

Higher education in England 2015

Key facts

July 2015
2015/15



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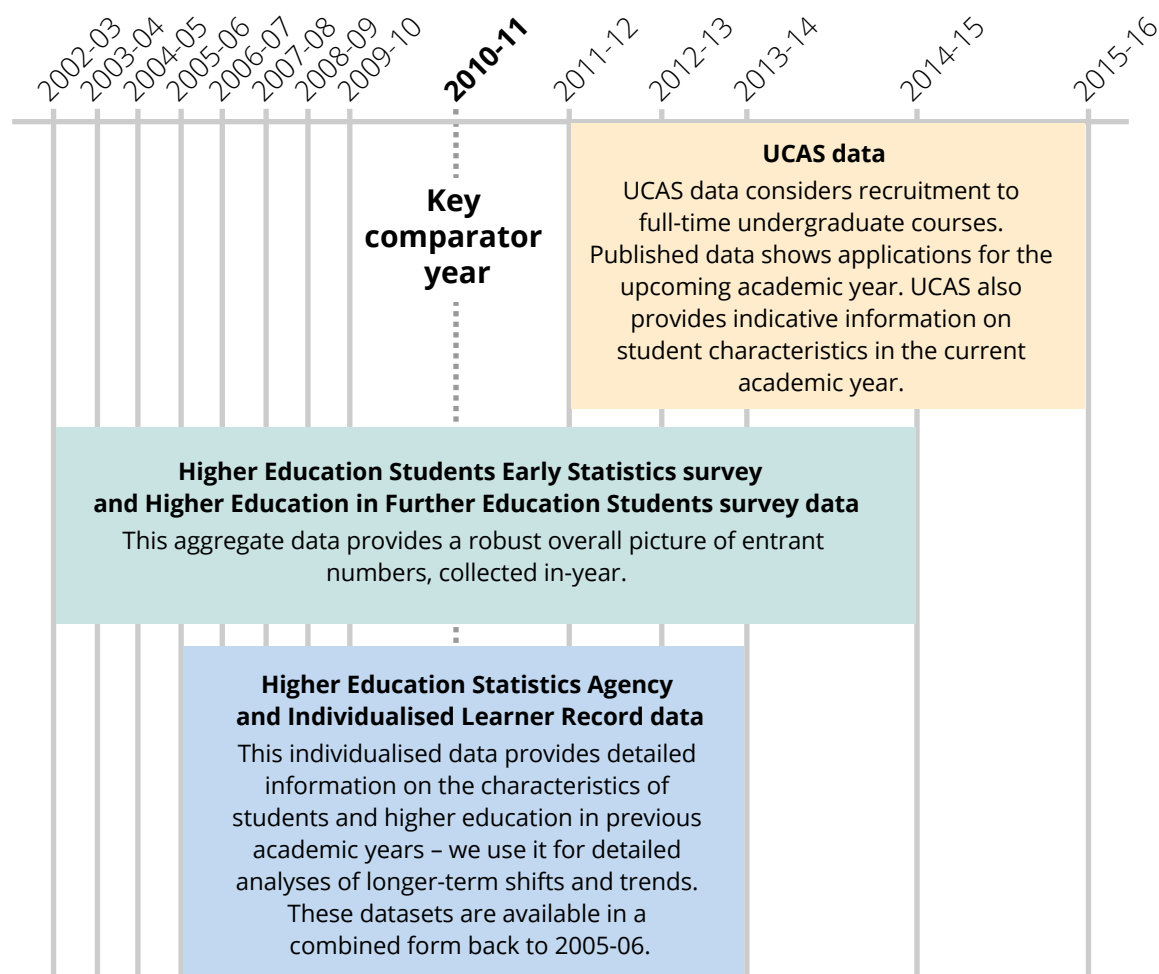
Illustration by Sarah Hayes.
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This key facts publication provides an overview of some of the main trends and changes affecting higher education in England.

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Note on data sources

Data in our analyses comes from the following three main sources.



This student data provides us with information about higher education provision in higher education institutions and sixth form and further education colleges. Because of differences in data sources and availability of data, alternative providers are not included in analyses unless specified.

Other sources of information used in this report are acknowledged in the relevant sections.

Introduction

This report is an update to our publication 'Higher education in England 2014: Key facts'¹. It provides an overview of the shifts and trends we identified as key issues in last year's report, building a picture of higher education (HE) in England in 2015.

In 2014-15 we have seen the number of full-time entrants at undergraduate level continue to recover, but there are indications that this growth may be slowing. However, even if the growth in full-time entrants at undergraduate level slows or remains stable in 2015-16, we are expecting the overall higher education population in 2015-16 to increase as a result of inbuilt growth in the system caused by the departure of the smaller 2012-13 student cohort. In last year's report we explored the decline in entry to part-time courses, particularly at undergraduate level in courses other than traditional bachelors degrees. This decline further continues in 2014-15.

Demographics may present future challenges to undergraduate recruitment due to a declining 18-year-old population in England and European Union (EU) member states over the next five years.

We continue to see the number of UK and other EU students starting full-time postgraduate taught courses increase, but at a lower rate compared with previous years. We will continue to keep a close eye on what happens to postgraduate recruitment; 2015-16 will be the first year that students starting their undergraduate study under the new fee reforms will be able to enter postgraduate study.

There is a continued reliance on international student entrants at postgraduate level, particularly in taught masters courses. There is now an almost equal proportion of UK and Chinese students studying on full-time postgraduate taught masters programmes. More than half of the entrants to postgraduate taught masters courses in science, technology, engineering and mathematics (STEM) subjects are from overseas, making this subject area particularly vulnerable to any volatility in the overseas student market. Within the STEM subject area, engineering and technology are the most reliant on international students. Reliance on international students in some disciplines is compounded with a reliance on international academic staff. In engineering and technology, for example, almost a quarter of academic staff were from overseas.

Although improvements to widening participation and fair access continue, absolute disparities in HE participation between advantaged and disadvantaged areas remain large. These differences remain even when prior attainment and ethnic background are taken into account, suggesting that there might be other barriers to HE progression, beyond GCSE attainment and ethnic profile.

Interest in studying STEM subjects continues to grow, and recent declines in full-time modern foreign languages appear to have stabilised for now. The world-leading quality of research and knowledge exchange within UK universities continues to be maintained. UK higher education research has considerable and wide-ranging benefits to the economy, society, culture, public policy and services, health, the environment and quality of life – both within the UK and overseas.

The HE sector continues to change: more than 100 alternative providers now have specific-course designation enabling their students to access student support. Currently the financial health of HEFCE-funded higher education institutions in England is stable, but forecasts signal a declining trajectory that is not sustainable in the long term. Education exports remain a key component of higher education institutions' finances; as reliance on overseas fee income grows, so does the sector's exposure to financial risk. A slowdown in the growth of international students is likely to result in a significant adverse impact on the sector's income levels and its ability to generate surpluses.

In updating this report, we hope that it will continue to stimulate debate and discussion to inform future directions for higher education providers and students.

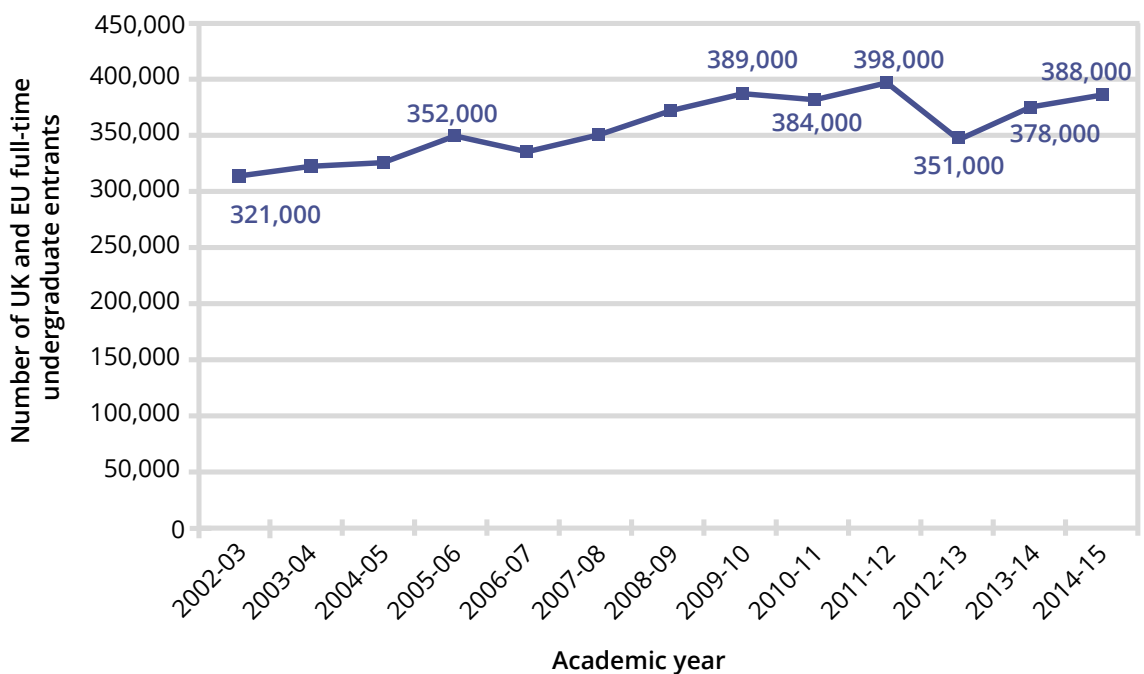
Entry to undergraduate education

Undergraduate UK and other EU entrants

- Numbers of full-time undergraduate entrants continue to increase, growing by 3 per cent in 2014-15.

This brings the total number of entrants to around 388,000, which is 10,000 more than in 2013-14 (Figure 1). Numbers of entrants in 2014-15 are now greater than in 2010-11. Growth appears set to continue in the next year, although at a slower rate – UCAS reports 1.3 per cent growth in the number of UK and other European Union (EU) applicants to English institutions compared with 2014-15².

Figure 1 UK and other EU full-time undergraduate entrants, 2002-03 to 2014-15



Source: Table 5, Column 2 in Higher Education Students: Early Statistics (HESES) and Higher Education in Further Education: Students (HEIFES) survey data.

- We expect the overall higher education population to increase in 2015-16 as a result of inbuilt growth in the system.

With the exception of 2011-12 – the year before the fee and funding reforms – the overall size of the publicly funded English HE sector has totalled around 1.7 million students in each of the last five academic years.

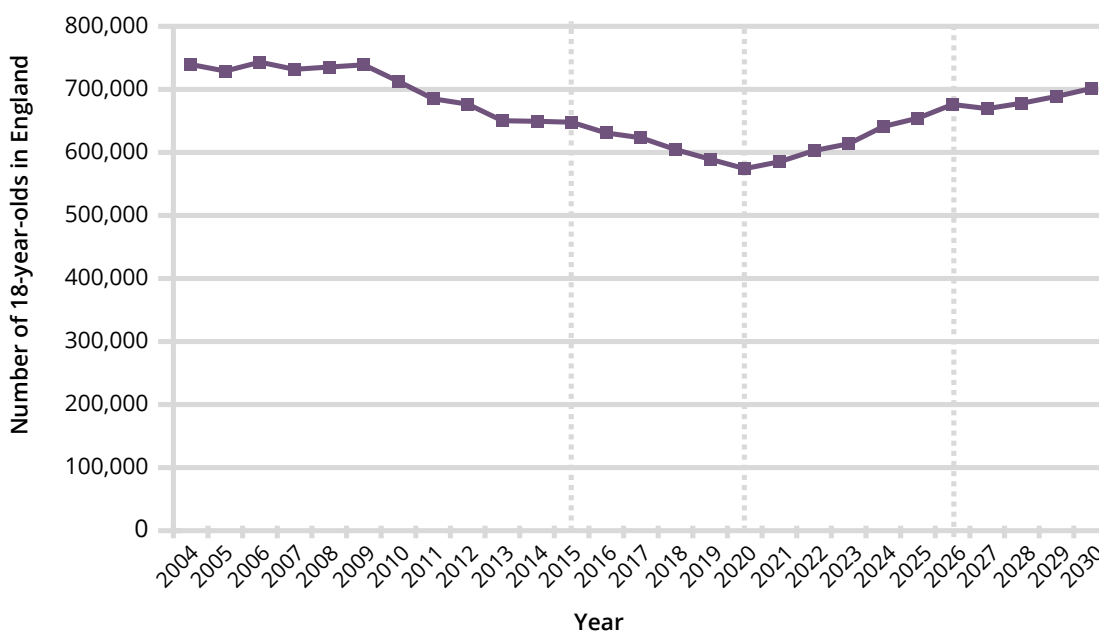
The overall size and shape of the HE sector is particularly sensitive to changes in recruitment levels in the population of UK and other EU-domiciled undergraduates studying full-time. This is because these students make up the majority of the overall HE population, accounting for 57 per cent in 2014-15.

The 2012-13 dip in UK and other EU-domiciled full-time undergraduate recruitment means that the overall size of this part of the population has been affected by students' initial response to the 2012 reforms, despite the subsequent recovery observed in 2013-14 and 2014-15. With the vast majority of the smaller 2012-13 entrant cohort expected to leave HE at the end of 2014-15, the 2015-16 overall cohort will be the first not to be still feeling those effects. If recruitment levels in this part of the population continue their recovery trajectory, or even remain stable, the absence of the diminished 2012-13 cohort equates to inbuilt growth in overall numbers of these students. Given the prominence of UK and other EU-domiciled full-time undergraduates, this could potentially equate to inbuilt growth of around 30,000 in the overall full-time HE population. The extent to which this growth translates to the wider HE population will depend on whether recent declines in part-time students continue in 2015-16. Tables 1 and 2 in Annex A provide additional data to show this inbuilt growth.

- **Young participation rates in higher education continue to increase; however, English demographics may present a challenge to recruitment in future.**

The entry rate to UK universities and colleges for 18-year-olds living in England increased to 30.4 per cent in the 2014-15 recruitment cycle – the highest level recorded for this age group³. This increase in entry rate occurs in conjunction with an increase in absolute numbers, representing a particular success of the English HE system in light of a declining 18-year-old population in England⁴. However, continued changes in the 18-year-old population may present greater challenges to the sector over the coming decade. With the 18-year-old population expected to fall by around 75,000 between 2015 and 2020 (Figure 2), the 18-year-old entry rate to HE will need to increase still further in order for absolute numbers of HE entrants to be maintained at current levels.

Figure 2 18-year-olds in England – ONS mid-year population estimates aged to 18-year-olds



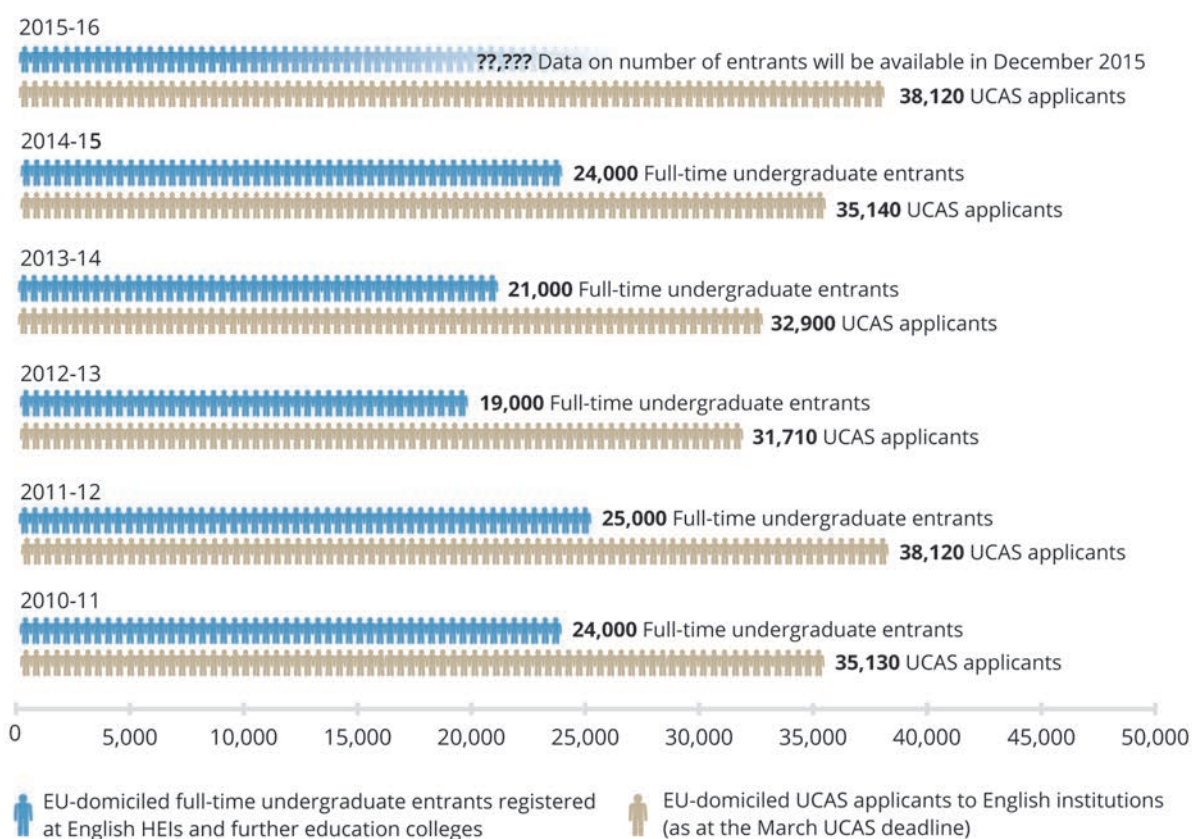
Source: Office of National Statistics (ONS) population estimates by single year of age and sex for local authorities in the UK, mid-2013. Available at <http://ons.gov.uk/ons/rel/pop-estimate/population-estimates-for-uk-england-and-wales-scotland-and-northern-ireland/2013/stb---mid-2013-uk-population-estimates.html>.

- The number of EU-domiciled students applying to English higher education institutions (HEIs) continues to recover; however, EU demographics may present a challenge to recruitment in future.

The number of EU-domiciled students (excluding those from the UK) applying to English institutions has increased steadily since 2012-13. UCAS data indicates that numbers of EU-domiciled applicants reached an all-time high of 38,100 in 2015-16, an increase of 8.5 per cent (3,000 applicants) from the previous year⁵. Figure 3 shows how UCAS applications from EU-domiciled students have translated into full-time undergraduate entrants.

In 2014-15 there was a 12 per cent (3,000 entrants) increase in EU-domiciled full-time undergraduate entrants compared with the previous year; this marks a return to 2010-11 entrant levels (24,000), but remains 5 per cent below a peak in EU entrants in 2011-12.

Figure 3 EU-domiciled applicants and entrants to full-time undergraduate courses in England



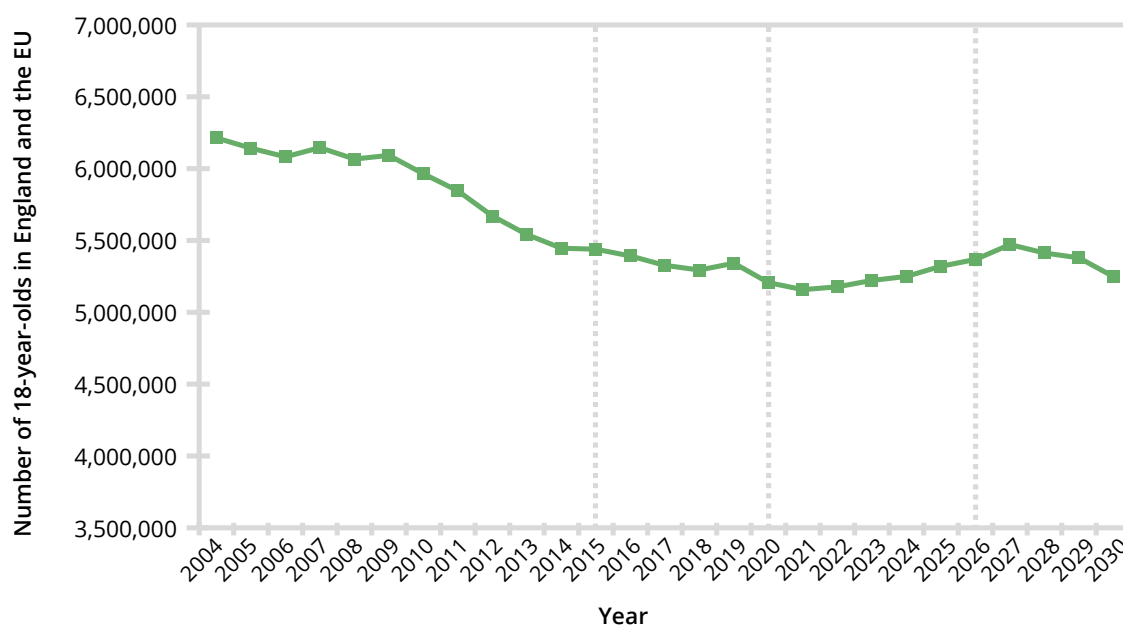
Source: Table 5, Column 2 in HESSES and HEIFES data for entrants and Table F7 of UCAS summary statistics of applicants, March 2015

Using detailed Higher Education Statistics Agency (HESA) data for 2013-14, we can identify differences in entrant rates by individual country. In 2013-14, undergraduate entrants from some of the largest EU countries of origin continued to decline – since 2010-11, first degree entrants from Germany and France dropped by 42 per cent (940 entrants) and 30 per cent (735 entrants) respectively. The EU countries with the largest

growth in first degree entrants in 2013-14 compared with 2010-11 were Italy (365 entrants), Hungary (140 entrants), Portugal (135 entrants) and Spain (100 entrants). These are among the countries with the highest levels of graduate unemployment⁶.

EU demographics may present a challenge to English HEIs in recruiting increasing numbers of EU students in the future. Except for Denmark and Luxembourg, EU member states have seen significant declines in the 18-year-old population since 2010. These declines are projected to continue – by 2020, the 18-year-old population of the EU is forecast to be 13 per cent below the 2010 level (Figure 4)⁷.

Figure 4 18-year-olds in England and the EU, based on Eurostat population statistics on 1 January by age and sex

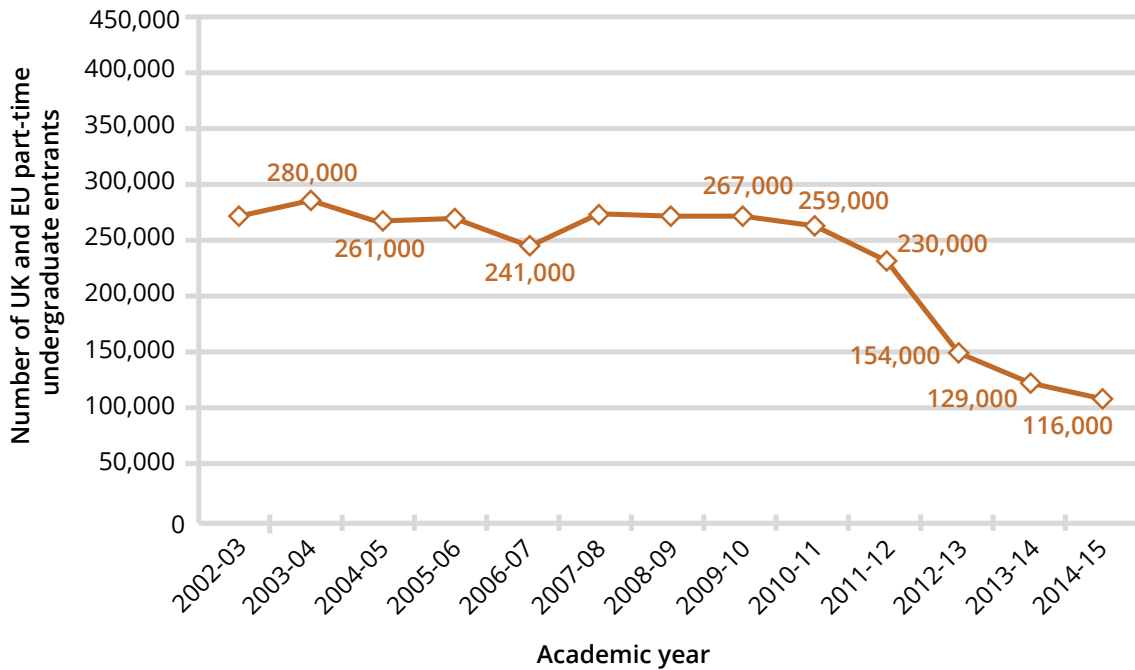


Source: Eurostat population on 1 January by age and sex. Available at http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjan&lang=en.

- **Numbers of part-time undergraduate entrants continue to decline in 2014-15.**
There are 143,000 fewer entrants to part-time undergraduate study in 2014-15 than there were in 2010-11 – a 55 per cent decrease (Figure 5). Numbers declined by 13,000 – 10 per cent – between 2013-14 and 2014-15.
- **Almost 90 per cent of the decline in part-time undergraduate entrants has been in courses other than first degrees.**

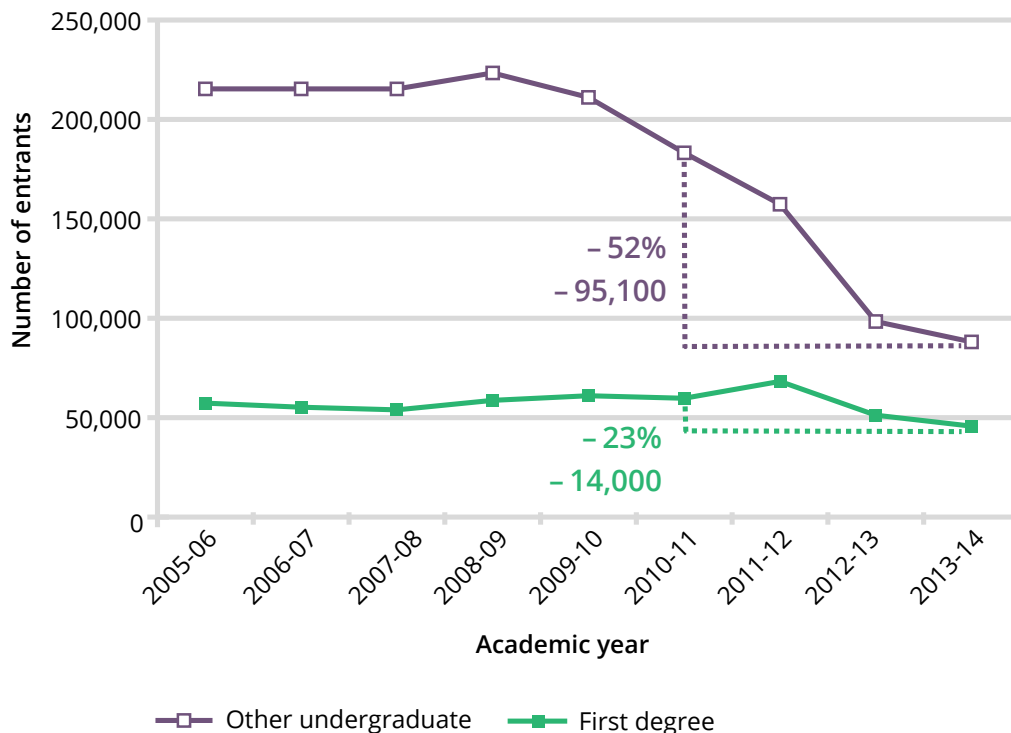
There is a significant decline among part-time entrants to courses other than first degrees. Figure 6 shows that while part-time UK and other EU entrants to first degree courses declined by 14,000 (23 per cent) between 2010-11 and 2013-14, the decline in other undergraduate part-time study over the same period stood at around 95,000 (52 per cent).

Figure 5 UK and other EU part-time undergraduate entrants, 2002-03 to 2014-15



Source: Table 5, Column 2 in HESES and HEIFES data. Note: Because of volatility in part-time recruitment following the 2012 reforms, levels of uncertainty are understood to have increased notably in relation to forecasts of UK and other EU part-time undergraduate new entrant registrations included in HESES 2013. These uncertainties were quantified during the data verification processes undertaken for HESES 2014, and have led to a restatement of the number of UK and other EU part-time undergraduate entrants in 2013-14.

Figure 6 Part-time UK and other EU undergraduate entrants, split by first degree and 'other undergraduate' course aims

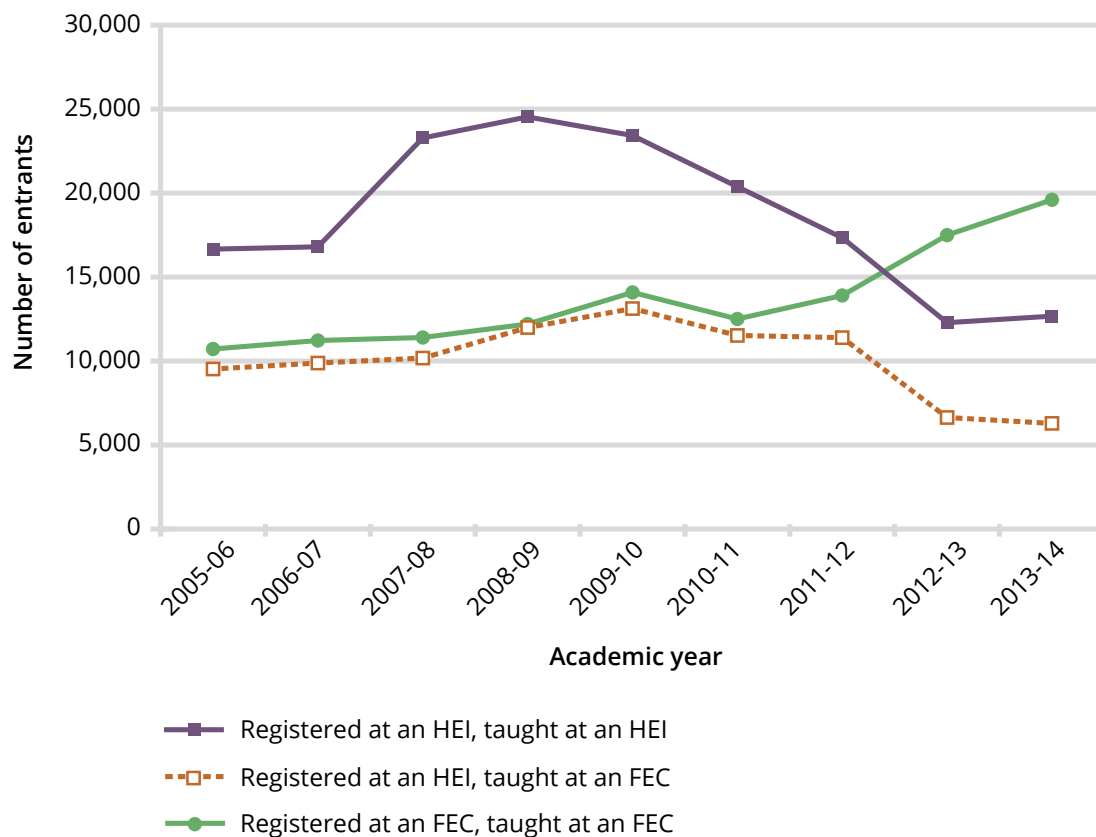


Source: Analysis of the HESA standard registration population at English HEIs, and the equivalent population at English further education colleges, 2005-06 to 2013-14.

- Since 2009-10, more full-time entrants to undergraduate courses other than first degrees have been studying in further education colleges (FECs) than in higher education institutions.

This trend continued in 2013-14, where 26,000 were taught in FECs compared with 13,000 in HEIs (Figure 7).

Figure 7 UK and other EU full-time other undergraduate entrants studying at English institutions, 2005-06 to 2013-14



Source: Analysis of the HESA standard registration population at English HEIs, and the equivalent population at English FECs, 2005-06 to 2013-14. Note: Entrants to nursing courses have been excluded from Figure 7. This is because their inclusion would result in an inconsistency in the full-time other undergraduate time-series, due to the changes implemented by the Nursing and Midwifery Council in 2010⁸ in connection with the pre-registration qualification requirements of nurses.

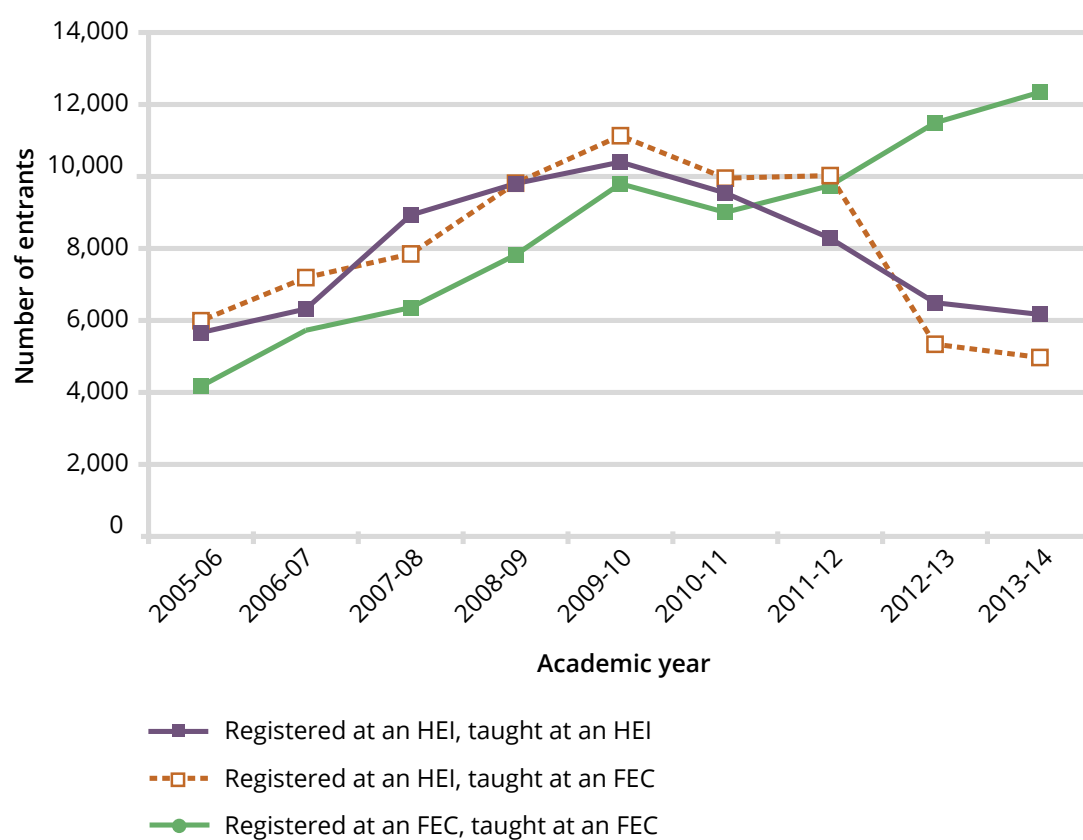
- The number of full-time entrants to foundation degrees has remained stable in 2013-14, following the large falls experienced since 2009-10. However, the picture is different for HEIs and FECs.

Following a major drop in the number of full-time entrants to foundation degrees from 31,000 in 2009-10 to 23,000 in 2012-13⁹, the number of entrants has remained stable in 2013-14. However, there are noticeable differences between the numbers of full-time entrants to foundation degrees registered at higher education institutions and at further education colleges (Figure 8).

Since 2009-10, the number of full-time entrants to foundation degrees registered at HEIs has decreased sharply – there are 10,500 fewer entrants registered at HEIs in 2013-14 than in 2009-10, a fall of 49 per cent. Within this decrease, the number of entrants registered at HEIs fell by 700 between 2012-13 and 2013-14. This decline follows a period of growth in full-time foundation degrees up until 2009-10.

This trend has not been experienced in further education colleges: the number of full-time entrants to foundation degrees registered at FECs is now 2,500 higher than in 2009-10, with an increase of 850 entrants between 2012-13 and 2013-14. This means that more students are now entering foundation degrees at FECs than in HEIs.

Figure 8 UK and other EU full-time foundation degree entrants studying at English institutions, 2005-06 to 2013-14



Source: Analysis of the HESA standard registration population at English HEIs, and the equivalent population at English FECs, 2005-06 to 2013-14. Note: Entrants to nursing courses have been excluded from Figure 8. This is because their inclusion would result in an inconsistency in the full-time other undergraduate time-series, due to the changes implemented by the Nursing and Midwifery Council in 2010¹⁰ in connection with the pre-registration qualification requirements of nurses.

- **Data from the Student Loans Company shows that students from England and the EU at alternative providers who access student support are mainly enrolled on HND courses¹¹.**

There were more than 32,000 such students studying HNDs at alternative providers in 2013-14, an increase of around 14,000 (78 per cent) from 2012-13.

Undergraduate international entrants

- **The slowdown in the growth of international full-time undergraduate entrants in 2012-13 appears set to continue in 2014-15.**

While numbers of international (non-EU) full-time undergraduate entrants are reported to be up by 4 per cent (2,000 entrants) in 2014-15 compared with 2013-14, this is significantly lower than the growth experienced before 2010¹².

We now have detailed HESA data for 2013-14 which reveals that numbers of international (non-EU) entrants to full-time undergraduate courses in England grew by 8 per cent (3,960 entrants) compared with the previous year, to reach 54,250 entrants. Data from the USA indicates an increase in its international undergraduate student population of a similar magnitude (8 per cent) in the same period¹³. However, concerns remain around the impact of competitor countries' recruitment strategies on the specific flows of international students into English HE. There is an indication that US universities are increasingly using agency recruitment and third parties' pathway programmes, which is likely to present an additional challenge to English HEIs in their recruitment efforts overseas.

Students from East Asia continued to drive undergraduate entry to England. Malaysia had the strongest growth, of 35 per cent (1,040 entrants). Hong Kong and Singapore continued their growth trajectories from previous years, with 13 per cent (580 entrants) and 21 per cent growth (340 entrants) respectively. There has been a slowdown in entrants from China to 3 per cent growth (545 entrants). Entry from Nigeria grew by 17 per cent (370 entrants). All of these countries are strong in transnational education (TNE) delivered by English HEIs and have a strong progression rate from TNE courses into undergraduate courses delivered in England¹⁴.

- **One-third of all international entrants to first degree programmes in 2013-14 commenced their studies partway through their course through a transnational pathway.**

A third of international entrants to first degree programmes in 2013-14 (17,140 entrants) transferred from programmes delivered overseas by English HEIs. These students are referred to as 'transnational students'. Transnational entrants grew by 5 per cent in 2013-14 compared with the previous year; this was slightly lower than the 7 per cent growth in other international entrants¹⁵.

Entrants from China and Malaysia made up 70 per cent of all transnational entrants to first degree programmes. More than half of the first degree entrants from these countries started their course outside the UK through a transnational pathway (55 per cent or 8,585 entrants and 61 per cent or 3,360 entrants respectively).

The most popular subject area among transnational entrants in 2013-14 was business, management and administrative studies, which enrolled 56 per cent of all transnational entrants (9,525 entrants). Of the total international student population on management and business related courses, almost half (49 per cent) are transnational students. This is followed by engineering and technology, where 33 per cent of all international entrants are transnational students (2,250 entrants).

Entry to postgraduate education

Postgraduate UK and other EU entrants

- **The number of UK and other EU students starting full-time postgraduate taught courses continues to increase, but at a lower rate compared with previous years.**

Numbers grew by 0.4 per cent in 2014-15 (around 300 entrants) compared with 2013-14; this follows a 2 per cent increase in 2013-14 (Figure 9). These increases mean that numbers have returned to 2010-11 levels.

The impact of the 2012 fee reforms on the take-up of postgraduate courses will not be known until 2015-16 at the earliest, when the first cohort of students to have paid higher undergraduate fees begin to apply. We will shortly receive early indications from students graduating in summer 2015 about their intentions to enter postgraduate study in academic year 2015-16.

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

There was a 0.9 per cent decline in 2014-15 (around 600 entrants) compared with the previous year; this follows a 2 per cent decline in 2013-14 (Figure 9).

- **The number of UK and other EU students starting full-time postgraduate research courses continues to increase.**

Numbers grew by 4.5 per cent in 2014-15 (around 600 entrants) compared with the previous year. The number of full-time entrants (14,500) is now higher than in 2011-12 (Figure 10).

- **The number of UK and other EU students starting part-time postgraduate research courses decreased compared to the previous year.**

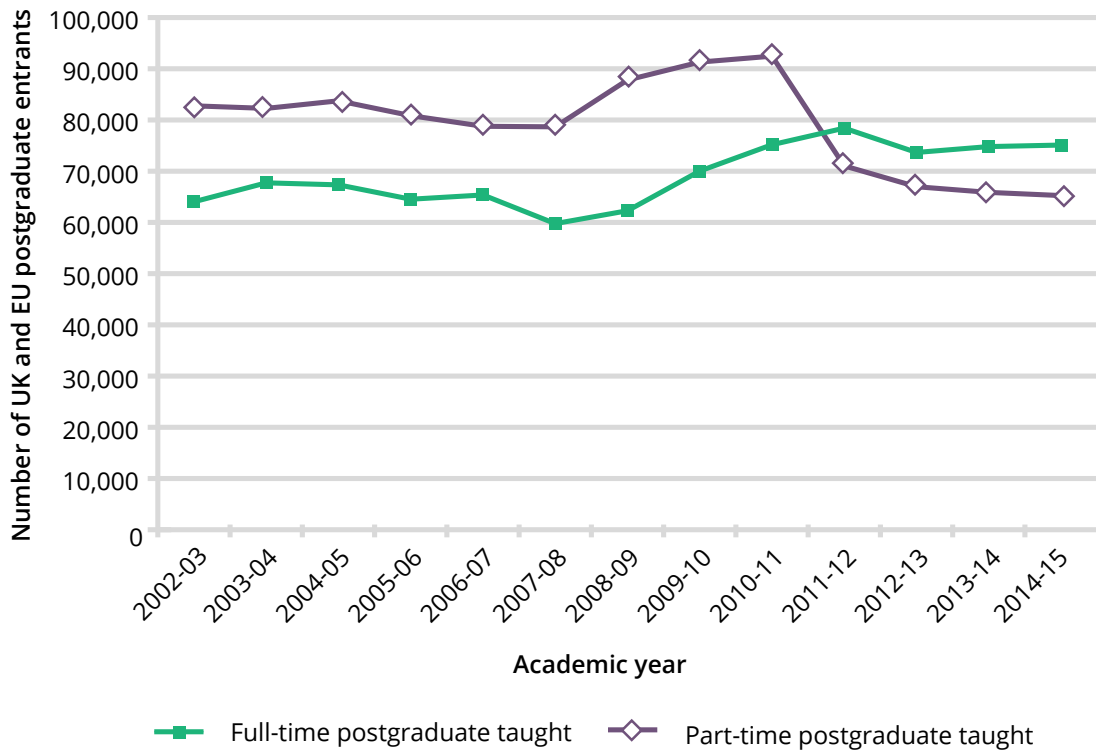
Numbers decreased by 3 per cent in 2014-15 (130 entrants) compared with 2013-14; this follows an increase of 6.4 per cent (260 entrants) in the previous year. The number of part-time entrants (4,250) is still higher than in 2011-12 (Figure 10).

Postgraduate international entrants

- **Following a decline in 2012-13, overseas demand for full-time postgraduate education recovered in 2013-14.**

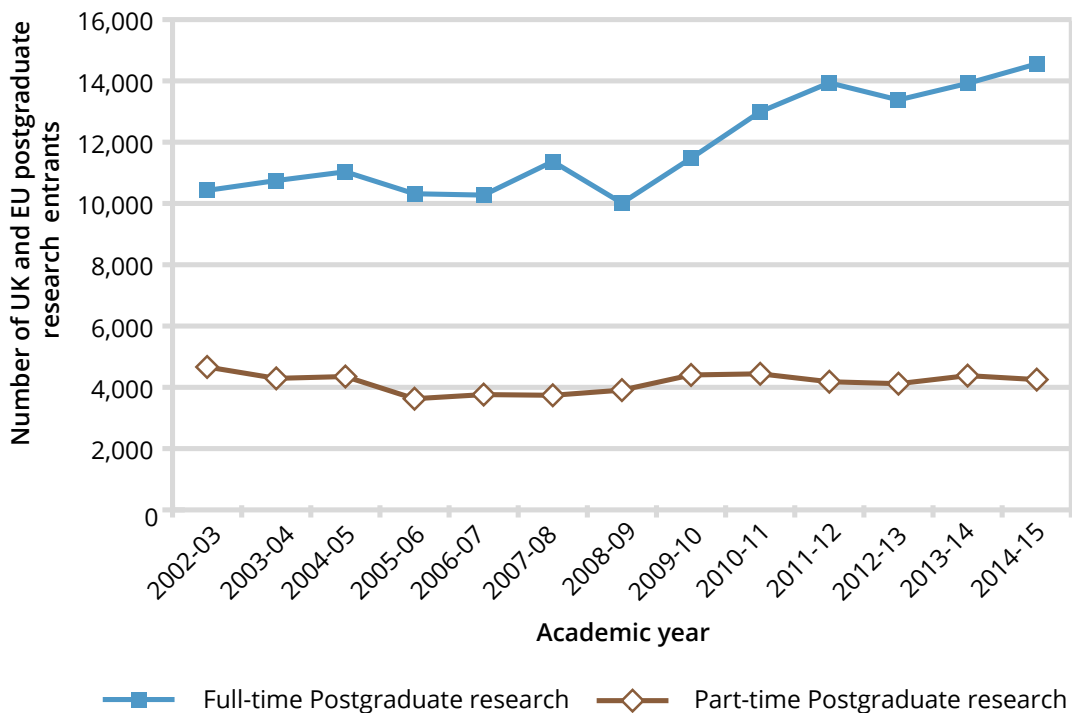
Having declined in 2012-13 for the first time in decades, overseas demand for full-time postgraduate education recovered in 2013-14¹⁶ and appears set to rise further in 2014-15. Compared with 2012-13, numbers of international entrants in 2013-14 increased by 6 per cent (5,000 entrants). This increase means that overall numbers of international entrants in full-time postgraduate education in England reached almost 85,000 in 2013-14 (75,500 in full-time postgraduate taught provision; 9,200 in full-time postgraduate research provision).

Figure 9 UK and other EU postgraduate taught entrants by mode of study, 2002-03 to 2014-15



Source: Table 5, Column 2 in HESES and HEIFES data. Note: The steep decline in part-time entrants to postgraduate taught courses between 2010-11 and 2011-12 was discussed in more detail in HEFCE 2014/08b, and relates to changes in the subject area of education.

Figure 10 UK and other EU postgraduate research entrants by mode of study, 2002-03 to 2014-15



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

A closer look at this data reveals that the growth rate in international entrants to full-time postgraduate research provision was 9 per cent in 2013-14, a higher rate than in any of the five preceding years. The growth rate in international entrants to full-time postgraduate taught education was 6 per cent in 2013-14; although higher than the preceding two years, this growth rate remains low compared with the pre-2010 period. However, all of the growth in non-UK postgraduate taught education is attributed to international entrants, with EU entrants remaining stable.

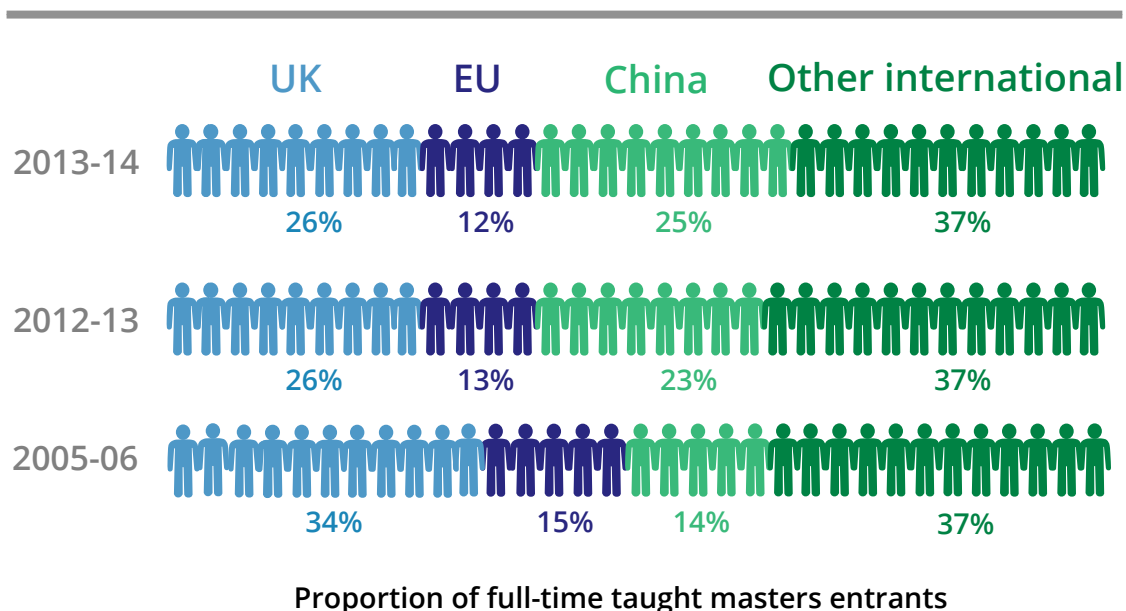
- **International entrants to postgraduate taught provision are concentrated in postgraduate taught masters courses and are mostly studying full-time.**

The proportion of international entrants to full-time taught masters courses increased to 62 per cent in 2013-14 (Figure 11). This aspect of postgraduate provision continues to be increasingly exposed to changes in overseas demand.

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

The proportion of Chinese entrants reached 25 per cent of the full-time taught masters entrants population in 2013-14 (up from 23 per cent in 2012-13), almost matching the proportion of home students (26 per cent) (Figure 11). These proportions are influenced by declines in entrants coming from traditional UK postgraduate markets like India, Pakistan, Nigeria and Saudi Arabia, coupled with continued growth in entrants from China.

Figure 11 Full-time postgraduate taught masters entrants by student domicile, 2005-06 to 2013-14



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2013-14. Note: Totals may not add up to 100 per cent due to rounding.

Student characteristics

- **Recent trends in improvements to widening participation and fair access continue.**
UCAS reports that 18-year-olds in England from disadvantaged areas were around 11 per cent more likely to be accepted for entry to higher education in the UK in the 2014 application cycle than in 2013¹⁷. This increase is greater than the 1.9 per cent for 18-year-olds from advantaged areas. This means that the gap between students from advantaged and disadvantaged areas continues to narrow.
- **The absolute disparities between advantaged and disadvantaged areas remain large.**
The entry rate to higher education in the UK for English 18-year-olds from the most advantaged areas is around 60 per cent, which is still significantly higher than for the most disadvantaged, where the entry rate is around 20 per cent.
- **Differences in the level of young participation between areas remain even when prior attainment and ethnic background are taken into account.**
The level of young participation still varies across the country even when the level of GCSE attainment and the ethnic profile of local areas are taken into account¹⁸. This suggests that there might be other barriers to HE progression, beyond GCSE attainment and ethnic profile, even in some of those areas that traditionally have relatively high rates of HE progression.
- **Overall, young women are more likely to apply for, and be accepted to, higher education than young men – but men have slightly higher participation rates once A-level attainment is taken into account.**
For the 2015 January deadline, UCAS reports that 18-year-old women in England were 36 per cent more likely to apply to higher education than men, the highest difference in application rates since 2006¹⁹. However, statistics released by the Department for Education show that among people achieving A-level and equivalents, around the same proportions of men and women progress to higher education²⁰. Further HEFCE analysis in this area indicates that differences between the young higher education participation rates of male and female A-level students are largely due to their attainment²¹. Once A-level grades are taken into account, men have slightly higher participation rates than women (by between zero and two percentage points) for the majority of A-level grade boundaries apart from those with the very highest or lowest grades (see Figure 12).
- **Once they have entered higher education, women are less likely to leave at the end of their first year than men.**
Women entering full-time first degrees are less likely to leave HE at the end of year one than men, with non-continuation rates of 5.9 per cent and 7.6 per cent respectively in 2011-12 (Figure 13). This difference still exists even when age, entry qualifications and subject are taken into account.

Figure 12 Relationship between A-level achievement and young participation in HE for male and female pupils achieving at least three A-level grades between 2005-06 and 2010-11

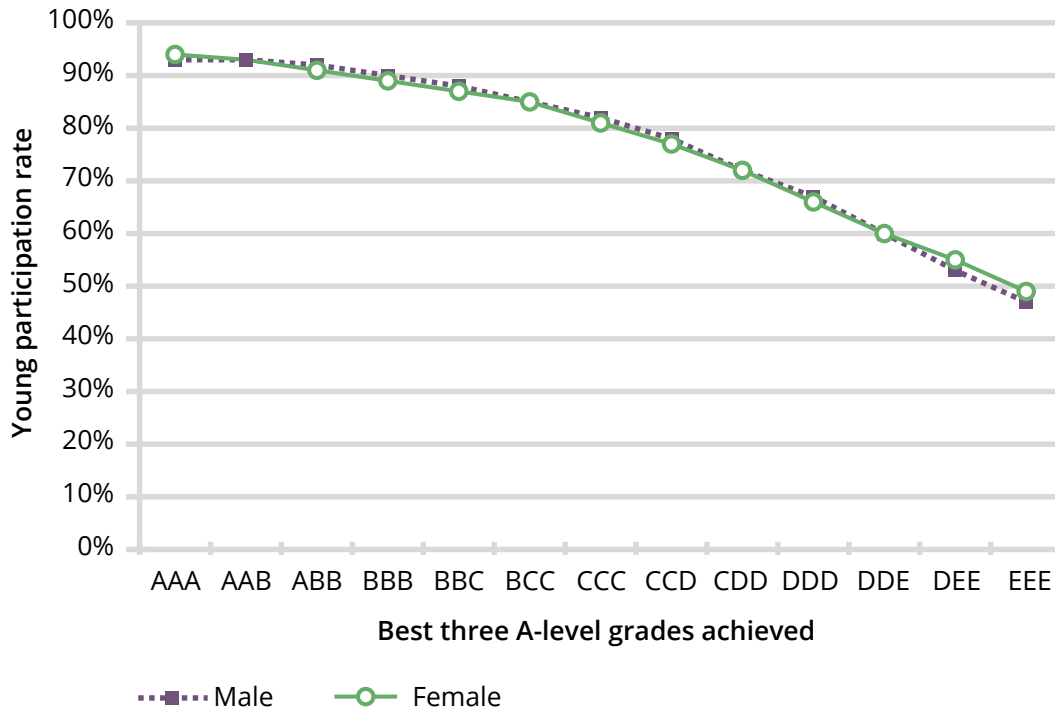
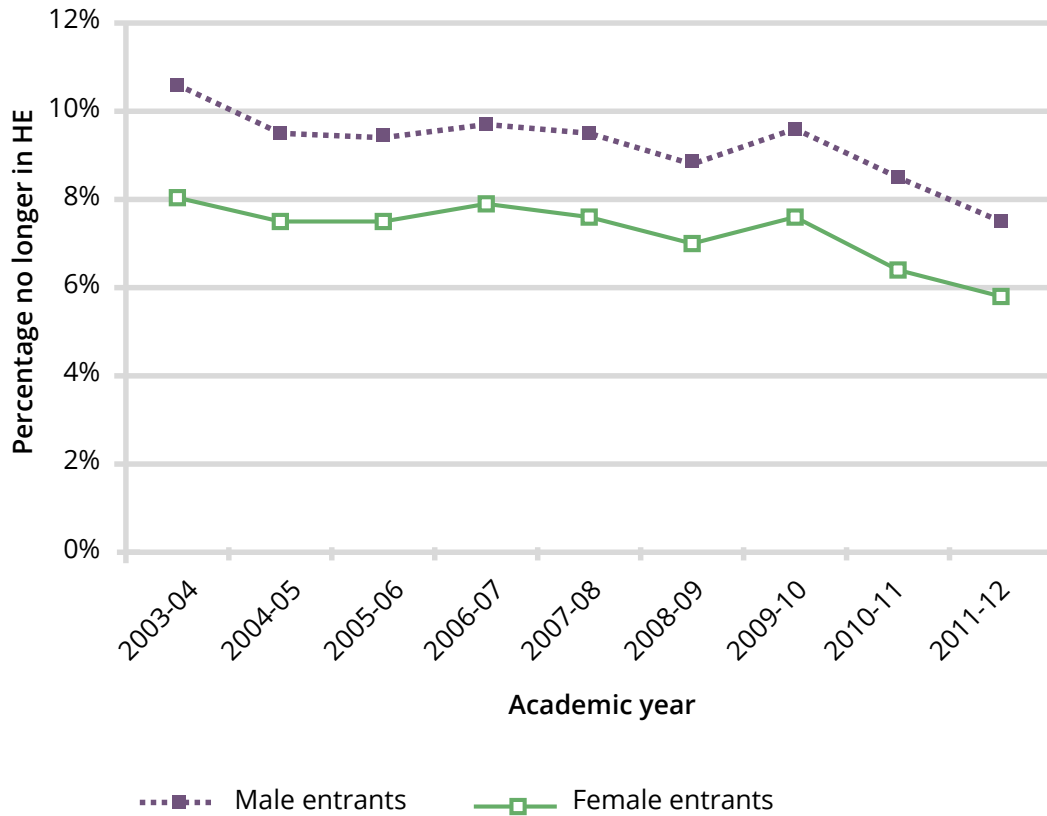


Figure 13 Percentage of UK-domiciled full-time first degree entrants no longer in HE, by sex



- **A number of other characteristics also affect how likely students are to leave HE after their first year, including ethnicity, social background and age.**

Black entrants are more likely to leave HE at the end of year one than other ethnic groups, with a non-continuation rate of 9.4 per cent in 2011-12. Chinese entrants and white entrants are less likely to leave HE at the end of year one than other ethnic groups, with non-continuation rates of 5.2 per cent and 6.2 per cent respectively in 2011-12.

Entrants from areas with low participation in HE are more likely to leave HE at the end of year one than entrants in high participation areas (8.6 per cent and 5.9 per cent respectively in 2011-12 for young age groups).

Mature entrants are more likely to leave HE one year after entry. In 2011-12, 10.4 per cent of mature entrants left after one year compared with 5.7 per cent for young entrants.

- **A number of characteristics affect how likely students are to obtain an upper second or first class degree, including ethnicity, age, sex and mode of study.**

There is significant variation in degree outcomes for students from different ethnicities: white students consistently achieve higher degree outcomes than students from other ethnicities.

Mature students are less likely to obtain first or upper second class degrees than young students. This difference in degree outcomes between young and mature graduates has increased from 5 percentage points in 2007-08 to 11 percentage points in 2013-14.

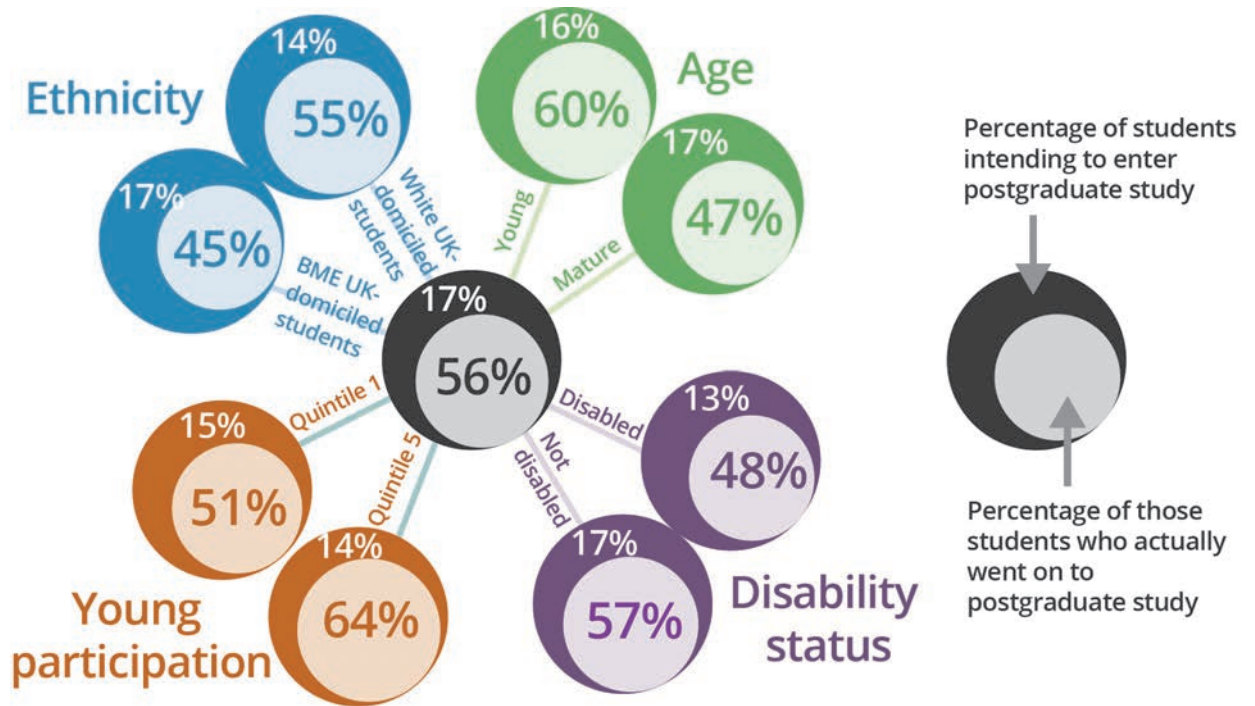
Female students are more likely to achieve an upper second class degree than male students with the same prior educational attainment.

There are significant differences between the degree outcomes of full-time and part-time students. Part-time students achieve lower proportions of first and upper second class degrees over all entry qualifications²².

- **Around half of students who intended to study for a postgraduate qualification in 2013 were actually studying six months after graduation; however, there were large differences between different groups of students.**

Of those students who intended to study for a postgraduate qualification in 2013, a lower proportion of mature students than of young students actually went on to postgraduate study six months after graduation (47 per cent and 60 per cent respectively of those intending to enter postgraduate study) (Figure 14). In addition, a lower proportion of students from low HE participation areas went on to study at a postgraduate level six months after graduation, compared with students from areas of high HE participation (51 per cent of those intending to enter postgraduate study, and 64 per cent respectively). This may suggest that some groups of students are more likely to experience barriers to postgraduate study than others. We will shortly receive early indications of students' intentions to study after graduation for 2015 – these students will be the first cohort to have started their studies under the new tuition fee regime.

Figure 14 Proportion of students who intended to study at postgraduate level in 2013 and the proportion who actually did



Subjects

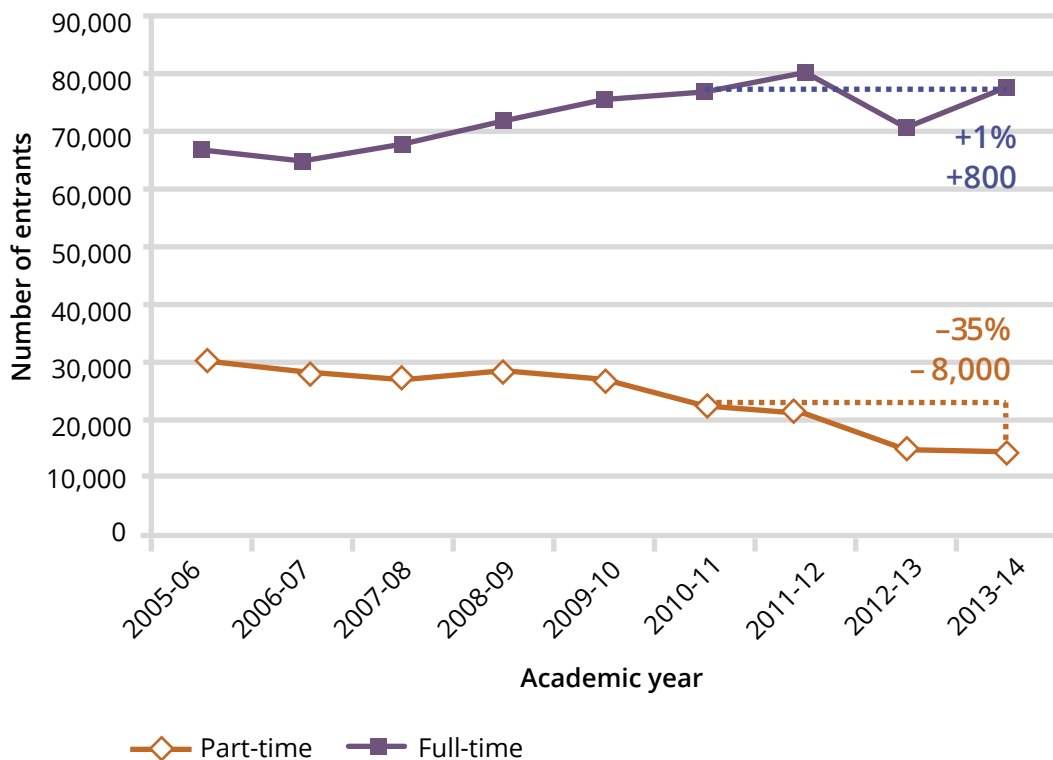
- Science, technology, engineering and mathematics subjects continue a trend of growth at full-time undergraduate level; however, entrants to part-time courses continue to decline.

In 2013-14, positive trends in science, technology, engineering and mathematics (STEM) applications to full-time undergraduate courses among UK and other EU applicants followed through into nearly 98,000 acceptances via UCAS, the highest level recorded²³. We now know that almost 78,000 UK and other EU students entered full-time undergraduate courses in STEM in 2013-14, a modest increase of 1.1 per cent from 2010-11, but an increase of 9.9 per cent from 2012-13 (Figure 15).

UCAS data indicates that acceptances to full-time undergraduate STEM courses have continued to increase in 2014-15, with more than 5,000 additional UK and other EU acceptances (6 per cent) from 2013-14. Increased take-up of STEM subjects at A-level suggests there is scope for further increases.

Although representing a smaller proportion of the total number of undergraduate entrants to STEM, the number of UK and other EU part-time undergraduate entrants continued to decline in 2013-14, falling by 2.4 per cent (360 students) between 2012-13 and 2013-14. This brings the overall decline in part-time undergraduate entrants since 2010-11 to 35 per cent.

Figure 15 UK and other EU entrants to undergraduate STEM courses registered at English HEIs, 2005-06 to 2013-14



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2013-14.

- **More than half of the entrants to postgraduate taught masters courses in STEM subjects are from overseas, making this subject area particularly vulnerable to any volatility in the overseas student market.**

International students made up 54 per cent (15,100 students) of the total entrants to postgraduate taught masters courses in STEM subjects in 2013-14, compared with 49 per cent of entrants to taught masters overall. In some subjects the proportion of international entrants is even greater: 64 per cent in engineering and technology, 57 per cent in computer science, and 56 per cent in chemistry.

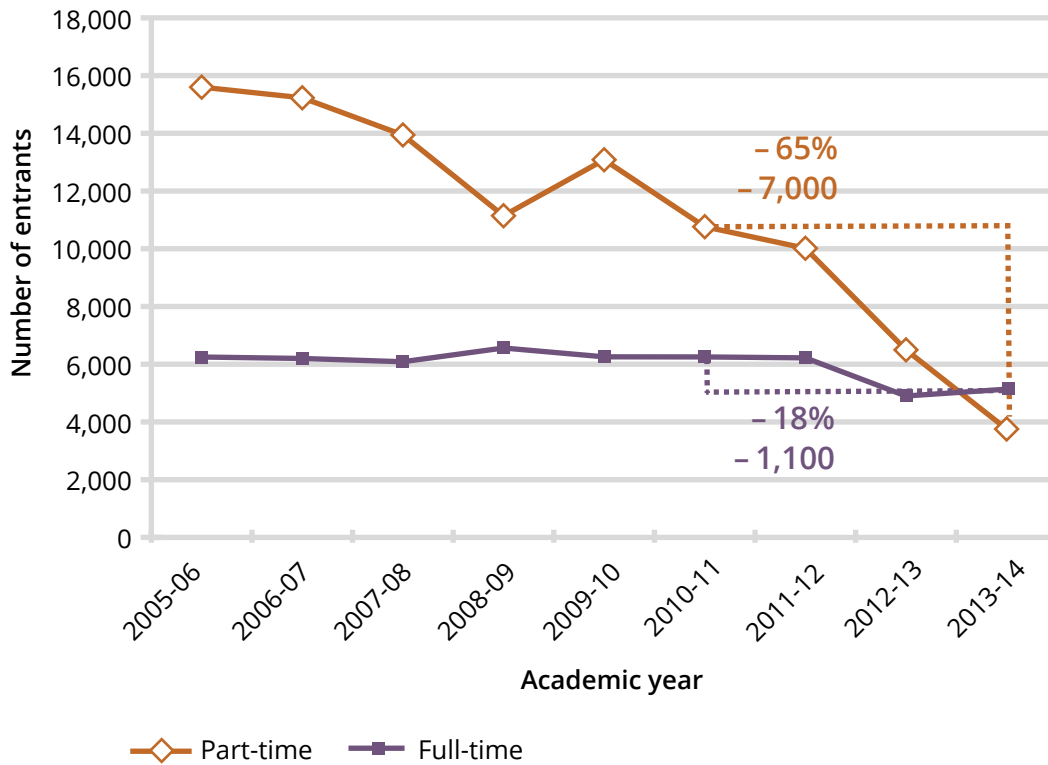
The reliance on international students among taught masters entrants to some STEM subjects is compounded by similar concentrations among undergraduate entrants and academic staff. At the undergraduate level international students made up 14 per cent of all entrants to STEM subjects in 2013-14, and 23 per cent in engineering and technology, compared with 12 per cent across all subject areas. In engineering and technology we also see that 23 per cent of academic staff were from overseas, which is almost twice the proportion for across all subjects. Other STEM subject areas with higher than average proportions of international staff include mathematics (18 per cent), computer science (17 per cent), chemistry (16 per cent), and physics (16 per cent).

As a result of this reliance on international entrants to postgraduate and undergraduate courses, any future downturn in overseas demand for UK higher education in STEM subjects could have a significant adverse impact on these subject areas.

- **The number of UK and other EU entrants to part-time undergraduate modern foreign language courses continued to decline steeply in 2013-14; however, numbers of entrants to full-time courses remained stable.**

The number of UK and other EU entrants to part-time undergraduate modern foreign language courses fell by 42 per cent (2,700 students) between 2012-13 and 2013-14. This brings the overall decline in part-time entrants since 2010-11 to 65 per cent (Figure 16). By contrast, the decline in the number of entrants to full-time first degree modern foreign language courses seen in 2012-13 stabilised in 2013-14, with a modest increase of 4.8 per cent (235 students).

Figure 16 UK and other EU entrants to undergraduate modern foreign language courses registered at English HEIs, 2005-06 to 2013-14



Source: Analysis of the HESA standard registration population at English HEIs, 2005-06 to 2013-14.

- **Reliance on overseas staff and students in minority modern foreign languages may pose additional and significant risks to an already vulnerable set of disciplines.**

The reliance of postgraduate modern foreign language courses on international student recruitment is understandable given the nature of the subject area. International students made up 59 per cent of taught masters entrants to Eastern, Asiatic and African language courses in 2013-14, and 26 per cent of equivalent entrants to European language study. Among those commencing postgraduate research programmes, these proportions were 49 per cent and 20 per cent respectively.

As with STEM subjects, the concentration of international entrants in postgraduate modern foreign languages study is accompanied by a concentration of academic staff from outside the UK. International staff accounted for 42 per cent of academics in Eastern, Asiatic and African languages in 2013-14, and EU staff accounted for 45 per cent of academics in European language subjects.

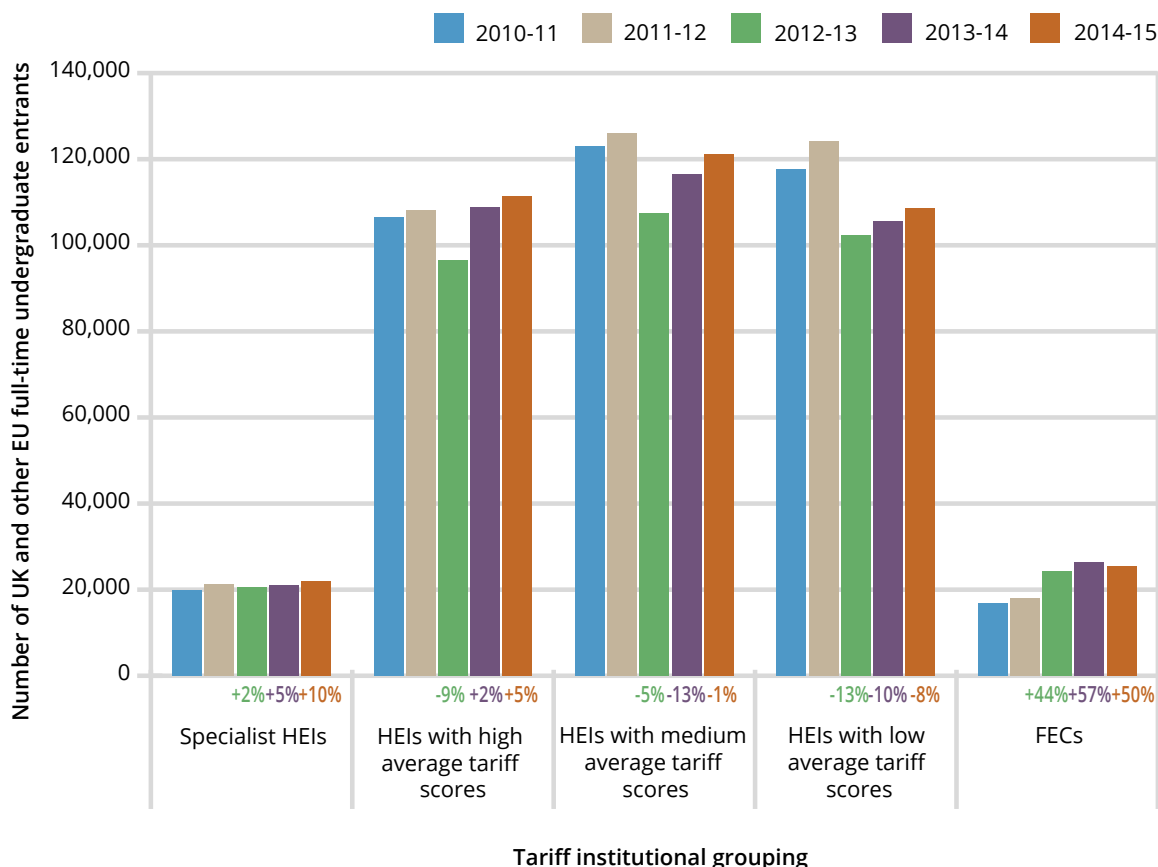
Modern foreign languages encompass a number of minority disciplines, including strategically important African and Asian languages. Such departments are likely to be operating with very small numbers of staff and students. This being the case, any volatility in the recruitment of overseas students or staff can introduce significant further risks to an already vulnerable set of disciplines.

The provision of higher education

- Changes in recruitment trends in recent years appear to have favoured particular types of institution and disadvantaged others (Figure 17).

The increase in full-time undergraduate entrants in 2014-15 compared with 2010-11 at 32 higher education institutions and 52 further education colleges was more than 10 per cent. The higher education institutions tended to be those where students have high average tariff scores, or to be specialist institutions²⁴. Declines of more than 10 per cent were seen at 24 higher education institutions and 29 further education colleges. The majority of the higher education institutions experiencing these levels of decline were ones where entrants had low or medium average tariff scores. The overall increase in FECs reflects broader shifts away from provision franchised from HEIs, with colleges now offering more higher education directly.

Figure 17 Change in UK and other EU entrants to full-time undergraduate courses by institutional groupings



Source: Table 5, Column 2 in HESES and HEIFES data. Note: Percentage changes shown on Figure 17 relate to the change in entrants from 2010-11.

Higher education provision at alternative providers²⁵

- **More than 100 alternative providers have specific-course designation in 2014-15.**

There are 104 alternative providers with specific-course designation in 2014-15. Students on designated courses at alternative providers can access student support through the Student Loans Company (SLC). Seven alternative providers are legally recognised degree-awarding bodies with the power to award UK degrees, and four have been awarded the right to use the title 'University'.

- **Half of alternative providers had fewer than 100 students in receipt of student support in 2013-14.**

Data from the SLC indicates that 50 per cent of alternative providers had fewer than 100 students in receipt of student support in 2013-14. Only three providers had more than 2,000 students receiving such support. There may be additional students registered at these alternative providers who are not eligible to receive student support or who choose to self-finance their studies, and these students will not be picked up through the SLC data.

- **HE provision at alternative providers is concentrated in particular subjects.**

HE courses at alternative providers tend to be concentrated in particular subject areas, including Business, Law and Creative Arts and Design.

- **More than half of alternative providers are located in London.**

More than half of alternative providers with specific course designation in 2014-15 are located in London, and around two-thirds of students receiving student support lived in London before they started their course.

Research and knowledge exchange

- **Approximately one-third of research conducted by UK universities was judged to be world-leading in the 2014 Research Excellence Framework.**

The results of the 2014 Research Excellence Framework (REF) demonstrate the world leading quality of research conducted in UK universities. The research from 154 UK universities was peer-reviewed by 36 panels comprising UK and international experts and external users of research. The panels judged 30 per cent of the submitted work to be 'world-leading' (4*) and a further 46 per cent to be 'internationally excellent' (3*). World-leading research is found in many diverse UK universities, but remains concentrated in the most research-intensive universities. Three-quarters of universities had at least 10 per cent of their work graded as world-leading (4*). The top quarter had at least 30 per cent graded as world-leading (4*).

- **UK higher education institutions' research has a considerable and wide-ranging impact on society and has made a contribution to every country in the world.**

Initial analysis of 6,679 of the impact case studies submitted to the REF has confirmed that UK higher education research has wide and varied benefits to the economy, society, culture, public policy and services, health, the environment and quality of life, in the UK and overseas. These wider effects largely stem from multidisciplinary work and reflect the ways that universities have engaged with a range of public, private and charitable organisations and local communities²⁶. Research undertaken in UK HEIs has made a contribution to the wealth and wellbeing of all nations globally.

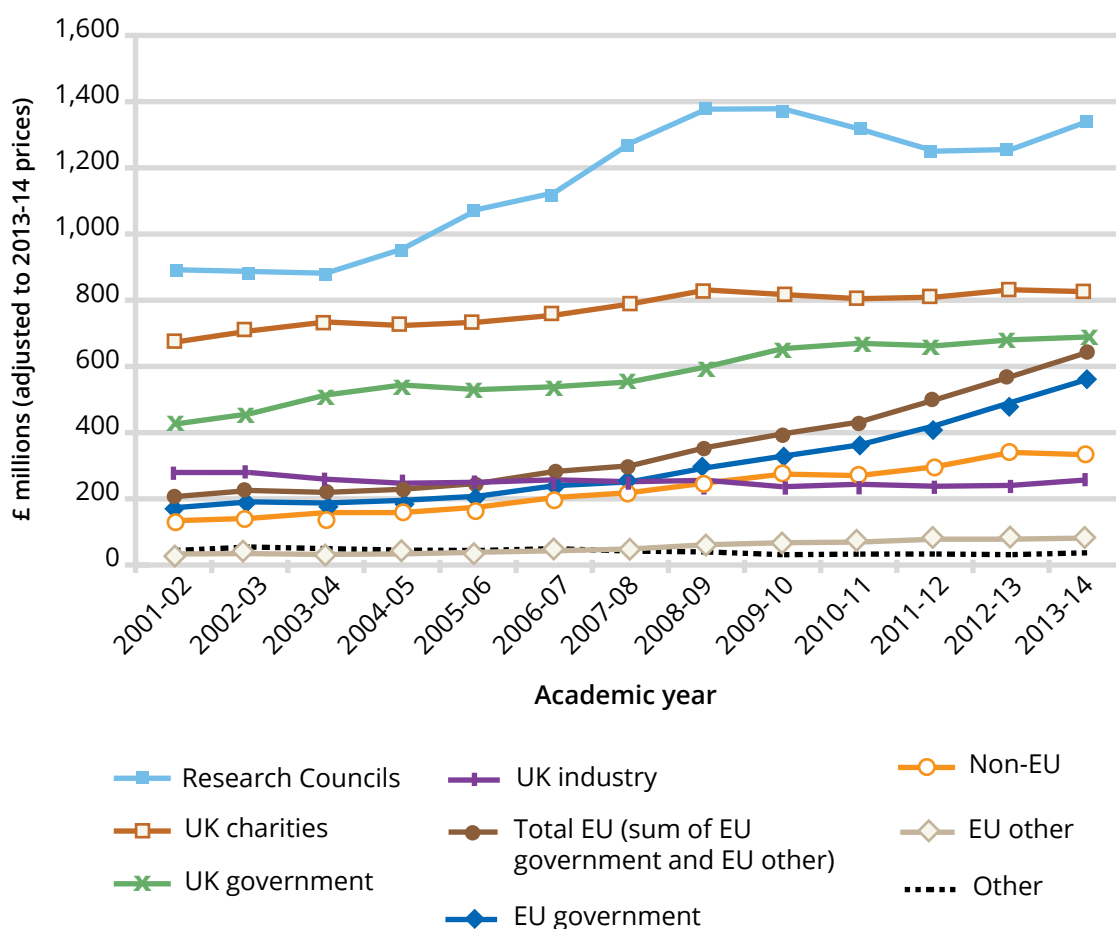
- **Research funding from EU sources has doubled as a proportion of total external research income over the last 10 years.**

Research funding from EU sources has doubled as a proportion of total external research income to English HEIs over the last 10 years, from 8 per cent in 2004-05 to 16 per cent in 2013-14. Between 2004-05 and 2013-14, research funding from EU sources to English HEIs increased by 180 per cent in real terms, from £229 million to £642 million (Figure 18).

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

Globally, the UK ranks highly for university-business collaboration on research and development – the 2014-15 World Economic Forum Global Competitiveness Index places the UK fourth, behind only Switzerland, the USA and Finland – an improvement from fifth place in the previous year²⁷. Comparisons between the UK, the USA and Japan published in HEFCE's annual Higher Education – Business and Community Interaction Survey (HE-BCI)²⁸ show the UK outperforming others in spin-out companies and attracting industrial research and development investment. The UK is now frequently cited as a model of best practice by countries looking to strengthen knowledge exchange.

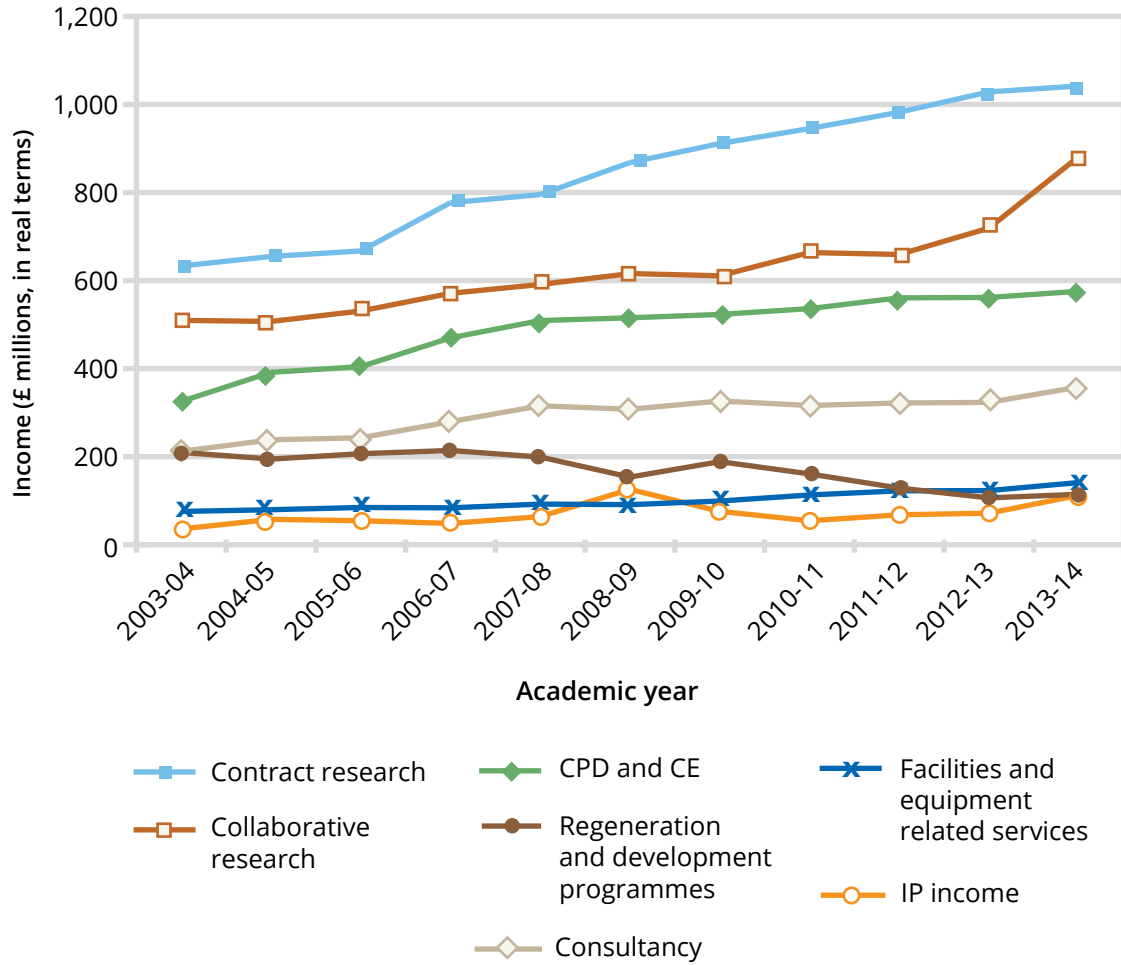
Figure 18 Research grants and contracts income by source in £millions, 2013-14 prices



Source: HESA Finance Record.

The strongly improving trends in income generation from business and community sources experienced by universities over the past decade have continued in 2013-14 (Figure 19)²⁹. In 2013-14, total knowledge exchange income into HE in England was £3.23 billion, an increase of 10 per cent over the previous year, and a 62 per cent increase in real terms over the last 10 years. A range of other measures point to success in, and continuing commitment to, partnership and exchange of knowledge – for example, over 4,000 new graduate start-up companies were formed in 2013-14 in England, an increase of 33 per cent from 2012-13.

Figure 19 Selected knowledge exchange income streams in England 2003-04 to 2013-14



Source: HE-BCI data. Note: 'CE' = 'continuing education'; 'CPD' = 'continuing professional development'; 'IP' = 'intellectual property'.

The financial health of HEFCE-funded higher education institutions

- **The financial health of HEFCE-funded higher education institutions in England is currently stable overall.**

However, there continue to be significant variations in the financial performances of individual institutions across the sector, and financial projections for the period ending 31 July 2017 show that overall the sector is predicting lower surpluses, a fall in cash levels and a rise in borrowing, signalling a trajectory that is not sustainable in the long term.

- **Education exports remain a key component of higher education institutions' finances; however, reliance on overseas income continues to grow.**

The income generated through tuition fees from international (non-EU) students increased by 10 per cent (£295 million) between 2012-13 and 2013-14. Overseas student numbers also increased in this period, but at a much lower rate (1.7 per cent), indicating that the majority of this income growth was due to the effect of higher fees, rather than growth in the overseas student population. Total income from international (non-EU) tuition fees in 2013-14 came to £3.3 billion, which represented around 27 per cent of all tuition fee and education contract income reported by English institutions in 2013-14³⁰, and by 2016-17 the sector expects this to grow to £4.2 billion.

The latest financial forecasts show that the number of institutions reporting a greater reliance on overseas fee income will continue to grow (19 institutions are expecting overseas fee income to exceed 20 per cent of total income in 2016-17, compared with 10 in 2011-12). As reliance on overseas fee income grows, so does the sector's exposure to financial risk. A slowdown in the growth in overseas student numbers is likely to result in a significant adverse impact on the sector's income levels and its ability to generate surpluses.

- **The HEFCE-funded sector is planning to invest an average of £3.9 billion per year in infrastructure projects during the next three years.**

This is an increase of 43 per cent compared with the average over 2011-12 to 2013-14. While this increase in investment is a positive sign, data from the Estates Management Record shows that, at the end of July 2013, many HEIs still had large amounts of non-residential space in poor condition and the cost to the sector of upgrading this was estimated at £3.3 billion.

Without increased surpluses and continued government support there is a risk that the sector will be unable to deliver the scale of investment required to meet student demands, build capacity and ensure that the sector can remain internationally competitive. Government support also provides confidence to others to continue to invest in the sector, including encouraging banks to lend money.

Annex A: Additional Data

Table 1: Students registered at publicly funded English higher education providers, 2010-11 to 2014-15

Mode and level of study, and student domicile		2010-11	2011-12	2012-13	2013-14	2014-15
Full-time	Undergraduates – UK and other EU	935,705	977,205	968,010	971,470	965,085
	Undergraduates – International	96,040	103,155	106,050	111,855	116,190
	Subtotal: Full-time undergraduates	1,031,745	1,080,365	1,074,060	1,083,325	1,081,270
	Postgraduates – UK and other EU	110,475	118,570	117,130	119,210	120,165
	Postgraduates – International	84,485	94,825	97,435	102,735	105,555
	Subtotal: Full-time postgraduates	194,960	213,395	214,570	221,945	225,720
Part-time	Undergraduates – UK and other EU	360,910	353,000	275,835	245,165	227,105
	Undergraduates – International	11,975	10,550	8,680	9,060	8,870
	Subtotal: Part-time undergraduates	372,885	363,550	284,515	254,230	235,975
	Postgraduates – UK and other EU	167,810	159,385	145,885	138,885	136,325
	Postgraduates – International	16,250	14,990	15,555	14,635	13,075
	Subtotal: Part-time postgraduates	184,060	174,375	161,440	153,520	149,405
Total	1,783,650	1,831,680	1,734,585	1,713,020	1,692,370	

Source: Tables 1 and 2, Column 4 in Higher Education Students: Early Statistics and Higher Education in Further Education: Students data. A headcount measure of students registered at publicly-funded English higher education institutions and further education colleges. Note: 'EU' = 'European Union'.

Table 2: Entrants registered at publicly funded English higher education providers, 2010-11 to 2014-15

Mode and level of study, and student domicile		2010-11	2011-12	2012-13	2013-14	2014-15
Full-time	Undergraduates – UK and other EU	383,760	397,720	351,130	378,395	388,330
	Undergraduates – International	n/a	n/a	49,530	50,920	52,955
	Subtotal: Full-time undergraduates	n/a	n/a	400,660	429,310	441,285
	Postgraduates – UK and other EU	88,170	92,340	87,040	88,725	89,660
	Postgraduates – International	n/a	n/a	79,205	80,005	83,440
	Subtotal: Full-time postgraduates	n/a	n/a	166,245	168,730	173,100
	Part-time	Undergraduates – UK and other EU	258,885	229,835	151,810	139,010
Undergraduates – International		n/a	n/a	5,895	4,645	5,910
Subtotal: Part-time undergraduates		n/a	n/a	157,705	143,655	121,935
Postgraduates – UK and other EU		96,905	75,220	71,090	70,245	69,495
Postgraduates – International		n/a	n/a	4,980	4,360	3,660
Subtotal: Part-time postgraduates		n/a	n/a	76,070	74,605	73,155
Total		UK and other EU	827,715	795,110	661,070	676,375
	International	n/a	n/a	139,610	139,930	145,965

Source: Table 5, Column 2 in Higher Education Students: Early Statistics and Higher Education in Further Education: Students data. Note: 'EU' = 'European Union'.

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- 24 A specialist higher education institution in England has been defined as one that has 60 per cent or more of its provision concentrated in one or two subjects (HESA academic cost centres) only – examples include music or art colleges. The remaining non-specialist institutions are ranked by the average tariff score of their young (under-21) UK-domiciled undergraduate entrants in the 2011-12 academic year. The average tariff score calculation considers all such entrants holding Level 3 qualifications which are subject to the UCAS Tariff. (Note that this population and calculation are consistent with those from which tariff information is drawn for purposes of Unistats data.) Institutions in the top third of the ranking by average tariff score form the 'Higher education institutions with high average tariff scores' group, and those in the bottom third comprise the 'Higher education institutions with low average tariff scores' group.
- 25 An alternative provider is defined as 'any provider of higher education courses which is not in direct receipt of recurrent funding from HEFCE or from equivalent bodies in the devolved administrations; or does not receive direct recurrent public funding (for example, from a local authority, or from the Secretary of State for Education); and is not a further education college'. References to alternative providers throughout this report include only those providers with specific-course designation in 2014-15.

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