4% above the 2013/14 level. Other patterns by domicile are similar to the applicant figures. UCAS has attempted to analysis acceptances for students covered by HEFCE student number controls. This includes EU students, but as with their other figures only covers full-time undergraduates. This found an increase of almost 10,000 students or 3% intending to start in 2014/15. Again this was below the 2011/12 peak, here by almost 11,000 (3%). Within this total there was a smaller increase among those with ABB+ equivalent qualifications ('unrestricted recruitment') of 2%. Breaking these figures down further the number of acceptances from students who met the ABB+ threshold with A levels actually fell by 2,500, but this was offset by an increase of more than 5,000 in those meeting it with non-A level (mainly BTEC) qualifications.⁶⁷

Full-time undergraduate applicant numbers recovered quickly after the 2006/07 dip and the early evidence is that post-2012 numbers will follow a broadly similar pattern. Changing patterns of deferred entry still have an impact on the 2013/14 numbers (compared to 2012/13) but the early increase in 2014 applications supports this finding. Even the drop in the number of 18 year olds has not had any major impact on this. The pattern among part-time student recruitment (to 2012/13 at least) is very different, with substantial falls in entrants in 2012 comes top of earlier reductions in student numbers. Postgraduate student numbers have also fallen in recent years and any impact of the 2012 reforms will not be felt for a couple of years at least.

⁶⁵ [2014 cycle applicant figures - June deadline 2014](#), UCAS

⁶⁶ UCAS press release 31 January 2014, [UCAS reports 4% increase in number of applicants to higher education](#)

⁶⁷ [Interim assessment of UCAS acceptances by intended entry year, country of institution and qualifications held](#)