



# THE FUNDING ENVIRONMENT FOR UNIVERSITIES 2014

# TRENDS IN UNDERGRADUATE RECRUITMENT

## Contents

Summary and key findings.....	2
Key points.....	2
Introduction .....	4
1: Impact of reforms on undergraduate recruitment .....	7
1.1 Trends in the recruitment of young undergraduate students .....	7
1.2 Trends in recruitment of selected groups of young students.....	11
1.3 Trends in recruitment of young undergraduate disadvantaged students...	14
1.4 Trends in recruitment of mature undergraduate students, including those studying part time.....	16
2: Skills and graduate employability.....	27
2.1 How has recruitment changed by subject?.....	28
2.2 How are institutions addressing graduate employability and the skills needs of businesses? .....	33
3: Shape of the higher education sector .....	35
4: Implications for funding of undergraduate provision at universities .....	44
5: Conclusion .....	46

## Summary and key findings

This report focuses on recent trends in UK- and EU-domiciled undergraduate recruitment to higher education institutions in England, covering a period of significant change for universities including ongoing transition to a new undergraduate funding system, reductions in public funding for higher education, and the impact of the economic downturn.

The analysis in this report, based on the publicly available sources of data combined with qualitative evidence gathered from interviews and surveys of Universities UK members, provides an assessment of trends in UK- and EU-domiciled recruitment, the factors driving these changes and the challenges these present for institutions. Analysis covers the period prior to, and following, the implementation of reforms to funding of undergraduate provision for UK- and EU-domiciled students in academic year 2012–13. Baselines of 2010–11, the last year of relative stability in undergraduate funding, and 2007–08 (for longer trends) are used to examine trends in undergraduate recruitment.

This report is the third in Universities UK's series *The funding environment for universities* 2014, which monitors the impact of changes in funding on the higher education sector.

### Key points

#### Trends in UK- and EU-domiciled undergraduate recruitment

- Between 2010–11 and 2013–14 the number of UK- and EU-domiciled undergraduate entrants to higher education institutions in England decreased by 21.7%. This was mainly driven by the reduction in part-time entrants over the period, which decreased by 47.8% compared to a 4% reduction in full-time undergraduate entrants.
- Following reforms to undergraduate funding in 2012–13, recruitment of young undergraduates to full-time courses increased by 3.2% between 2010–11 and 2013–14, with participation rates now at record levels. There were no significant impacts on participation among disadvantaged and underrepresented groups of young students.
- Continuing decline in the UK's young population, which is projected to decrease by 12.3% between 2012 and 2021, changes to policy related to level 3 qualifications, and the slow recovery of demand from students in the EU have been identified as ongoing challenges for institutions in the recruitment of young undergraduates.
- The significant reduction in part-time undergraduate recruitment reported for 2012–13 has continued, with a further 10.8% decline in entrants in 2013–14. Part-time entrants to higher education institutions in England are now 47.8% below levels seen in 2010–11. This reduction is mainly focused in non-Bachelors undergraduate courses, including institutional credits and certificates and diplomas of higher education. Key factors in the decline of part-time entrants identified by institutions include the economic downturn and reforms to undergraduate funding in England.

## **Universities UK**

### Trends in undergraduate recruitment

- There has been an increase in students applying to subjects in the science, technology, engineering and mathematics group (STEM) over recent years, reflecting an ongoing trend of increased participation in science-related subjects at level 3. There are signs of a recovery in demand for subjects that showed declines in applications in 2012, such as arts and design, history and mass communications. There is a continuing decline in demand for undergraduate study in languages and architecture.

### **Changes in the shape of the sector**

- Differences in undergraduate recruitment trends across student and course characteristics, including subject of study, mode of study and student age, combined with diversity of provision, have contributed to variation in recruitment patterns across higher education institutions. Between 2010–11 and 2013–14, 27% of higher education institutions in England saw an increase in UK- and EU-domiciled undergraduate entrants, with 73% of institutions reporting a decrease in entrants over the same period. There have been significant differences in recruitment by mode of study with 55% of higher education institutions reporting declines in full-time recruitment, compared to 82% for part-time recruitment.
- Although the majority of undergraduate provision is still found in higher education institutions, there have been significant increases in higher education provision at alternative providers and further education colleges, where the number of students accessing loans for tuition increased by 259% and 35% respectively between 2010–11 and 2012–13.

### **Implications for undergraduate funding at universities**

- The combined impact of these changes, along with the diversity of provision across the sector, has led to wide variation in outcomes across higher education institutions in England and increased volatility in recruitment outcomes at an institutional level, with implications for financial planning in the medium term.
- The lack of clarity regarding public funding of undergraduate provision, particularly with the potential for further changes to undergraduate funding policy following the General Election in May 2015, presents a key challenge for institutions in the short to medium term.
- Institutions broadly welcomed the removal of controls for the recruitment of UK- and EU-domiciled undergraduates from 2015–16, but noted that the impact of any expansion in numbers, on quality and on the reputation of UK higher education more broadly, will need to be carefully monitored. Those institutions with high cost bases noted the difficulties in expanding provision in the short term, particularly as the maximum fee is eroded in real terms.

### Introduction

Higher education brings many benefits – to those who participate, to the economy and to wider society. Recent research has placed the premium to individual lifetime earnings associated with a university degree at £168,000 for men and £252,000 for women<sup>1</sup>, with this premium found to have persisted despite the recent expansion in graduates. Graduates are also less exposed to unemployment, with an undergraduate degree increasing the probability of being employed by 3.3 percentage points<sup>2</sup>.

These individual benefits translate to the wider economy, with gains to the exchequer (net of public expenditure on higher education) associated with a first degree, compared to someone with two A-levels, of £260,000 for men and £315,000 for women over a working life<sup>3</sup>. A recent study has shown that the increase in graduate skills in the UK economy between 1982 and 2005 contributed around 20% of GDP growth over this period<sup>4</sup>.

Higher education also brings many non-economic benefits to individuals and wider society. Graduates are more likely to have better general and mental health, greater life satisfaction, are more likely to vote and volunteer, and less likely to commit crime, smoke or drink excessively<sup>5</sup>.

In addition to the benefits of undergraduate provision to the economy, society and individuals, the recruitment of UK- and EU-domiciled undergraduates forms a significant part of the activity of universities. Figure 1 shows the proportion of total income to higher education institutions in England from teaching grants and tuition fees linked to UK- and EU-domiciled undergraduates. Income from these sources accounted for 36% of all income to the sector in 2012–13. This can be seen to vary significantly across institutions, with income related to teaching of UK- and EU-domiciled undergraduates accounting for more than half of all income at 53% of institutions. Any changes in recruitment trends for this group will therefore have significant financial implications for a large number of institutions.

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<sup>1</sup> Walker I, Zhu Y (2013) *The impact of university degrees on the lifecycle of earnings*

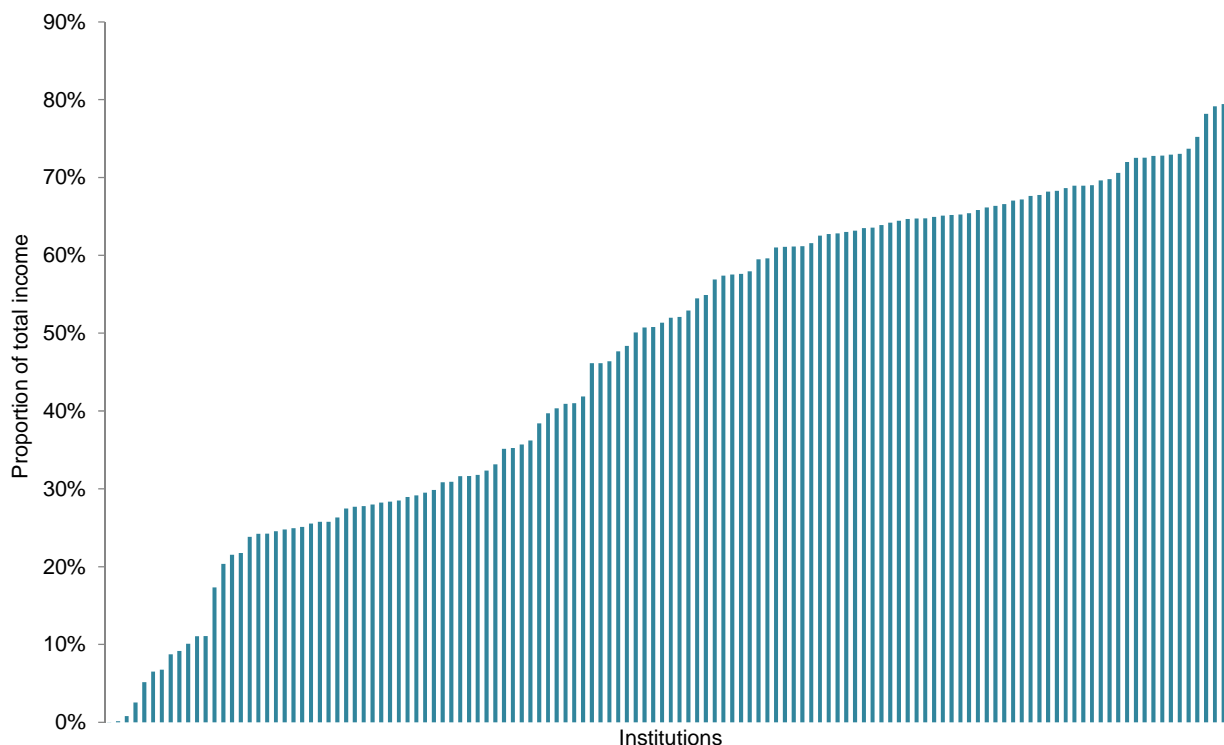
<sup>2</sup> London Economics (2011) *The returns to higher education qualifications*

<sup>3</sup> Walker & Zhu (2013) *The impact of university degrees on the lifecycle of earnings*

<sup>4</sup> BIS (2013) *The relationship between graduates and economic growth across countries*

<sup>5</sup> BIS (2013) *The benefits of higher education participation for individuals and society: key findings and reports "The Quadrants"*

**Figure 1: Proportion of total income from teaching grants and tuition fees for UK- and EU-domiciled undergraduates at higher education institutions in England, 2012–13**



Source: HESA *HE Finance Plus*

Recent years have seen significant changes to funding for undergraduate students in England, against a backdrop of economic uncertainty and government austerity measures.

In 2010, the government passed higher education reforms with the aim of delivering a high-quality university sector that is more responsive to the needs of students. Implementation of these reforms in 2012–13 saw significant changes to funding for undergraduate students. This included a shift from public money supporting higher education through teaching grants to a greater proportion provided in the form of loans to fund graduate contributions. A greater role for competition between providers of higher education was also envisioned. This included allowing students on designated courses at non-traditional providers of higher education to access student loans for the first time, and partial deregulation of institutional controls on the recruitment of UK- and EU-domiciled full-time undergraduates.

This report examines the recruitment of UK- and EU-domiciled undergraduates over this period, and assesses the potential factors driving changes. Due to increasing divergence of higher education policy across the devolved administrations, particularly in relation to undergraduate provision, unless otherwise specified, analysis focuses on undergraduate recruitment to higher education institutions in England only.

The report is in four sections: the first outlines the impact of reforms on undergraduate recruitment, including separate assessments of changes in the recruitment of young, mature and part-time students; the second looks at skills and graduate employability,

including changes in undergraduate provision by subject of study and how institutions are addressing the increasingly important employability agenda; the third looks at the impact of reforms on the shape of the higher education sector; and the fourth considers the implications these and other trends have for the funding of higher education institutions.

Data from a number of publicly available sources, combined with qualitative evidence gathered from interviews and surveys of Universities UK member institutions, are used in the analysis within this report. This includes interviews with a sample of vice-chancellors on the outcomes of the 2013 cycle and challenges facing undergraduate recruitment at institutions over the next two years, and a follow-up survey to institutions that responded to the 2013 Universities UK call for evidence on part-time and mature provision. Analysis covers the period prior to, and following, the implementation of reforms to undergraduate funding in 2012–13. Table 1 provides a summary of the main sources of data used for the majority of analysis in the report, including the most recent year of data available as of writing.

As described in section 3 of this report, the impact of changes in student behaviour due to the increase in tuition fees in 2012–13 led to increased entry in 2011–12. To avoid comparisons between atypical years, baselines of 2007–08 (when considering longer trends in recruitment) and 2010–11 (the last year of relative stability in funding) are used.

**Table 1: Main data sources used in analysis of trends in undergraduate recruitment**

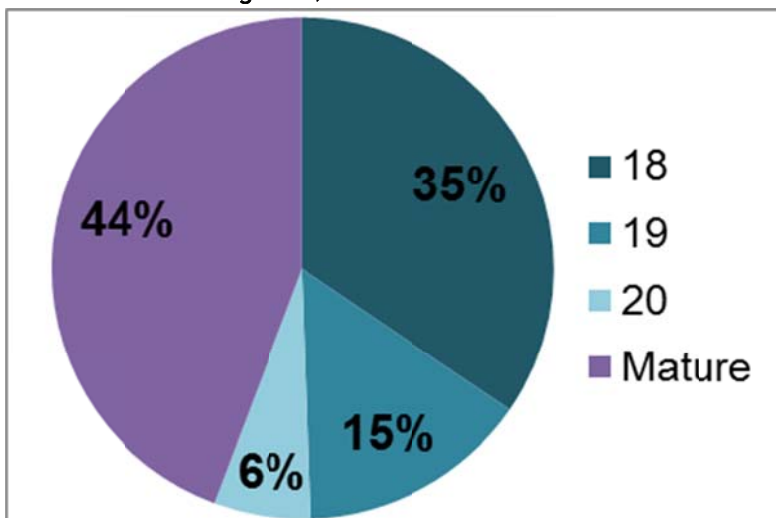
Organisation collecting data	Data source	Most recent year of data available	Coverage
Higher Education Statistics Agency (HESA)	Student record	2012–13	Individualised-level data including detailed characteristics of students enrolled at higher education institutions and their courses
Higher Education Funding Council for England (HEFCE)	Higher Education Early Statistics Survey (HESES)	2013–14	In-year collection of institutional-level information on undergraduate entrant numbers to higher education institutions in England, covering basic course characteristics
Universities and Colleges Admissions Service (UCAS)	Applications and acceptances	2014–15	Information on applications and acceptances to full-time undergraduate courses, including student and course characteristics

## 1: Impact of reforms on undergraduate recruitment

### 1.1 Trends in the recruitment of young undergraduate students

This section focuses on trends in the recruitment of young UK and EU undergraduates and considers the factors involved in any changes. Figure 2 shows that young students – defined as those aged up to 20 years of age – accounted for 56% of all UK- and EU-domiciled undergraduate entrants to higher education institutions in England in 2012–13. Just over a third of undergraduate entrants are 18 years old.

**Figure 2: UK- and EU-domiciled undergraduate entrants to higher education institutions in England, 2012–13**



Source: HESA Student record

The majority of the analysis in this section is based on acceptance data collected by UCAS, which is available up to academic year 2013–14 and covers full-time undergraduates only (see Table 1). As the vast majority of young undergraduates study full time, with part-time study accounting for only 5% (12,715 entrants) of entrants to higher education institutions in England in 2012–13, UCAS data provides a representative picture of recruitment trends for young undergraduates. Between 2007–08 and 2012–13, the number of young part-time undergraduate entrants declined from 21,690 (7.9% of all young entrants) to 12,715 (4.7%). The remainder of this section focuses on trends in young full-time undergraduate recruitment.

Figure 3 shows the trend in UK- and EU-domiciled acceptances by age group. Between 2007–08 and 2011–12 the number of young undergraduate acceptances to full-time courses increased by 18%. This was followed by a 6% decline in acceptances in 2012–13, and a 6.4% increase in 2013–14, with the number of young undergraduate acceptances to full-time courses now at levels last seen in 2011 (359,000).

This pattern varied by age group, with the reduction in acceptances for 2012–13 most apparent in the 19-year-old group where acceptances decreased by almost 12% compared to a 2% decrease for 18 year olds. The recovery in recruitment in 2013–14 was also more

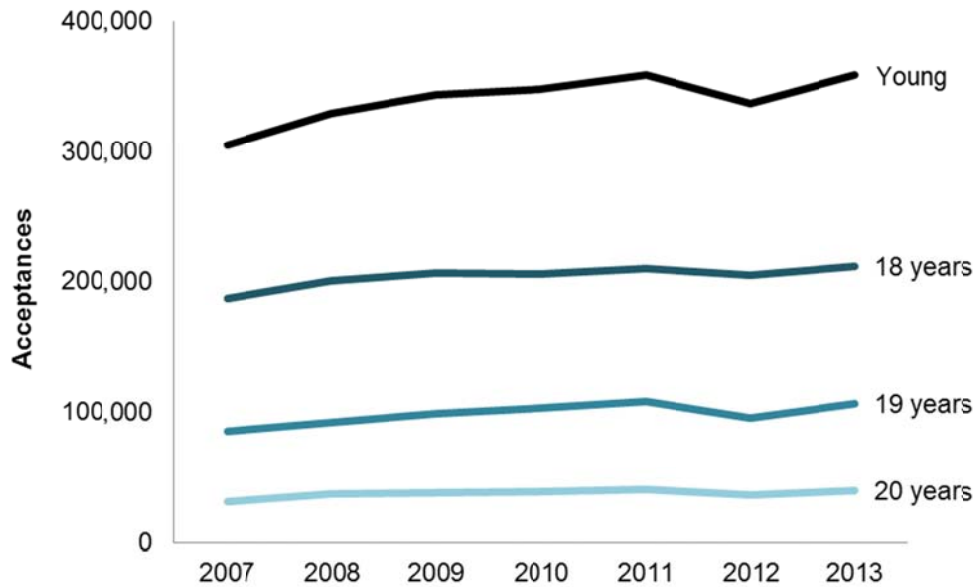


## Universities UK

### Trends in undergraduate recruitment

evident in the 19-year-old age group, which increased by 12% compared to a 3% increase for 18 year olds.

**Figure 3: Full-time undergraduate UK- and EU-domiciled acceptances by age group, 2007–08 to 2013–14**



Source: UCAS 2013

One of the main factors identified as contributing to the decline in young undergraduate entrants in 2012–13 was a change in student deferral behaviour prior to the implementation of funding reforms in 2012–13, primarily the increase in tuition fees. Deferrals here refer to the process by which students applying in one year can defer entry to the next. Following relative stability in the proportion of deferrals between 2008 and 2010, at around 6% of acceptances each year (30,000), the proportion of deferrals in 2011 dropped to 2.7% (13,207) as students sought to avoid the increase in tuition fees for those entering in 2012–13.

This change in behaviour resulted in around 16,000 fewer students entering higher education in 2012 than if deferral patterns had remained at historical levels. For 2012–13, the proportion of students deferring entry to the following year increased to 5.2% (24,000), further decreasing the level of entrants in 2012–13. Following the impact of these changes in student behaviour, the number of young full-time undergraduate acceptances in 2013 increased by 4.0% (10,000) compared to 2010.

Application figures for the 2014 cycle suggest that young full-time undergraduate recruitment has returned to levels seen prior to the implementation of reforms, with the number of 18-year-old applicants by June 2014 increasing by 3.1% compared to the same point in 2010.<sup>6</sup>

<sup>6</sup> Analysis from June UCAS figures

Despite changes in undergraduate recruitment levels over the period, it is important to note that a significant gap remains between the number of applicants and those who accept a place on full-time undergraduate courses. There may be a variety of reasons why an individual may not accept a place after applying, for example not achieving the necessary qualifications for an offer or deciding to withdraw from the process for personal reasons. In recent years the number of applicants has consistently exceeded those who accept a place. Between 2008–09 and 2010–11 the acceptance rate (proportion of applicants accepted) for UK- and EU-domiciled applicants to full-time undergraduate study decreased from 79% to 71%, after which it increased to 76% in 2013–14. More specifically, 'unmet demand' for higher education can be defined as the number of qualified and motivated applicants who are unable to gain a place after applying.<sup>7</sup> It has been estimated that of those who are unplaced each year, roughly 38% are motivated enough to reapply at some stage.<sup>8</sup>

Referring to the removal of student number controls in his 2013 Autumn Statement, the chancellor noted that an estimated 60,000 young people a year have the grades to enter higher education but currently cannot secure a place.<sup>9</sup>

In 2014 Universities UK conducted interviews with a sample of vice-chancellors on the challenges facing undergraduate recruitment in the medium term. A number of factors were identified as having impacted on the shape of young undergraduate recruitment and which may present further challenges in future. These included changes in demographic trends and changes in entry qualifications.

A number of interviewees noted the potential impact that demographic changes in the UK's young population may have on recruitment to undergraduate courses. Figure 4 shows that between 2010 and 2012 the 18- to 20-year-old UK-domiciled population decreased by 1.4%. The long-term trend shows that the decline in young population is set to continue until 2021, with the number of 18- to 20-year-olds projected to decrease by 12.3% between 2012 and 2021. However, research by the Higher Education Policy Institute (HEPI) suggests that the changing social composition of the UK's population may act to dampen the effect this may have on undergraduate recruitment.<sup>10</sup> It is noted that different social groups grow at different paces, with stronger growth predicted in those parts of the population that have higher rates of participation in higher education. It is argued that the impact of this trend will lead to a smaller decrease in demand for full-time undergraduate courses of around 35,000, compared to a decrease of 60,000 if changes in social class composition are not considered.

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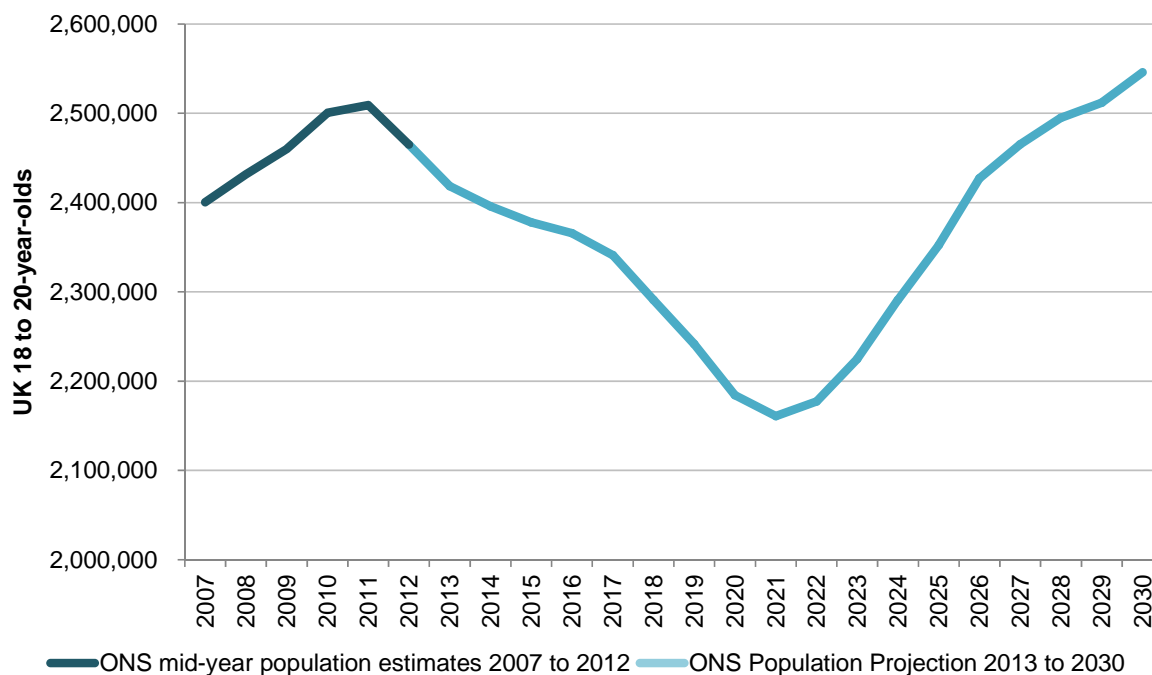
<sup>7</sup> Social Market Foundation (2013) *Robbins Revisited: Bigger and better higher education*

<sup>8</sup> Hoelscher et al (2007) *Missed Opportunities? Non-placed applicants (NPA) in the UCAS Data*

<sup>9</sup> HMT (2013) Autumn Statement 2013

<sup>10</sup> HEPI (2008) *Demand for Higher Education to 2029*

**Figure 4: 18- to 20-year-olds in the UK population, 2007 to 2030**

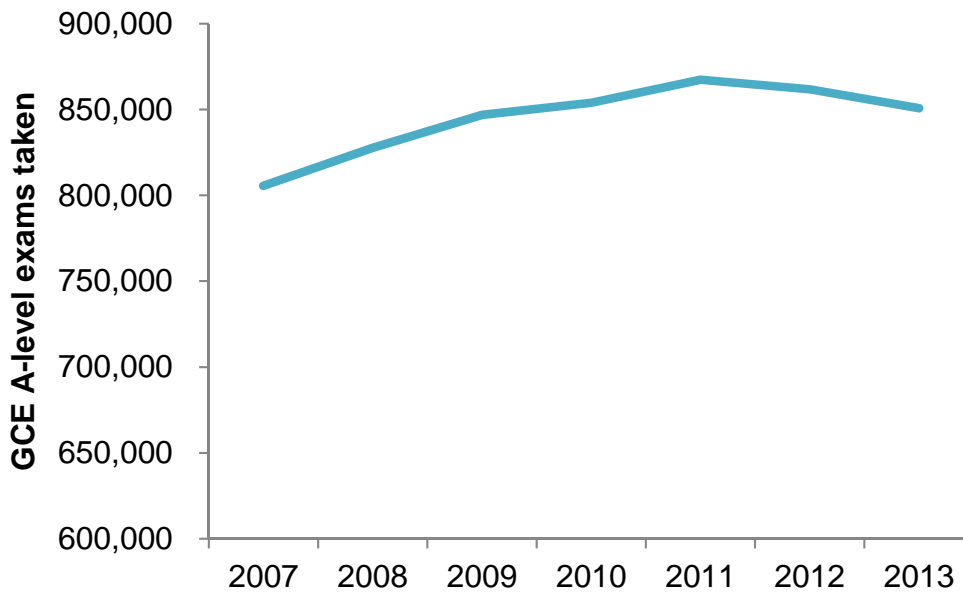


Source: ONS mid-year population estimates 2007 to 2012, ONS 2012-based National Population Projection from 2013 onwards

Changes in student attainment were also identified by vice-chancellors as a key characteristic of recent trends in young undergraduate recruitment and a potential challenge for recruitment in future. In particular vice-chancellors noted the shifting balance between traditional qualifications for entry into higher education, such as A-levels, and other level 3 qualifications. A-levels are the most widely-held qualification with which young students enter undergraduate courses, with 56.6% of all young undergraduate entrants in 2012–13 reporting A-levels as their highest qualification on entry. Although the entry rate (number of acceptances divided by UK population) for those young full-time undergraduates with A-levels reached the highest ever level in 2013 (25.5% for English 18 year olds), Figure 5 shows that the number of A-level exams taken by all UK candidates declined by 1.9% between 2011 and 2013. This decrease was not consistent across all grades, with the number of A\* and A grades achieved decreasing by 9% and 2.4% respectively, and the number of B and C grades achieved increasing by 1.9% and 1% respectively over the same period.

The second most widely-held qualifications for young full-time undergraduates are BTECs, with which 5.8% of English 18 year olds were accepted in 2013. Between 2008 and 2013 the entry rate for those with BTECs increased from 3.0% to 5.8%, with half of this increase attributed to those holding BTECs in combination with A-levels.

**Figure 5: GCE A-level exams taken (all UK candidates), 2007 to 2013**



Source: Joint Council for Qualifications (JCQ)

Although these patterns show a weakening in demand for full-time undergraduate provision from traditional populations in the medium to long term, the size of the continuing gap between applicants and acceptances described earlier in this section suggests that a level of unmet demand will remain. In interviews conducted to inform this report, vice-chancellors identified the changing profile of entry qualifications for young undergraduates and weakening demand at an aggregate level as key challenges facing recruitment of young undergraduates in the medium term. Particular reference was made to the implications that these trends have, along with policy changes such as removal of controls on student numbers and entry of new providers, for increased competition between higher education providers.

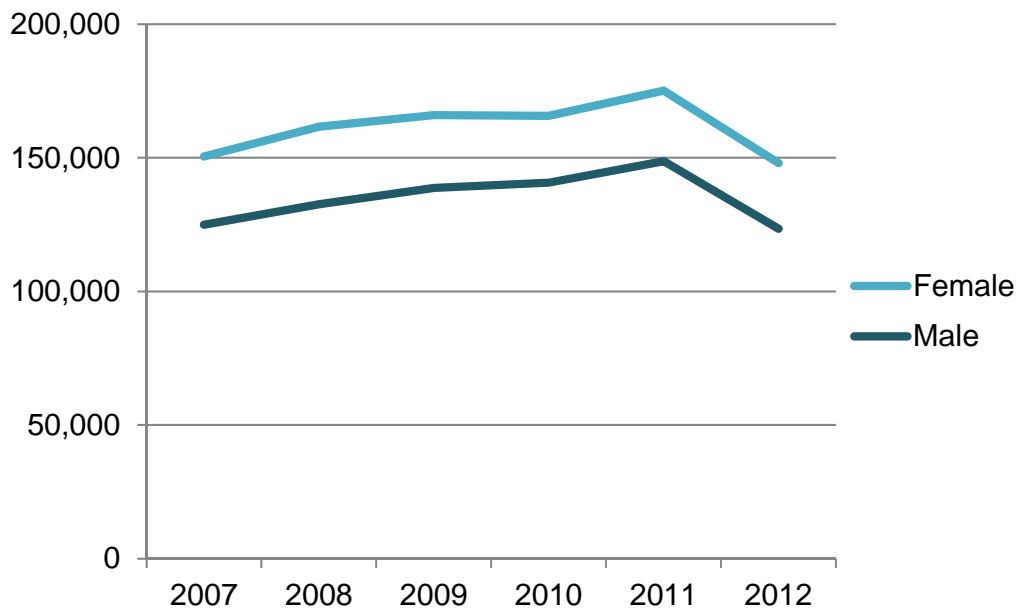
## 1.2 Trends in recruitment of selected groups of young students

This section focuses on the impact of reforms on recruitment, viewed in the context of particular characteristics of young students including gender, ethnicity and those who decide to live at home while studying.

### Gender

Figure 6 shows similar patterns of change in recruitment for both males and females in recent years, including declines in 2012–13 following implementation of the reforms to undergraduate funding.

**Figure 6: Young first-year undergraduate entrants at English institutions by gender, 2007–08 to 2012–13**



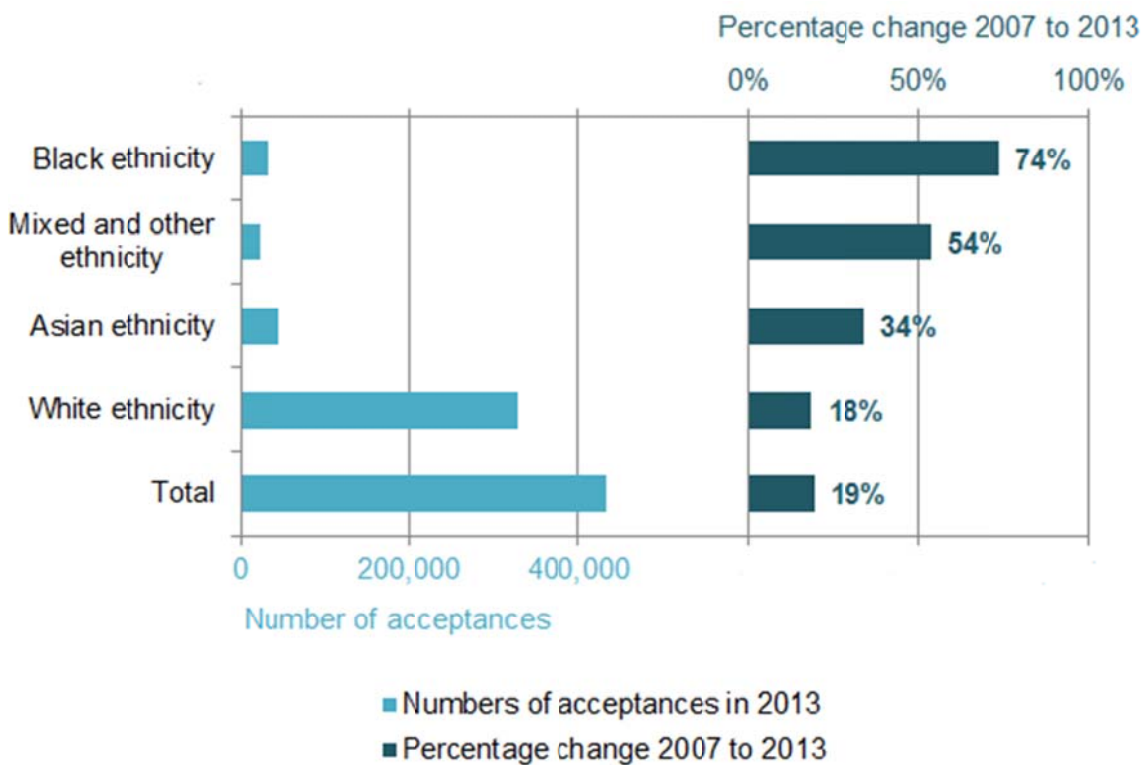
Source: HESA Student record

The application rate (proportion of population applying for entry to full-time undergraduate higher education) for 18-year-old UK-domiciled for both men and women increased by around 3% between 2012 and 2013. The entry rate for men (25.8%) and women (34.0%) is now at the highest level recorded for each group.

### **Ethnicity**

Just under a quarter of UK full-time undergraduate acceptances are from black and minority ethnic groups (BME). Figure 7 shows that acceptances to full-time undergraduate courses from various BME groups have increased significantly between 2007–08 and 2013–14. Over this period acceptances from black students increased by 13,792 (74%), those of mixed and other ethnic backgrounds by 7,860 (54%) and those of Asian ethnicity by 11,584 (34%). Over the same period, acceptances for students with white ethnicity increased by around 50,000 (18%).

**Figure 7: UK-domiciled undergraduate full-time acceptances by ethnicity**



Source: UCAS 2013

Although recruitment of BME students remains strong, recent research by HEFCE found that there was significant variation in degree outcomes from different ethnicities, with white students consistently achieving higher outcomes than students of other ethnicities<sup>11</sup>. Universities are taking the lead on improving successful participation of BME students, with the Equality Challenge Unit (ECU) currently trialling a ‘race charter mark’, to which 30 institutions have signed up. As part of this project institutions are committing to work on improving the representation, progression and success of minority ethnic staff and students.<sup>12</sup>

**Study at home**

One of the concerns following the increase in fees in 2012–13 was that young students would be less likely to consider universities further away from their parental homes.

The proportion of young undergraduate entrants living in their parental home remained between 26% and 27% in the years from 2010 to 2013.<sup>13</sup> Looking forward, a survey of sixth formers in England in 2013<sup>14</sup> found that there was in fact a slight increase in the percentage

<sup>11</sup> HEFCE (2014) *Differences in degree outcomes: Key findings*

<sup>12</sup> ECU (2014) ‘Universities take the lead in tackling racial inequalities’

<sup>13</sup> HESA Student record

<sup>14</sup> Cambridge Occupational Analysts, ‘Fewer students want to study near home’

<http://www.coa.co.uk/about-coa/news-at-coa/20-fewer-students-wants-to-study-near-home-survey-finds>

of prospective students preferring to study away from home, with the percentage of students wanting to stay at home falling from 8% in 2011 to 6% in 2013.

The survey found that prospective students felt that moving away from home would enable them to find the right programme of study and would have a long-term positive impact on their employability and salary, which would outweigh the initial savings of living at home.<sup>15</sup>

### 1.3 Trends in recruitment of young undergraduate disadvantaged students

This section examines the impact of reforms on the recruitment of young disadvantaged students to undergraduate courses. A range of indicators of disadvantage are considered including the Participation of Local Areas<sup>16</sup> (POLAR) measure, the Free School Meals measure (FSM)<sup>17</sup> as an indication of economic deprivation, and the UK performance indicators of higher education for proportion of young undergraduate entrants from state schools.

#### Participation of Local Areas

A widely-used measure of disadvantage in higher education is the POLAR classification. This divides UK wards into five groups according to the level of participation in higher education, ranging from quintile 1, with the lowest levels of participation of young people in higher education, to quintile 5, with the highest levels.

In the last decade, there has been a strong improvement in the entry rate of young individuals from low participation neighbourhoods to full-time undergraduate courses. Figure 8 shows that between 2004 and 2013 the entry rate of English 18 year olds from the lowest socio-economic groups entering university increased by 7.1 percentage points, from 9.8% to 16.9%<sup>18</sup>. The same trend shows that reforms to higher education in 2012 had little impact on this long-term trend, with 18 year olds from low participation areas 9% more likely to be accepted for entry to full-time higher education in 2013 when compared to 2012<sup>19</sup>.

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<sup>15</sup> Ibid

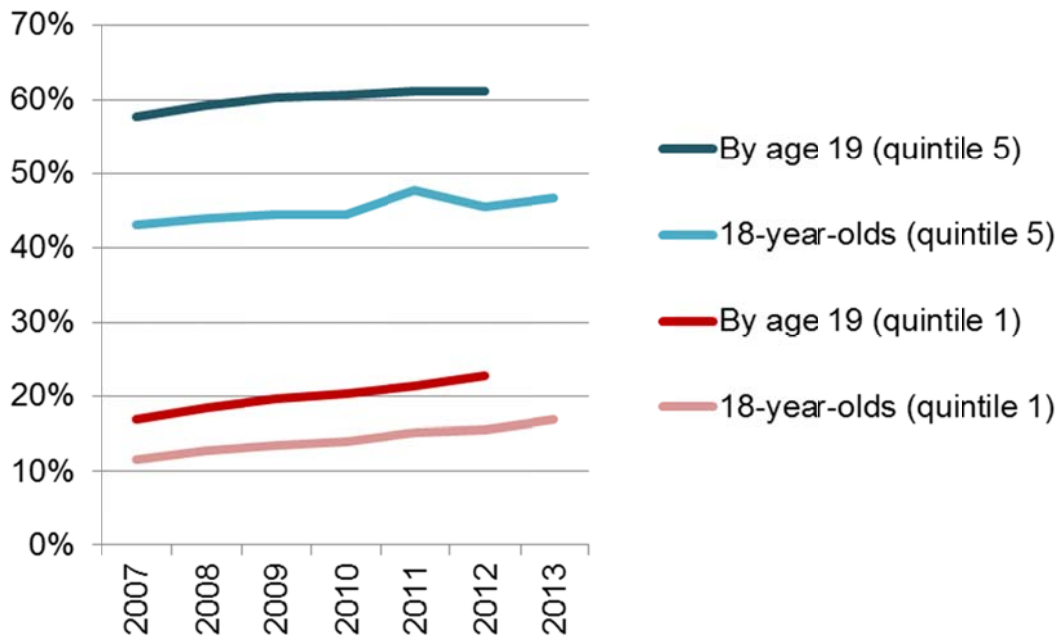
<sup>16</sup> HEFCE – Participation of Local Areas (<http://www.hefce.ac.uk/whatwedo/wp/ourresearch/polar/>)

<sup>17</sup> Apply for free school meals <https://www.gov.uk/apply-free-school-meals>

<sup>18</sup> UCAS Analysis and Research (2013) *2013 Application cycle: End of cycle report*, Figure 53

<sup>19</sup> UCAS Analysis and Research (2013) *2013 Application cycle: End of cycle report*

**Figure 8: Entry rates for English-domiciled students by local participation in higher education, 2007 to 2013**



Source: UCAS 2013

Although, according to the POLAR measure, the gap between entry rates of advantaged and disadvantaged students has been narrowing, a large gulf still remains. This is particularly evident for the entry rate by age 19, which includes a higher proportion of those from advantaged backgrounds that defer entry. By age 19, more than 60% of young people from advantaged areas enter higher education, while less than a quarter (22.8%) of those from the most disadvantaged areas does so.

A crucial factor influencing participation in higher education is prior attainment. Research<sup>20</sup> has shown that the difference in participation between those from more disadvantaged socio-economic backgrounds compared with those from more advantaged socio-economic backgrounds does not emerge at the point of entry to higher education; rather, it comes about because those from more disadvantaged backgrounds do not achieve as highly in secondary school as their more advantaged counterparts. This research suggests that prior attainment is the main driver of higher education participation.

Separate research has also suggested that a range of factors are involved in the decision making process of young students. A report from the Strategic Society Centre<sup>21</sup> and Universities UK looked at the impact of the top-up fee from 2006, comparing characteristics and backgrounds of young people who had the aptitude to go to university but who considered not applying because of the increased tuition fee (the 'concerned' group) versus

<sup>20</sup> Chowdry H, Crawford C, Dearden A., Goodman A, Vignoles A (2012) 'Widening participation in higher education: analysis using linked administrative data', *Journal of the Royal Statistical Society*

<sup>21</sup> Strategic Society Centre (2013) *Access for All: An investigation of young people's attitude to the cost of higher education using the longitudinal study of young people in England*



those who were sure they would apply despite the fee (the 'committed' group) when asked at age 16 or 17. A third of those who had the ability and aspiration to attend higher education had at least considered not applying due to the cost.<sup>22</sup> The research comparing those two groups shows that parental education was a very strong factor influencing the decision. If parents had a qualification that was lower than a degree, it increased the likelihood of pupils belonging to the 'concerned' group.<sup>23</sup> Other factors included the occupation and earnings of parents, friends attending university, having sufficient information about financial support, and believing that a degree helps to get a better-paid job.

Another indicator of disadvantage is the Free School Meals (FSM) measure, which is based on parental income when a student is aged 15. This can be used as a proxy for economic disadvantage but has the limitations that it covers only a small group and not all eligible pupils take up their entitlement.

While the entry rate for those not in receipt of FSM is substantially higher than for those who are in receipt (around 27.4% and 12.5% respectively), the entry rate for FSM students did increase slightly (by 0.2 percentage points) between 2011 and 2012, and by a further 0.9 percentage points between 2012 and 2013.

The state school performance indicator from HESA measures the percentage of students who have entered higher education from a state school background. The percentage of young full-time first degree entrants from state schools increased from 88.0% in 2007–08 to 89.3% in 2012–13.<sup>24</sup>

#### 1.4 Trends in recruitment of mature undergraduate students, including those studying part time

This section focuses on the recruitment of mature undergraduate students. The availability of opportunities for those wishing to study later in life, is important in upskilling and reskilling individuals who are already in the labour market and makes a significant contribution to increasing social mobility, particularly for those who did not have the chance to access higher education earlier in their lives.

Mature students, defined as those aged 21 or over<sup>25</sup>, accounted for 52% (713,955) of all UK- and EU-domiciled undergraduate enrolments at higher education institutions in England in 2012–13.

It is important to note that mature undergraduates exhibit a number of characteristics by which they differ from young undergraduates:

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<sup>22</sup> Ibid

<sup>23</sup> Ibid

<sup>24</sup> HESA (2014) UK performance indicators in higher education 2012/13

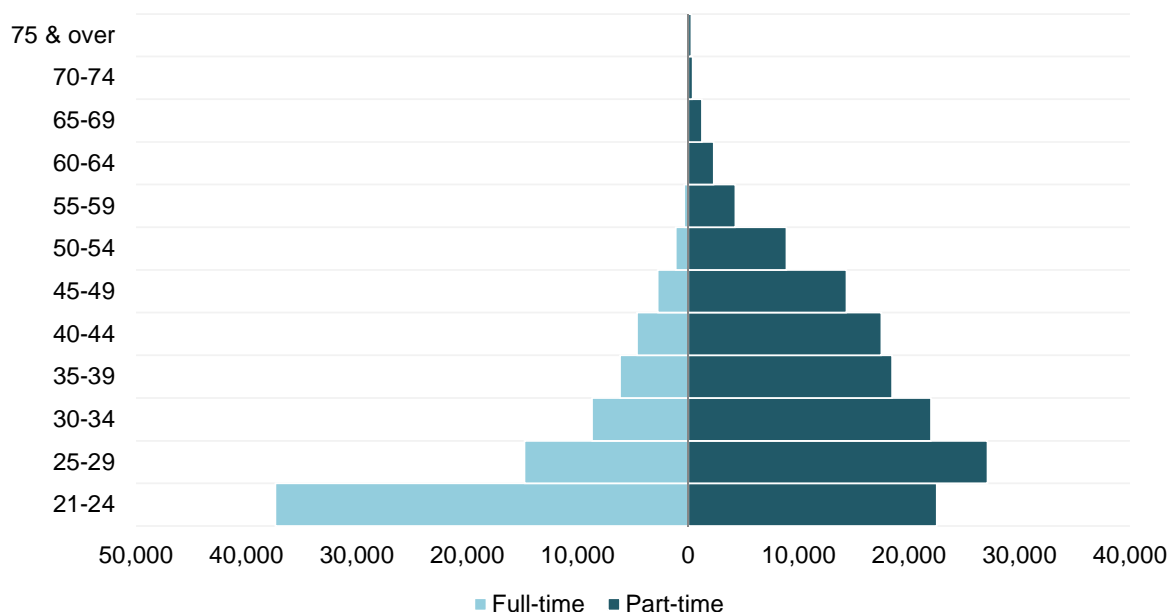
<sup>25</sup> As defined by the Higher Education Statistics Agency (HESA), UKPIs: Definitions  
<http://www.hesa.ac.uk/content/view/2379/>

## Universities UK

### Trends in undergraduate recruitment

- **Age range:** Mature students cover a broad range of age groups, from 21 years up to pensionable age. Figure 9 shows that 21–24 year olds accounted for 28% of all UK- and EU-domiciled mature entrants to undergraduate courses at higher education institutions in England in 2012–13. Those in the 25–29 year old age group accounted for a further 20%, while those in their thirties and forties represented 26% and 18% of mature undergraduates respectively.

**Figure 9: Mature UK and EU undergraduate entrants to higher education institutions in England by age group and mode of study, 2012–13**



Source: HESA

- **Mode of study:** A significant proportion of mature undergraduate entrants study part time<sup>26</sup>. In 2012–13, 65% of all mature entrants to undergraduate courses were studying part time. This compares to 5% for young students in the same year. For those mature undergraduates aged 25 or over, part-time study accounted for 75% of all entrants in 2012–13.
- **Employment status:** Mature undergraduate students are more likely to be in employment. This is particularly the case for part-time mature students, the vast majority of whom combine study with work [82%]<sup>27</sup>. For part-time mature students, earnings also represent a greater proportion of overall income when compared to young full-time students [80% compared to 15% in 2011–12]<sup>28</sup>.

<sup>26</sup> Full-time full-year students normally return a student load (FTE) of 100, with part-time students returned as a proportion of an equivalent full-time course. Part-time study can include those studying on a course lasting less than 24 weeks, on block release, or studying during evenings only. It covers both on-campus and distance learning which is not delivered full-time.

<sup>27</sup> BIS (2013) Student income and expenditure survey 2011/12

<sup>28</sup> Ibid

The link to employment is also evident in the subjects that mature undergraduate students study. In 2012–13 subject areas that are closely linked to public sector employment (subjects allied to medicine, education, and medicine and dentistry) accounted for 28% of mature undergraduate enrolments compared to 12% of enrolments for young students.

Mature students are also more likely to depend on funding from their employers. Students for whom employers are the main source of funding for tuition fees accounted for 10.4% of all mature undergraduate entrants in 2012–13.

- **Qualifications on entry:** Mature undergraduate students enter with a wider variety of qualifications when compared to young undergraduates. In 2012–13, 22% of mature undergraduate entrants held first degrees or above, with a further 28% holding other undergraduate qualifications. This compares to young undergraduate entrants in the same year where 94% of entrants had level 3 qualifications as their highest qualification on entry.
- **Qualification of study:** In 2012–13, 53% of mature undergraduate entrants to higher education institutions in England were enrolled on first degrees. This compares to 93.4% of young entrants in the same year. A greater proportion of mature students were also studying for institutional credit (courses that do not lead to a full qualification), which accounted for 7% of mature enrolments in 2012–13 compared to 0.7% of young undergraduate enrolments in the same year.

Many of these characteristics also impact on the motivations and choices of these students when considering entry to higher education.

In 2013 Universities UK conducted a review of part-time and mature provision.<sup>29</sup> This found that what often distinguishes mature undergraduate students, particularly those studying part time, is the need to fit study around other commitments (eg work or family). Institutional and student responses to the call for evidence also noted that part-time mature students required greater flexibility and support, for example around assessment, deadlines and access to facilities.

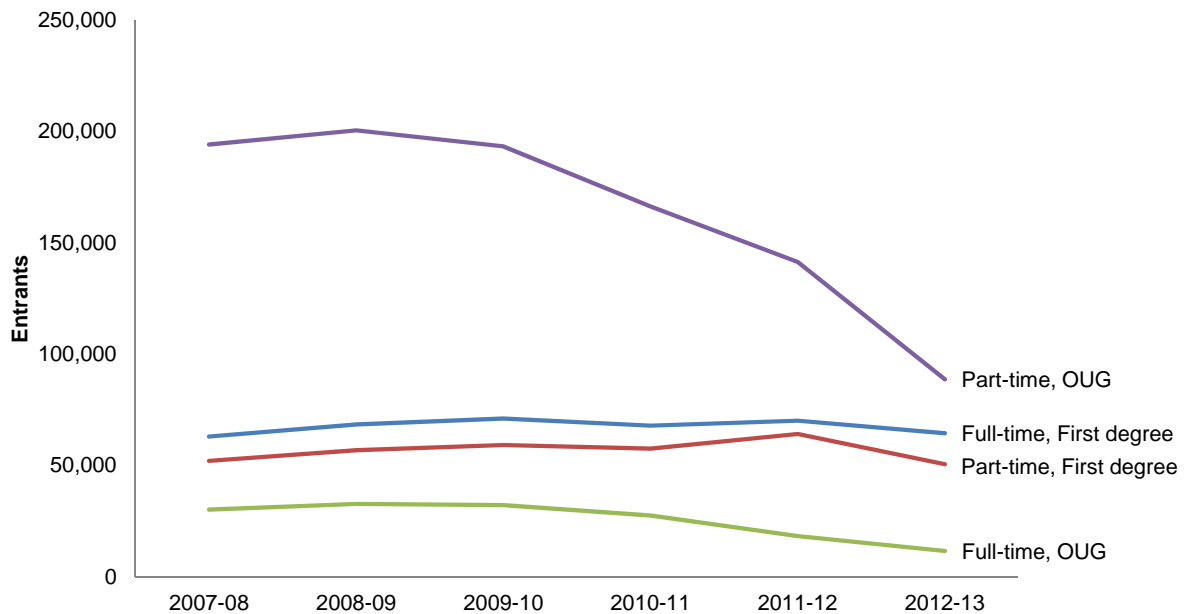
### Trends in mature and part-time undergraduate recruitment

Between 2007–08 and 2012–13 the number of mature undergraduate entrants to higher education institutions in England fell by 36.5%. Figure 10 shows the trend in mature undergraduate recruitment by mode of study and qualification type. Significant reductions can be seen for mature entrants to other undergraduate courses, which decreased by 52% between 2007–08 and 2012–13. Over the same period there was no significant change in the number of mature entrants to first degree courses.

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<sup>29</sup> Universities UK (2013) *The power of part-time: Review of part-time and mature higher education*

Figure 10: Trend in UK- and EU-domiciled mature undergraduate entrants to higher education institutions in England by mode of study and qualification type, 2007–08 to 2012–13



Note: OUG refers to other undergraduate courses, those other than first degrees

Source: HESA

This period saw a change in policy regarding entry qualifications to the nursing profession; following Department of Health reforms in 2009, all new nurses were required to be degree educated from 2013<sup>30</sup>. As historically nursing has accounted for a significant proportion of mature undergraduate provision (20% of mature undergraduate entrants in 2012–13 were on courses related to nursing) this impacts on the trends seen in Figure 10.

Table 2 shows the change in mature undergraduate entrants between 2007–08 and 2012–13, both including and excluding nursing for comparison.

Table 2: Change in mature undergraduate entrants between 2007–08 and 2012–13 by level and mode of study

	First degree, full time	First degree, part time	Other undergraduate, full time	Other undergraduate, part time	All mature undergraduate entrants
<b>Change including nursing</b>	2%	-3%	-62%	-54%	-37%
	1,495	-1,525	-18,550	-105,385	-123,965
<b>Change excluding nursing</b>	-12%	0%	-48%	-62%	-40%
	-6,970	-10	-9,640	-96,115	-120,965

Source: HESA

<sup>30</sup> Department of Health (2009) Press release: 'Nursing set to become all graduate entry by 2013' [http://webarchive.nationalarchives.gov.uk/+www.dh.gov.uk/en/MediaCentre/Pressreleasesarchive/DH\\_108359](http://webarchive.nationalarchives.gov.uk/+www.dh.gov.uk/en/MediaCentre/Pressreleasesarchive/DH_108359)

The impact of the shift from other undergraduate to first degree courses is particularly evident in the reduction of full-time, other undergraduate qualifications between 2007–08 and 2012–13, where nursing accounts for 48% of the decrease seen (8,910 fewer entrants to other undergraduate nursing qualifications over the period).

The corresponding increase in those entering full-time first degree nursing courses (8,460 additional entrants over the period) contributed to the increase in mature full-time first degree entrants over this period. Excluding entrants to nursing, mature full-time first degree entrants decreased by 12% between 2007–08 and 2012–13. The impact of the Department of Health's 2009 reforms was less significant on part-time entrants to other undergraduate courses, where shifts in entrants to nursing courses accounted for 6% of the reported decrease between 2007–08 and 2012–13.

One of the main characteristics of the decrease in part-time undergraduate entrants is the significant reduction in the number of part-time entrants studying for other undergraduate qualifications, which decreased by 54% over the period, equivalent to 105,385 fewer entrants between 2007–08 and 2012–13. Thirty-five per cent of this decrease was due to the fall in entrants on institutional credits, with a further 38% due to reductions in entrants to undergraduate certificates and diplomas.

Indicative figures for higher education income from non-credit-bearing courses (which increased by 33% between 2008–09 and 2012–13<sup>31</sup>) suggest that part of the reduction may be due to entrants who previously studied for institutional credit moving to non-credit-bearing courses, which are excluded from statistical returns.

Data collected by UCAS for the 2013 recruitment cycle suggests that there was a recovery in recruitment of full-time mature undergraduates in 2013, when acceptances increased by 6% compared to 2012. However, recruitment levels remain 6% below those seen in 2010. By comparison, over the same period young full-time undergraduate acceptances have increased by 4%.

Figure 11 shows the number of part-time undergraduate entrants to higher education institutions in England based on the Higher Education Students Early Statistics Survey (HESES)<sup>32</sup>. Although it is not possible to identify mature students separately<sup>33</sup>, it suggests that following the widely reported 33.8% reduction in entrants between 2011–12 and 2012–13, entrants to undergraduate part-time courses at higher education institutions in England saw a further 10.8% decline in 2013–14. This equates to a 47.8% reduction in part-time

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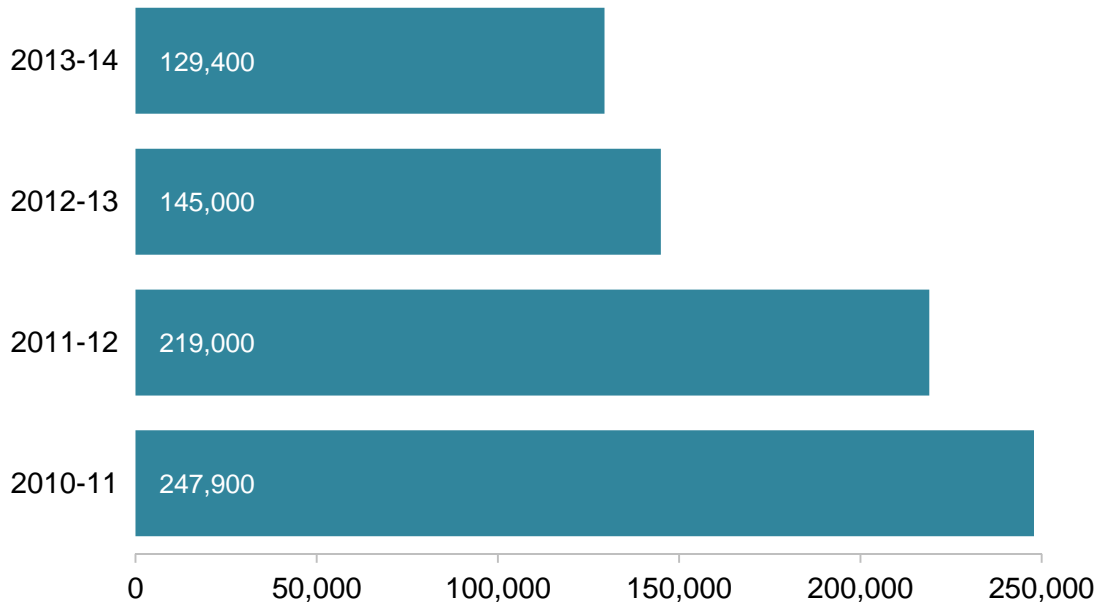
<sup>31</sup> HESA Higher Education – Business and Community Interaction Survey

<sup>32</sup> The HESES is an annual survey of higher education institutions with students enrolled on recognised higher education courses collected by the Higher Education Funding Council for England. The data is used to inform the initial allocation of teaching funds by HEFCE. Although not a final indication of student numbers, as with the HESA Student record, it provides an early indication of the number of recognised higher education students studying at higher education institutions in England a full year before the equivalent release of HESA data. See: <http://www.hefce.ac.uk/data/datacollection/heses/>

<sup>33</sup> According to HESA data mature students make up the vast majority of part-time undergraduate entrants, accounting for 91% of part-time undergraduate entrants in 2012–13.

undergraduate entrants between 2010–11 and 2013–14, equivalent to 118,470 fewer entrants over the period.

**Figure 11: Part-time undergraduate UK and EU entrants to higher education institutions in England**



Source: HESES

### Factors driving trends in part-time mature undergraduate recruitment

In 2013 Universities UK conducted a review of part-time and mature provision. Institutional responses to the call for evidence for this review, and a recent follow-up survey to selected institutions, highlighted a number of factors that were felt to have been responsible for the reductions in part-time undergraduate recruitment in recent years. The factors identified include:

- The impact of reforms to undergraduate student funding, including increased fees and issues regarding eligibility for tuition fee loans for part-time undergraduate students; this includes the impact of restricting public funding to only those students studying for qualifications that are higher than one they already hold
- The impact of the economic downturn, including increased unemployment and reduced employer funding
- Reductions in public funding, including reductions in public sector employment

The main factor identified by institutions as contributing to the decline in part-time undergraduate recruitment was the impact of recent reforms to part-time undergraduate funding in England. This includes changes to the funding of equivalent and lower qualifications (ELQ) from 2008–09, increase in fees in 2012–13 and issues related to eligibility for loans for tuition in 2012–13.

From 2008–09 the government announced that students aiming for a qualification that is equivalent to or lower than one they already hold (with certain exemptions such as those taking foundation degrees) would no longer receive public funding. With reforms to undergraduate funding in 2012–13 this criteria was extended to eligibility for tuition fee loans.

Between 2008–09 and 2012–13 there was a 57% decline in the number of part-time undergraduate ELQ entrants in England compared to a 36% decrease in non-ELQ students<sup>34</sup>, suggesting that this policy has had a significant impact on the likelihood of ELQ students entering higher education. In September 2013, a selective relaxation of the ELQ ruling was announced for part-time students of engineering, technology and computer science.

As described earlier in this report, the reforms to undergraduate funding from 2012–13 saw a significant shift in the balance of funding for undergraduate teaching from centrally allocated grants to tuition fee loans. While for full-time undergraduate provision this was an evolution of the system of funding that had been in place since 2006–07, for part-time undergraduates this represented a significant change, with loans for tuition available for the first time in 2012–13.

Eligible students studying at higher education institutions were able to access loans of up to £6,750 per year. As described above, eligibility for tuition fee loans was restricted to those students studying for qualifications that are higher than one they already held. In addition students were required to be studying at an intensity greater than 25% of a full-time qualification and for a specified qualification aim (those studying for institutional credits would therefore be ineligible). Prior to implementation of the reforms it was estimated that 31% of part-time entrants may be eligible for student loans for tuition in 2012–13.<sup>35</sup> From 2012–13 all part-time students were also ineligible for maintenance loans and grants.

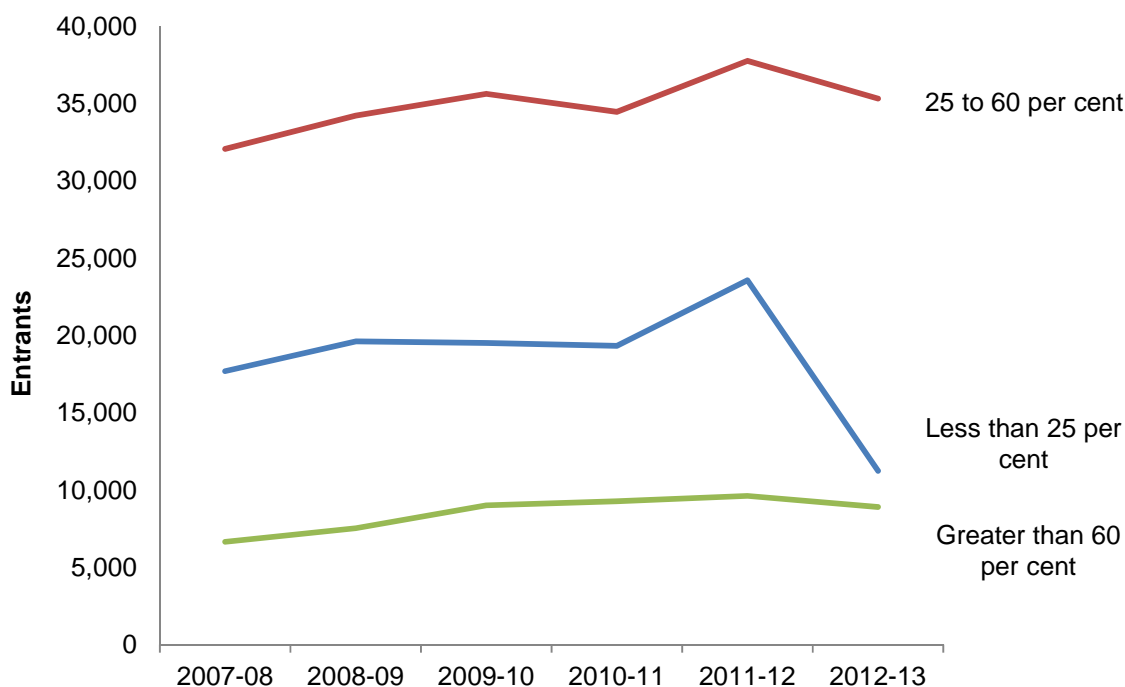
Figure 12 shows the trend in part-time first-degree entrants to higher education institutions in England by intensity of study. Following a gradually increasing trend in part-time entrants across all intensities of study between 2007–08 and 2011–12, entrants to courses of less than 25% intensity fell by 52% following the introduction of the new funding regime in 2012–13. Reductions in part-time entrants to first degree courses of intensity greater than 25% follow a similar pattern to those seen for full-time undergraduate entrants.

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<sup>34</sup> HEFCE (2014) *Higher education in England 2014: Analysis of latest shifts and trends*

<sup>35</sup> Pollard et al (BIS) (2012) *Expanding and Improving Part-time Higher Education – BIS research paper number 68*

**Figure 12: UK- and EU-domiciled part-time first degree entrants to higher education institutions in England by intensity of study, 2007–08 to 2012–13**



Source: HEFCE

Institutional respondents to the Universities UK call for evidence on part-time and mature provision, and a subsequent follow-up survey, also noted that one of the main factors in the decline of part-time recruitment was the increase in fees for entrants in 2012–13. It was noted that this, combined with narrow eligibility criteria and the more debt adverse nature of mature individuals<sup>36</sup>, led to a greater impact on part-time entrant numbers compared to full-time.

However, although many institutions increased part-time fees in 2012–13 to maintain levels of funding for teaching, net fees for part-time entrants reported in 2012–13 remain below those for full-time undergraduates, as shown in Table 3.

Across all levels of study the distribution of part-time net fees for entrants to undergraduate courses in England were lower on a full-time equivalent basis in comparison to those for full-time entrants. This demonstrates one of the key challenges reported by institutions in our call for evidence and follow-up survey: the fact that institutions have to balance the need to increase fees to account for lost grant funding with increasing evidence that demand from mature part-time students appears to be more responsive to increases in fees than is the case for young full-time undergraduate cohorts.

<sup>36</sup> Callender C, Jackson J (2005) *Does the fear of debt deter students from higher education?*



**Table 3: Distribution of net full-time equivalent<sup>37</sup> fees for entrants to undergraduate courses at higher education institutions in England, 2012–13<sup>38</sup>**

Level of study	Mode of study	Lower quartile	Median	Upper quartile
First degree	Full-time	£8,000	£9,000	£9,000
	Part-time	£3,500	£5,000	£5,500
Foundation degree	Full-time	£6,000	£7,500	£9,000
	Part-time	£3,500	£5,000	£6,000
Other undergraduate	Full-time	£5,000	£7,000	£8,500
	Part-time	£1,000	£3,000	£4,500

Source: HEFCE

The policy changes described above are applicable to England only. It is therefore useful to consider trends in part-time undergraduate recruitment across other parts of the United Kingdom as an indication of the potential impact of these policies. Figure 13 shows the change in UK-domiciled part-time undergraduate entrants by country of institution.

From 2008–09 to 2009–10 there is a similar trend of decreasing part-time undergraduate entrants across institutions in England, Scotland and Wales. Between 2009–10 and 2011–12 this trend continues in England and Scotland. Over the same period in Wales there is a small amount of growth in part-time undergraduate entrants but levels remain well below those seen in 2007–08.

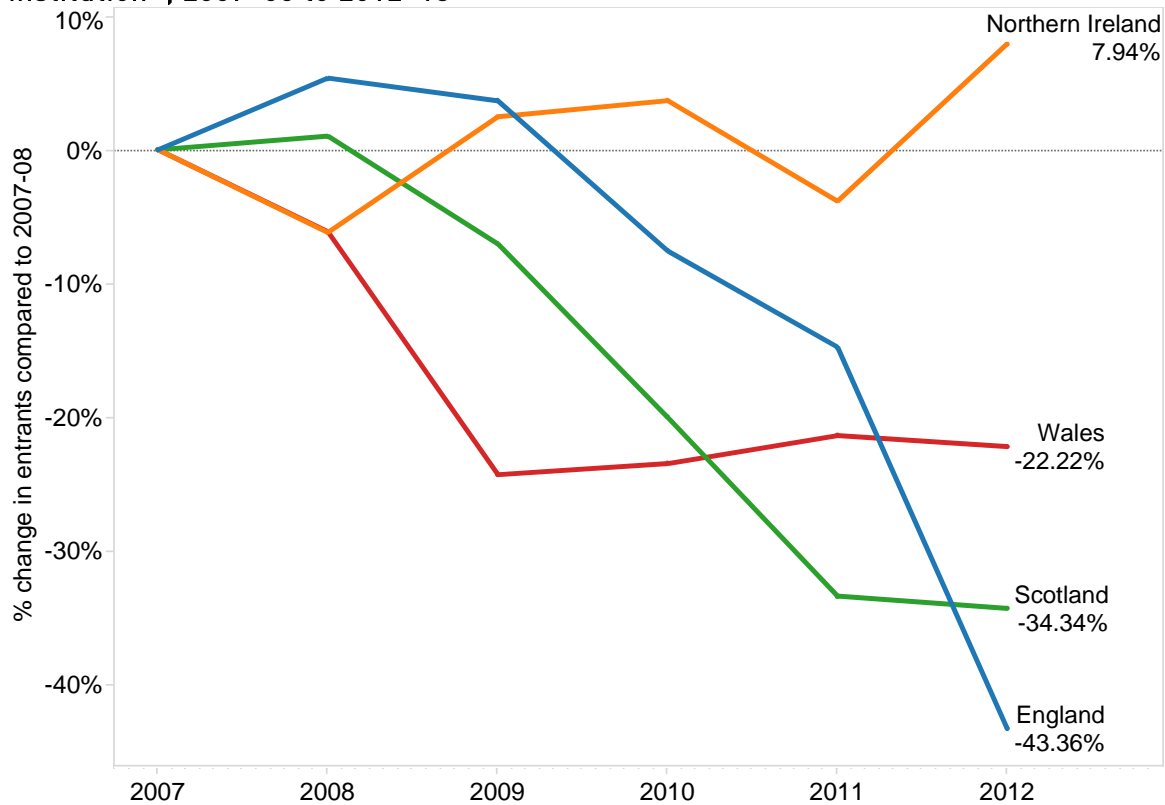
In 2012–13, following the implementation of reforms to undergraduate funding in England, there is a significant decline in the number of entrants to institutions in England which is not evident in other countries of the UK.

Over the whole period there are fluctuations in the level of entrants to institutions in Northern Ireland, with an overall increase in entrants between 2007–08 and 2012–13. This is primarily due to the lower baseline allowing for more potential for growth (smaller number of entrants accounting for a lower proportion of provision) compared to other parts of the UK and policy changes supporting part-time provision in Northern Ireland over the period.

<sup>37</sup> Full-time equivalent fees allow comparison between tuition fees for full-time and part-time provision. Actual annual fees for part-time courses will be lower.

<sup>38</sup> HEFCE (2014) *Pressure from all sides: Economic and policy influences on part-time higher education*

**Figure 13: Change in UK-domiciled part-time undergraduate entrants by country of institution<sup>39</sup>, 2007–08 to 2012–13**



Source: HESA

**Impact of the economic downturn**

The second most common factor that institutions identified in relation to the decline in part-time recruitment was the economic downturn. Institutions reported that this manifested itself in a number of ways, including:

- reduced employer funding
- impact of austerity policies on public sector budgets and jobs, and subsequent demand for training
- impact of increased unemployment on mature part-time students, who are far more likely to depend on income from employment to fund their studies

A recent survey<sup>40</sup> by the Higher Education Careers Services Unit (HECSU) found that employers of part-time higher education students consider part-time higher education study as important in increasing confidence of employees, equipping them for progression within the organisation and improving retention. It was noted, however, that following the economic downturn in 2007–08 there was an increasing reluctance by employers to provide support with tuition fees, with one in four employers surveyed cutting back on such support and one in six restricting the amount of paid time off for employees to study for exams.

<sup>39</sup> The Open University has been included within England.

<sup>40</sup> HECSU and BIS (2013) *Employer support for part-time higher education students – BIS research paper number 119*

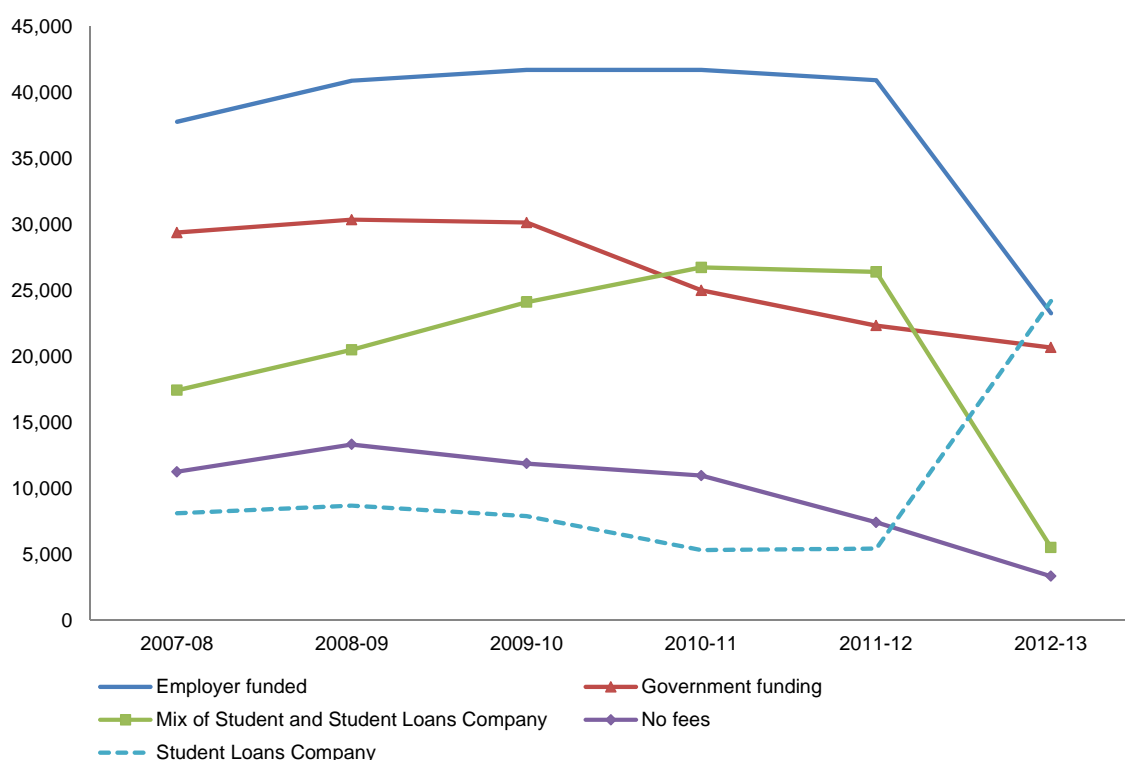
## Universities UK

### Trends in undergraduate recruitment

The survey also noted that in the year prior to the increase in fees, 45% of employers surveyed stated that increases in part-time tuition fees were likely to lead to a reduction in full-fee support available to employees. Although some employers indicated that they would still provide partial fee support, one in five considered it likely that any increase in fees would lead to removal of all fee support.

This is demonstrated in Figure 14, which shows the trend in part-time undergraduate entrants by major source of tuition fee. Following the increase in part-time tuition fees in 2012–13 the number of entrants funded by employers decreased significantly (-43%).

**Figure 14: UK and EU part-time first degree entrants to higher education institutions in England by major source of tuition, fee 2007–08 to 2012–13**



Source: HEFCE

Responses to the Universities UK call for evidence from those institutions where a significant proportion of part-time undergraduate provision involves training for public sector employment noted that the impact of government austerity measures and reductions to departmental spending in the 2010 Spending Review have led to additional pressures on part-time recruitment. Particular reference was made to two of the most prominent subjects of study, subjects allied to medicine (accounting for 26% of part-time undergraduate entrants in 2012–13) and education (8%).

It is likely that changes in part-time recruitment are due to a combination of the factors described above. Figure 13 shows that the impact of the economic downturn on part-time undergraduate recruitment was felt across England, Scotland and Wales, with higher

education institutions in all three nations experiencing decreases in entry between 2007–08 and 2011–12. Recent research by Oxford Economics<sup>41</sup> suggests that entry to part-time study is pro-cyclical: increasing when the economy performs well and decreasing during and after recessions.

The sharp reduction in part-time entry in England in 2012–13, and flat trend for Wales and Scotland over the same period, suggests that the primary factor for the decrease in England between 2011–12 and 2012–13 is the reform to part-time funding in 2012.

## 2: Skills and graduate employability

As outlined earlier in this report, higher education brings many benefits to those who participate, to the economy and to wider society. Graduates are vital to the economy. Not least, they discover and implement new ways of working and drive innovation, which furthers economic growth; as the UK economy has become increasingly knowledge-based, the role of innovation and skills in fuelling economic growth has become increasingly important.

A number of studies have demonstrated the positive impact of increases in graduate-level skills on the economy. Research has shown that there is a link between the increase in enrolment rates in UK higher education and economic growth.<sup>42</sup> A separate study has also shown that 20% of the growth in GDP in the UK between 1982 and 2005 could be attributed to the accumulation of graduate skills.<sup>43</sup> This study also found that a 1% increase of graduates in the share of the workforce raises the level of productivity between 0.2 and 0.5%.

The high level skills that graduates possess are also important for businesses. Firms that employ graduates have been found to be on average 30% more productive than businesses that do not employ graduates.<sup>44</sup> Higher education not only provides businesses with highly-skilled graduates but also plays a role in upskilling and retraining the existing workforce. It has been estimated that around 2 million jobs will be added to the economy between 2010 and 2020 in occupations that have high concentrations of graduates, including increased demand for corporate managers, STEM professionals, teaching, research, business and public service professionals.<sup>45</sup>

A number of industries that are dependent on graduate level skills have been identified by government and others as being of increasing importance in the UK economy; this includes science-based industries, creative industries<sup>46</sup> and caring and leisure services<sup>47</sup>. Government policy reflects the need for highly-skilled employees and graduates, as shown in *The Plan for*

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<sup>41</sup> Oxford Economics (2014) *Macroeconomic influences on the demand for part-time higher education in the UK*

<sup>42</sup> Keller K (2006) 'Investments in primary, secondary and higher education and the effects on economic growth', *Contemporary Economic Policy* vol 24, no.1, p.18–34

<sup>43</sup> BIS (2013) *The relationship between graduates and economic growth across countries – BIS research paper number 110*

<sup>44</sup> Haskel J, Galindo-Rueda F (2005) *Skills, Workforce Characteristics and Firm-level Productivity in England*

<sup>45</sup> Universities UK (2013) *Universities UK submission to the 2013 Spending Round*

<sup>46</sup> Creative & Cultural Skills, Skillset (2011) *Sector Skills Assessment for the Creative Industries of the UK*

<sup>47</sup> UKCES (2014) *UK Commission's Employer Skills Survey 2013: UK Results*

*Growth*, which aims to create 'a more educated workforce that is the most flexible in Europe'. With its industrial strategy, the government wants to help businesses to compete and grow, including working with businesses to help develop skills they need. In addition, employers in a number of knowledge based industries have warned about increasing skills shortages in some areas; for example, the Royal Academy of Engineering<sup>48</sup> estimated that the economy will need 100,000 STEM graduates per year between 2012 and 2020<sup>49</sup>, and Sir James Dyson has warned about a shortage of engineering graduates<sup>50</sup>. Almost two-thirds of businesses surveyed in the annual CBI/Pearson Education and Skills Survey also identified an increasing need for foreign language skills, which play an important role in allowing businesses to expand into new foreign markets.<sup>51</sup>

A YouGov survey<sup>52</sup> of about 300 managers shows that 83% believe that for the UK to be competitive in the global economy the skills gap needs to be bridged. The main way of achieving this is believed to be greater collaboration between higher education and industry.

Many higher education institutions have a dedicated workforce or business collaboration centre that brings students and academics together with large as well as small and medium-sized enterprises to foster collaboration and training.<sup>53</sup>

The remainder of this section looks at trends in undergraduate recruitment by subject of study, and how universities are addressing issues related to graduate employability and the skills needs of business.

## 2.1 How has recruitment changed by subject?

Figure 15 shows the change in undergraduate entrants (full time and part time) at higher education institutions in England between 2010–11 and 2012–13. The number of entrants to undergraduate courses reflects the interaction between changes in demand for subjects from students, as well as changes in the supply of places by institutions over the period. In 2012–13 there were 241,860 UK- and EU-domiciled undergraduate entrants to humanities-related subjects at higher education institutions in England, representing a 23.1% decline compared to 2010–11. Over the same period entrants to science-related subjects decreased by 15.3% to 216,055 in 2012–13.

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<sup>48</sup> Royal Academy of Engineering (2012) *Jobs and growth: the importance of engineering skills to the UK economy*

<sup>49</sup> Ibid

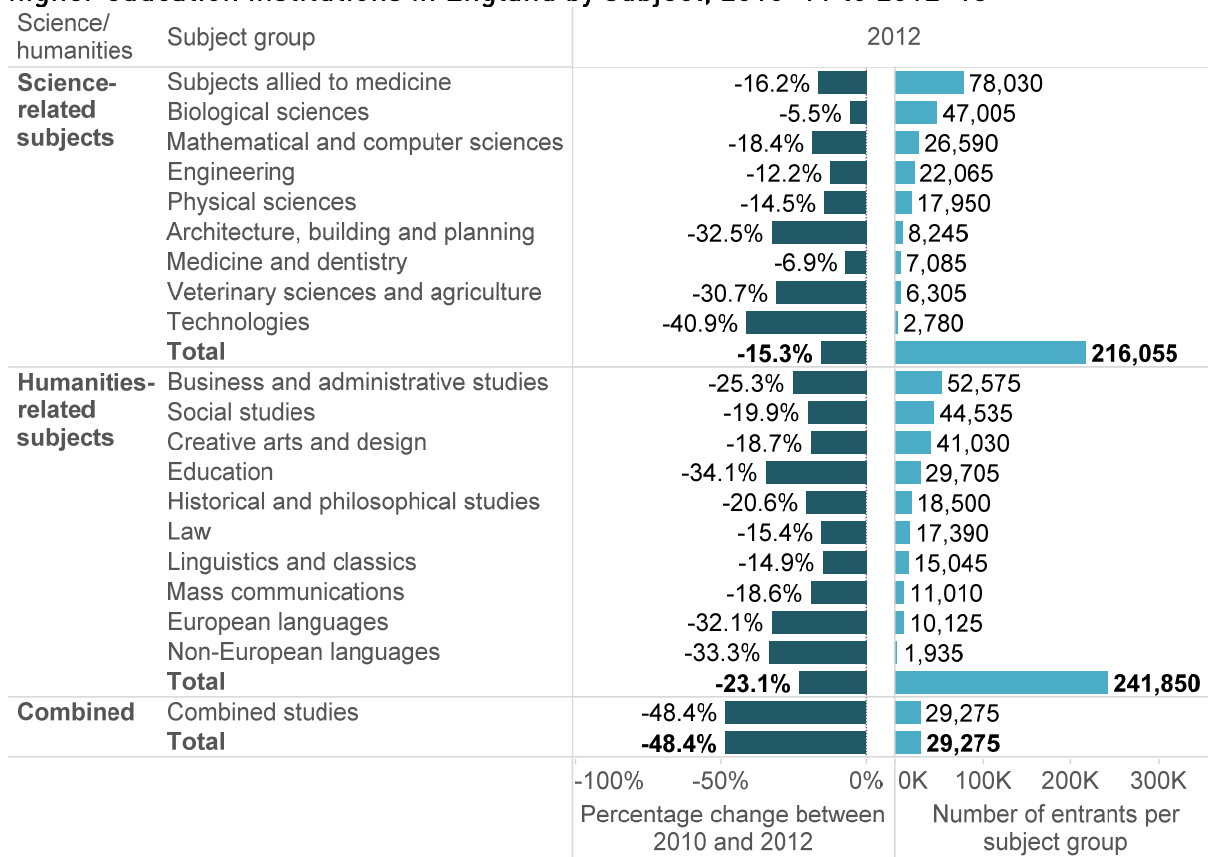
<sup>50</sup> World Finance 'Experts divided over reported STEM human capital crunch' 22 January 2014

<sup>51</sup> CBI/Pearson Education and Skills Survey 2013

<sup>52</sup> Farmer A, YouGov (2013) 'UK skills gap in STEM subjects'

<sup>53</sup> National Centre for Universities and Business (2014) *State of the relationship 2014*

**Figure 15: UK- and EU-domiciled undergraduate entrants (full time and part time) to higher education institutions in England by subject, 2010–11 to 2012–13**



Source: HESA Student record, 2010 and 2012

There were strong declines in entrants to humanities based subjects between 2010–11 and 2012–13, particularly for some large subject groups such as education (-34.1%), business and administrative studies (-25.3%), creative arts and design (-18.7%), and social studies (-19.9%). Among the smaller subject groups non-European languages (-33.3%) and European languages (-32.1%) both saw significant declines in entrants.

In addition to changes in student demand, it is important to note the impact of trends in level 3 entry by subject. These trends can give a broad indication of potential future changes in higher education recruitment by subject. Comparing trends in A-levels taken for humanities related subjects, the largest declines between 2012 and 2013 included media/film/TV studies (-9.3%), art and design (-5.2%) and drama (-8.4%).

Entry to undergraduate science-related subjects declined across all subject areas from 2010–11 to 2012–13. However, smaller declines were seen, namely in biological sciences (-5.5%) and medicine and dentistry (-6.9%). The subject area with the highest number of undergraduate entrants, which is subjects allied to medicine, declined by 16.2% between 2010–11 and 2012–13. While the number of entrants to physical sciences declined by 14.5%, and to engineering by 12.2%, there is a strong increase in applications in 2014 in these subject areas. There have been moderate increases in A-levels in STEM subjects taken in 2013 compared to 2012, for example 4.5% in further mathematics and 5.2% in chemistry.

Recent application figures for full-time undergraduate courses suggest that there is increasing interest from potential students in science-related subjects, including computer sciences, engineering, physical sciences and biological sciences.

Figure 16 shows the change in applications for full-time undergraduate courses through UCAS as of January 2014<sup>54</sup>, compared to 2010. These figures show the choices that applicants make (up to five courses can be selected), rather than the number of entrants onto courses as described earlier in this section. They therefore give a better indication of changes in demand for subjects, compared to entrant numbers which also depends on the availability of places. The impact of changes to the funding regime in England in 2012 can be seen across most subjects. For the majority of STEM subjects this did not result in a reduction in applications compared to 2010 levels, with applications to many STEM subjects now reaching the highest levels in the last five years.

Following a reduction between 2010 and 2012, applications to creative arts and design, historical and philosophical studies, social studies and technologies returned to growth between 2012 and 2014. However, application levels remain below those seen in 2010.

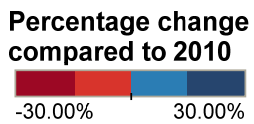
A number of subjects have seen applications continue to fall; these include: linguistics, classics and related subjects; architecture, building and planning; European languages and literature; and non-European languages and literature.

As outlined earlier in this report, science based industries, among others, have been identified by government as being of increased importance to the UK economy. Increased government focus on STEM skills, combined with employer announcements of STEM skill shortages, may have had an impact on demand from prospective students for STEM subjects. As outlined in Figure 16, applications for STEM subjects have increased between 2012 and 2014. As data for entrants is only available up to academic year 2012–13, it is not yet clear how this will translate to entrants to courses. However, Figure 15 gives an indication, as it shows that although there was a decline in all subjects between 2010 and 2012, the decline in science-related subjects was less pronounced (15.3%) compared to humanities-related subjects (23.1%).

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<sup>54</sup> UCAS 2014 cycle applicant figures – January deadline

**Figure 16: Change in applications by subject between 2010 and 2014**



Source: UCAS

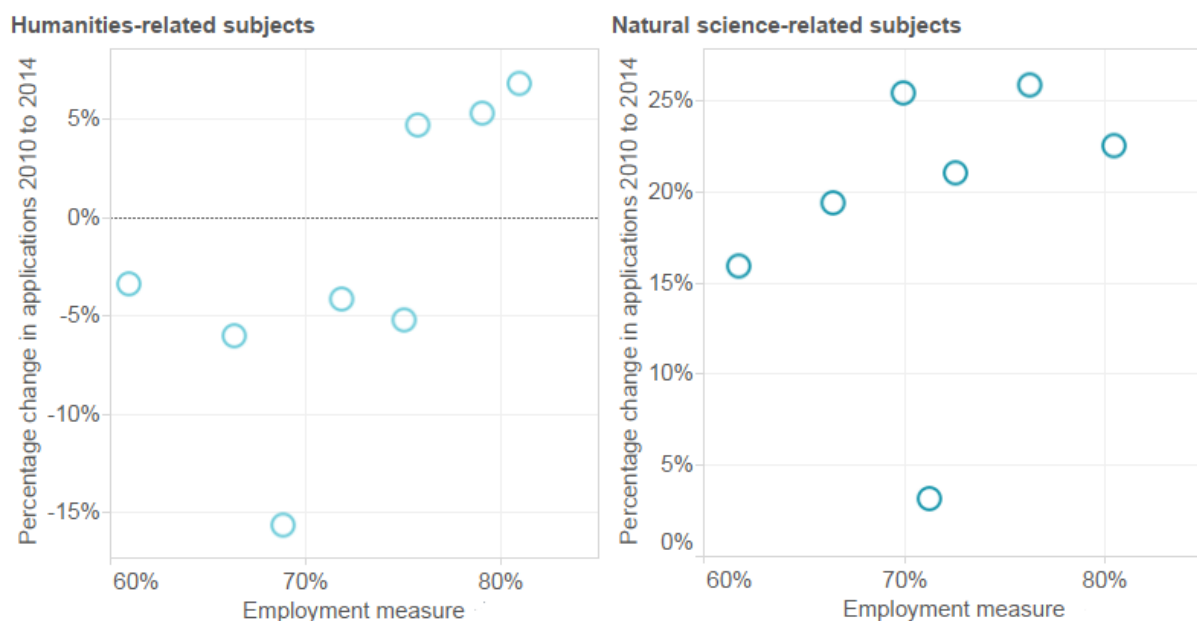


## Universities UK

### Trends in undergraduate recruitment

Figure 17 compares changes in applications between 2010 and 2014 for humanities and science related subjects against the employment rate for graduates in each subject three-and-a-half years after graduation. This information is made available to students in the Key Information Sets, which provide comparable information about undergraduate courses, and are available on institution websites<sup>55</sup>. Comparing the change in applications between 2010 and 2014, within both humanities-related subjects and science-related subjects there are indications that those subjects with higher employment rates have seen larger increases in applications over the period in question. This reflects the increasing importance being placed on employability over the last few years. Institutional responses to the employability agenda are described in more detail in section 2.2.

**Figure 17: Percentage change in full-time undergraduate applications between March 2010 and March 2014 by employment measure**



Note: Excludes combined studies; architecture and medicine

Employment measure: The proportion of undergraduate and postgraduate leavers in full-time paid work, 3.5 years after graduation. Based on the HESA Longitudinal Destinations of Leavers from Higher Education survey (LDLHE)

Source: HESA LDLHE; UCAS March applicants

<sup>55</sup> HEFCE, 2014 Unistats and Key Information Sets

## 2.2 How are institutions addressing graduate employability and the skills needs of businesses?

In responses to our 2014 interviews with a sample of vice-chancellors, and as demonstrated in earlier analysis, the employability agenda is having an increasing bearing on the choices students are making about undergraduate study, and therefore on the recruitment strategies of institutions.

Ongoing changes in the graduate employment market – including increased competition for graduate roles<sup>56</sup>; the evolution of business towards flatter organisational structures, placing greater emphasis on knowledge and skills of individual employees<sup>57</sup>; and the increasing need for knowledge based roles – place increasing importance on the skills that graduates can bring to the workplace.

Over the last ten years work experience programmes from many graduate employers have shifted their focus from helping students to decide what kind of career they would like to pursue, to offering work placements – in 2014 some 37% of those recruited into graduate jobs by a group of 100 graduate employers<sup>58</sup> had successfully completed a work placement at this employer<sup>59</sup>. Students have to apply for these work placements in their first or second year at university, which shows the importance to students of support from the university and early information on career planning in the current environment.

There were almost 12,000 work experience places available in the academic year 2013–14 with this group of 100 graduate employers<sup>60</sup>. This is an increase of 7% compared to the previous year. These placements represent work experience for about 2% of graduates; this does not include work placements at other employers, but nevertheless gives an idea of the scale.

Institutions are responding to the increased focus of students and employers on graduate employability in a number of ways<sup>61</sup>, including:

- investment in employability and careers services, sometimes bringing careers and employability services together in a prominent place on campus
- help with arrangements for work placement opportunities, paid internships and taster experience during vacations
- embedding employability in the curriculum

Higher apprenticeships present another opportunity for institutions to strengthen their relationships with businesses.<sup>62</sup> Higher apprenticeships lead to NVQ Level 4 or a Foundation

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<sup>56</sup> High Fliers (2014) *The Graduate Market in 2014: Annual review of graduate vacancies and starting salaries at Britain's leading employers*

<sup>57</sup> Harvey (University of Derby), 2000

<sup>58</sup> The *Times* Top 100 Graduate Employers in 2014

<sup>59</sup> High Fliers (2014) *The Graduate Market in 2014: Annual review of graduate vacancies and starting salaries at Britain's leading employers*

<sup>60</sup> *Ibid*

<sup>61</sup> Universities UK (2013) *Where student fees go*

## Universities UK

### Trends in undergraduate recruitment

Degree, and apprentices can continue studying for a Bachelors degree for another two years on some programmes. Higher apprenticeships also contribute to widening participation.

While places that are funded by public corporations – which are only a small part of all undergraduate places – have declined since the recession, places funded by UK private industry or commerce have increased strongly between 2001 and 2007 (by 5,910 places or 5.3%). However, they fell back in 2012 under the new fee regime (by 3,760 places or 54%). It will be important to monitor the level of employer-funded places and see if they will also return to previous levels, as student numbers overall did.

In the interviews Universities UK conducted, vice-chancellors reported increasing provision of open days, taster experiences, vacation placements and paid internships at employers for first-year students. Increased investment in careers services has also allowed many institutions to provide greater liaison between small and medium enterprises (SMEs) and students, with events organised to offer opportunities to meet and network with employers. Many large graduate employers offer industrial placements lasting six to twelve months that form part of the sandwich degrees at many institutions. The extent to which employability is embedded across departments in institutions varies widely.<sup>63</sup> Some institutions are especially pro-active in building links with employers.

In many cases these approaches have been integrated into institutional recruitment strategies. However, it was often noted in our interviews that this places additional cost pressures on institutions, particularly in relation to staff time.

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<sup>62</sup> 'Why higher apprenticeships? They're a debt-free route to a top quality degree' *the Guardian* 14 May 2014, available at:

<http://www.theguardian.com/higher-education-network/blog/2014/may/14/earn-while-learn-higher-apprenticeships>

<sup>63</sup> Lowden et al (2011) *Employers' perceptions of the employability skills of new graduates*

### 3: Shape of the higher education sector

In 2011 the government published a White Paper<sup>64</sup> setting out policy changes affecting the provision of higher education in England. This envisaged a greater role for competition between higher education providers, including the entry of new providers and the partial deregulation of the controls on student numbers introduced in 2009.

This section of the report looks at the impact that these policy changes have had on the shape of the wider higher education sector, including the distribution of students and funding across provider types.

#### Changes in undergraduate recruitment across higher education institutions in England

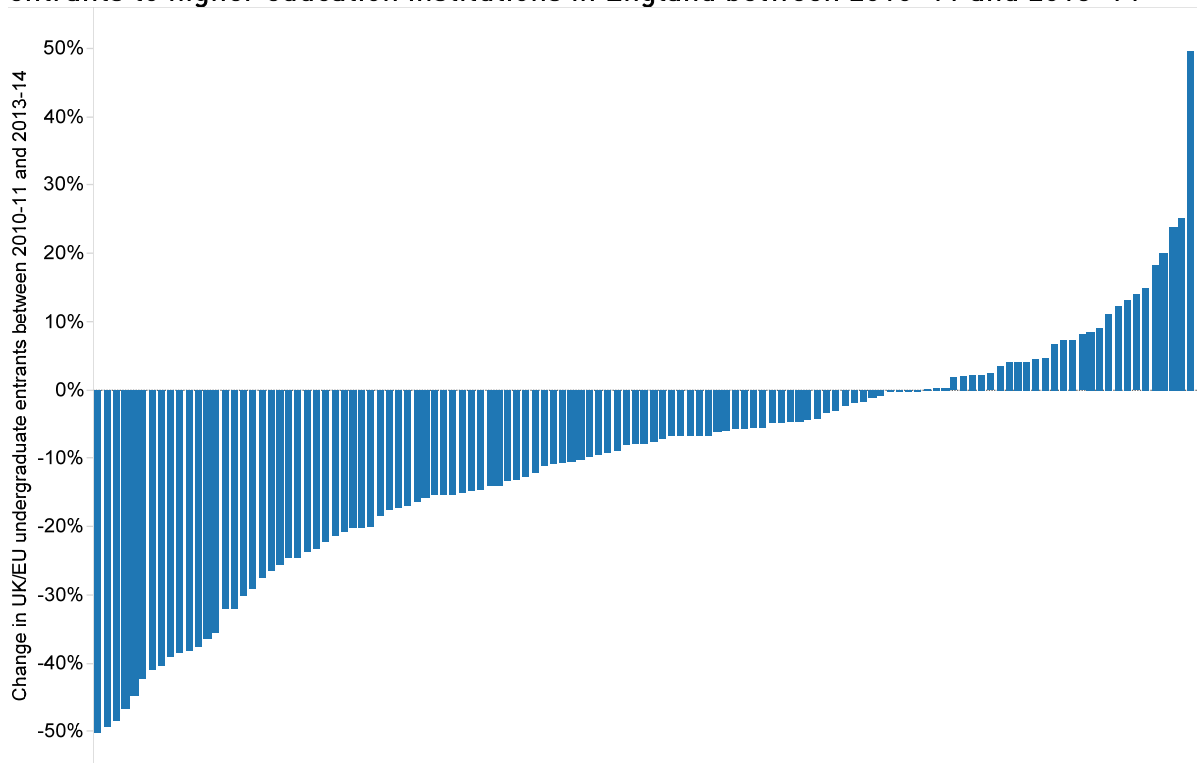
As outlined in section 1 of this report, the 6% reduction in young full-time undergraduate entrants in 2012–13 was primarily due to changes in student deferral behaviour in response to the increase in fees for entry in 2012–13. In order to avoid comparisons between atypical years, this section will therefore focus on changes in recruitment between 2010–11 and 2013–14.

Figure 18 shows the distribution of change in UK- and EU-domiciled undergraduate entrants at higher education institutions in England between 2010–11 and 2013–14. Over this period 27% of higher education institutions in England saw some growth in entrants to undergraduate courses and 73% saw some level of decrease. This pattern differed by mode of study, with 43% of institutions reporting an increase in the number of full-time undergraduate entrants (55% reported a decrease and 2% no change) and 17% of institutions reporting an increase in part-time recruitment over the same period. This has led to a marked shift in the proportion of entrants in part-time study at higher education institutions in England, from 40% in 2010–11 to 27% in 2013–14.

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<sup>64</sup> BIS (2011) *Higher education: Students at the Heart of the System*

Figure 18: Change in full-time and part-time UK- and EU-domiciled undergraduate entrants to higher education institutions in England between 2010–11 and 2013–14

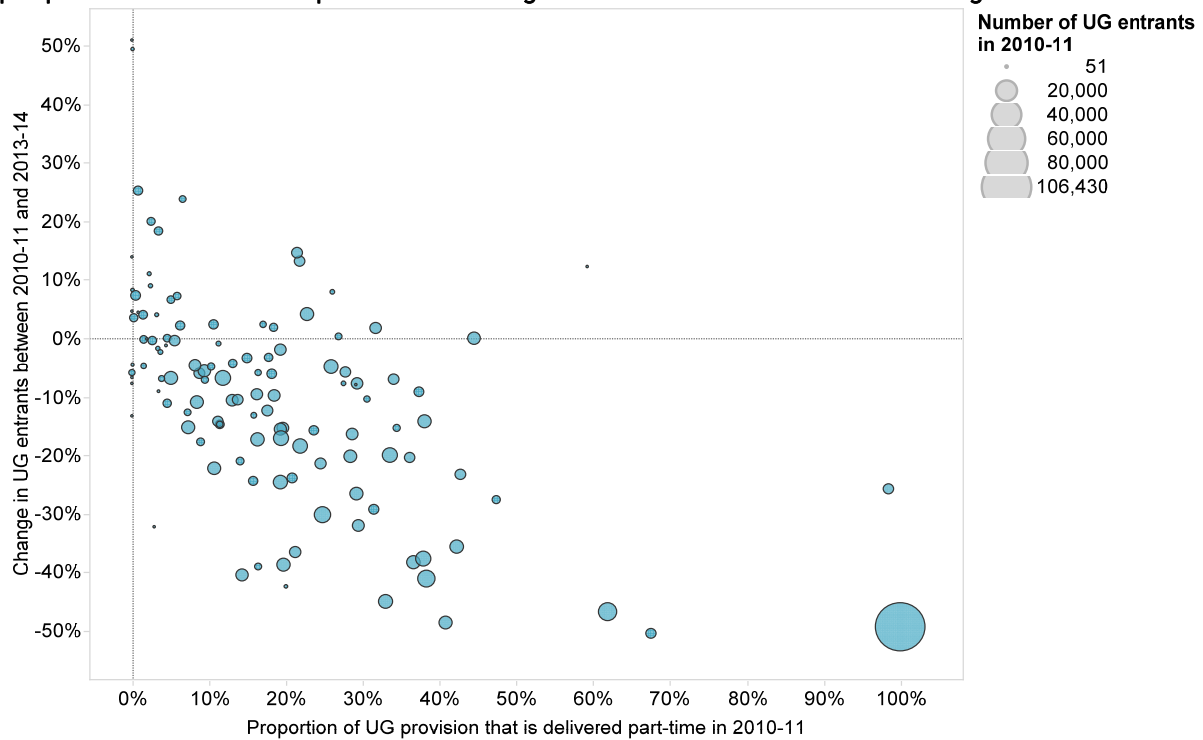


Source: HESES

As outlined in sections 1 and 2, changes in undergraduate recruitment following the implementation of funding reforms varied by student and course characteristics such as student age, mode of study and subject of study. These trends, combined with the diversity of provision across institutions, contributed to the differential pattern of change in recruitment across higher education institutions.

Figure 19 shows the change in undergraduate entrants at higher education institutions between 2010–11 and 2013–14 by proportion of part-time provision in 2010–11. Other than a few institutions that focus predominantly on one mode of study over another, the majority of higher education institutions demonstrate a balance of provision across modes. Over the period in question, nearly all institutions that delivered more than 32% of their provision part-time (other than those with small numbers of undergraduate enrolments) reported decreases in UK- and EU-domiciled undergraduate entrants.

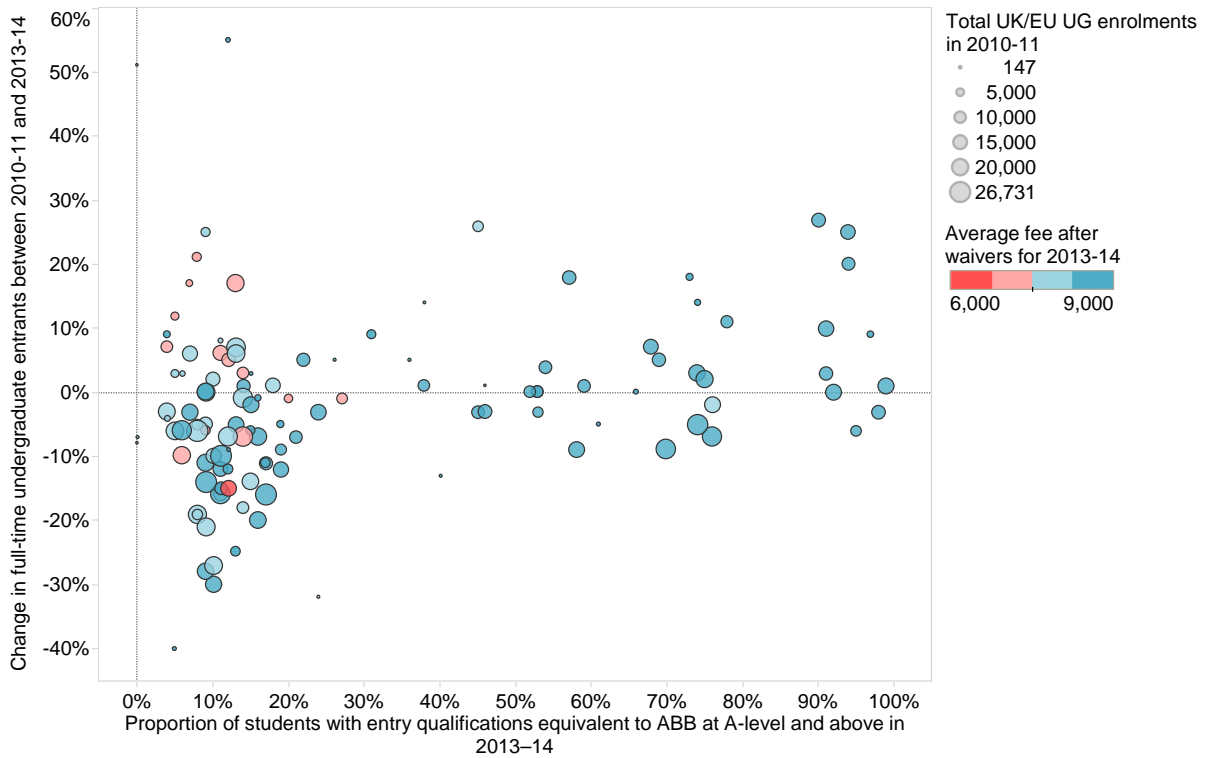
**Figure 19: Change in undergraduate entrants between 2010–11 and 2013–14, by proportion of full-time provision for higher education institutions in England**



Source: HEFCE and HESA

Following the introduction of controls on student numbers at an institutional level in 2009–10, the reforms in 2012–13 saw the removal of controls for recruitment of students with entry qualifications equivalent to AAB at A-level and above in 2012–13. This was extended to the recruitment of students with entry qualifications equivalent to ABB at A-level and above in 2013–14. Figure 20 shows the impact of these changes on recruitment of full-time undergraduates between 2010–11 and 2013–14. Although increases in entrants are reported at institutions across the range of entry qualifications, a distinct pattern is seen where those institutions with greater proportions of students in the deregulated population reported increases in entrants over the period.

**Figure 20: Change in full-time undergraduate entrants between 2010–11 and 2013–14, by proportion of students with entry qualifications equivalent to ABB and above at A-level in 2013–14**



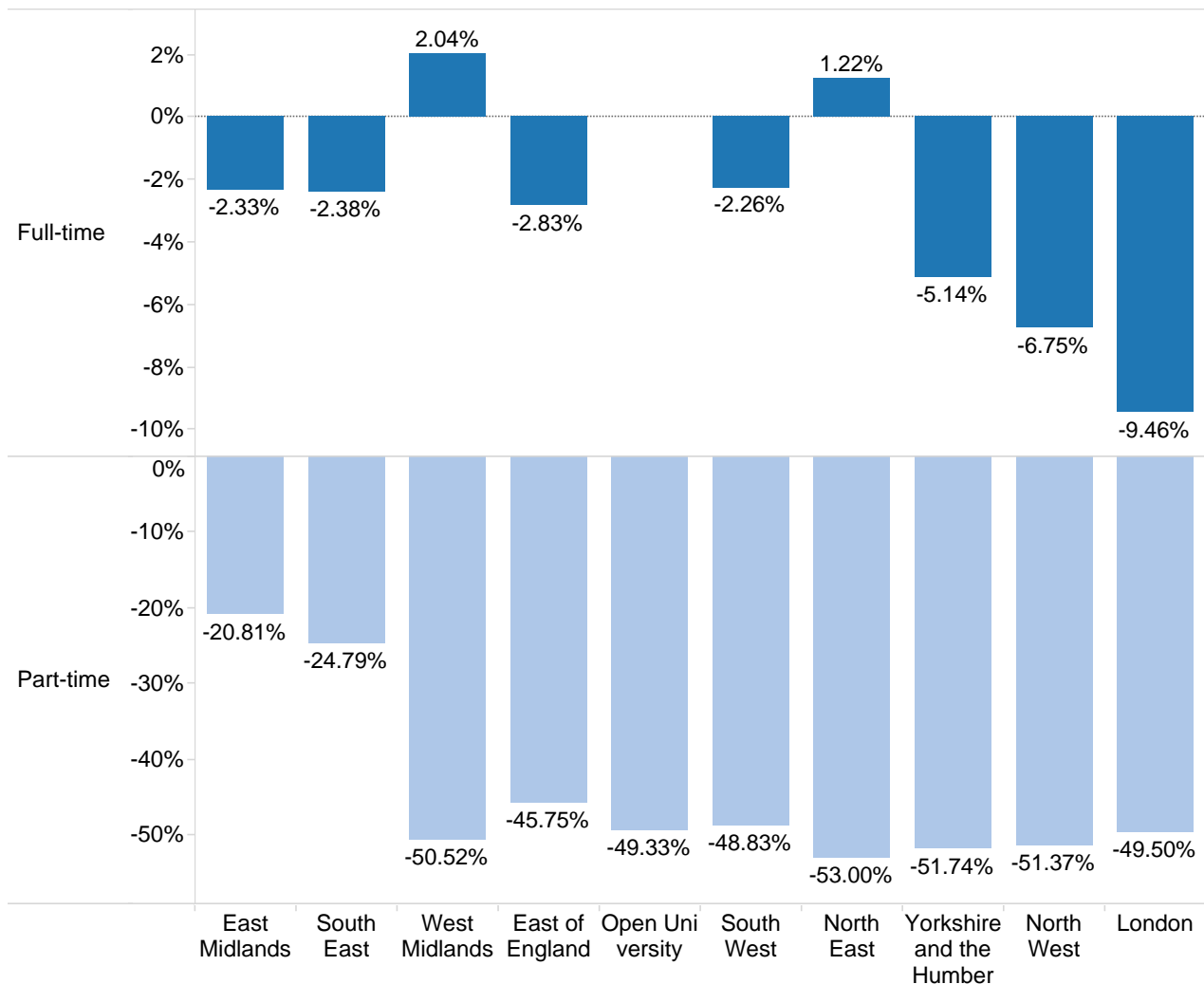
Source: HESES and HEFCE annual accountability

Figure 21 shows changes in undergraduate recruitment by region of higher education institution. For full-time undergraduate entrants, the West Midlands and the North East showed increased levels of recruitment over the period (2% and 1.2% respectively).

## Universities UK

### Trends in undergraduate recruitment

**Figure 21: Change in UK and EU undergraduate entrants to higher education institutions in England between 2010–11 and 2013–14, by region of institution and mode of study**



Source: HESES

The greatest decrease is found in London, where full-time undergraduate entrants declined by 9.5% between 2010–11 and 2013–14. This pattern varied significantly across higher education institutions in London, with approximately half reporting declines in full-time undergraduate entrants over the period, and the others reporting growth or no change.

As outlined above, elements of the reforms to undergraduate funding and regulation envisaged increased competition between providers of higher education through deregulation of student number controls and the entry of new providers of higher education. The relatively high number of higher education institutions in London (40 in 2013–14, accounting for 30% of all institutions in England) and concentration of alternative providers of higher education in this region (in a survey of alternative providers BIS found that just over



half were situated in London<sup>65</sup>) suggest that levels of competition may be greater there than other regions.

The pattern for part-time undergraduate recruitment was broadly consistent across most regions, with all reporting a decline in part-time undergraduate entrants between 2010–11 and 2013–14. The East Midlands and South East, however, showed levels of decline which were significantly lower than those found in other regions.

#### **Changes in undergraduate recruitment by domicile of student**

In addition to the impact of reforms on recruitment to institutions in England on a regional basis, it is also useful to consider whether there have been any significant changes in the flow of students across countries of the UK and from other parts of the European Union.

Table 4 shows the change in undergraduate entrants by country of UK institution and domicile of student, including those from other parts of the European Union. The greatest proportional reductions (23% or more) in undergraduate entrants between 2010–11 and 2012–13 were seen for other European Union students to institutions in England, Northern Ireland and Wales; for Scottish students to institutions in Wales, and Welsh students to institutions in Northern Ireland.

Increases over the period were seen in the number of other EU entrants to institutions in Scotland and Northern Irish entrants to institutions in Northern Ireland. Large proportional increases of English students to institutions in Northern Ireland and Welsh students to institutions in Scotland involved relatively small numbers of entrants.

Recent figures from UCAS suggest that there has been a partial recovery in recruitment of other European Union full-time undergraduate students to institutions in England, with acceptances increasing by 10% between 2012–13 and 2013–14. Although the level of acceptances remains 5.5% below those seen in 2010–11, application figures for entry to institutions in England in 2014 (applicants are 3% above level seen in 2010–11) suggest that demand may be recovering to previous levels.

In responses to our 2014 interviews with a sample of vice-chancellors, the pattern of decreased demand from EU students was primarily attributed to the difference in fees between courses at institutions in England and equivalent courses in other countries of the EU. It was also noted that demand from EU students may take longer to recover due to more complex information flows regarding the new funding system to these students. A number of vice-chancellors noted undergraduate recruitment from the EU as a potential opportunity for growth, particularly in the context of increased competition among higher education institutions, and decreasing supply of UK-domiciled undergraduates due to the demographic dip in young students (see section 1).

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<sup>65</sup> BIS (2013) *Privately funded providers of higher education in the UK – BIS research paper no.111*

**Table 4: Change in undergraduate entrants between 2010–11 and 2012–13 by country of institution and domicile of student**

		Domicile of student				
		England	Scotland	Wales	Northern Ireland	Other European Union
Country of institution	England	-22.8% -129,290	-12.5% -1,525	-1.7% -210	-14.2% -875	-24.1% -6,560
	Scotland	-0.1% -5	-8.5% -3,970	24.0% +30	-15.6% -170	8.4% +395
	Wales	-10.9% -1,245	-31.6% -30	-0.1% -20	-2.9% -5	-23.0% -685
	Northern Ireland	23.5% +60	0% 0	-66.7% -10	+2.7% +380	-35.3% -440

Note: Colours reflect quintiles of proportional change (dark blue highest increase, dark orange highest decrease)

Source: HESA

**Changes in undergraduate recruitment across other providers of higher education**

In its 2011 White Paper the government outlined that as part of its reforms to undergraduate funding and regulation it would ‘remove the regulatory barriers that are preventing a level playing field for higher education providers of all types, including further education colleges and other alternative providers’.<sup>66</sup> These changes included simplifying the regime for obtaining and renewing degree awarding powers, allowing students on designated courses at alternative providers<sup>67</sup> to access student loans for tuition (up to £6,000) and maintenance loans and grants, and the reallocation of a ‘margin’ of places to higher education institutions and further education colleges with tuition fees below £7,500.

Table 5 shows the change in UK and EU undergraduate entrants to higher education institutions and further education colleges in England between 2010–11 and 2013–14. Over this period the total number of undergraduate entrants to higher education institutions in England decreased by 21.7% (-133,300). The overwhelming majority of this decrease was as a result of a decrease in part-time entrants of 47.8%, with full-time undergraduate entrants falling by 4% (-14,800).

In comparison, over the same period, the level of undergraduate entrants at further education colleges increased by 28.5% (8,000), including a 55.4% increase (9,400) in full-time entrants and 12.7% decline (-1,400) in part-time entrants.

As described above, an element of the government’s reforms to undergraduate funding and regulation envisaged an increase in new providers of higher education. One hundred further education colleges reported entrants to undergraduate courses for the first time between 2010–11 and 2013–14, accounting for a third of all higher education provision at further education colleges in 2013–14.

<sup>66</sup> BIS (2011) *Higher education: Students at the Heart of the System*

<sup>67</sup> ‘Alternative providers’ covers those providers of higher education that are not in receipt of direct public funding and are not a further education college. Research by BIS indicates that the majority of these are for-profit (54.6%).

**Table 5: Change in number of UK and EU undergraduate entrants to higher education institutions and further education colleges in England between 2010–11 and 2013–14, by of mode study**

Provider type	Mode of study	Percentage change between 2010-11 and 2013-14	Change in entrants between 2010-11 and 2013-14
Higher education institutions	Full-time	-4.0%	-14,800
	Part-time	-47.8%	-118,500
Further education colleges	Full-time	55.4%	9,400
	Part-time	-12.7%	-1,400

Source: HESES

Comparable data for the number of undergraduate entrants to alternative providers of higher education in England is currently unavailable. Unlike higher education institutions and further education colleges, alternative providers were not required to make returns on the number of undergraduate entrants prior to 2014<sup>68</sup>. HEFCE reports that returns submitted in 2013, from 67 alternative providers, show that there were 25,000 undergraduate enrolments that could access student support in 2012–13. Projections submitted by alternative providers as part of this return show that this is expected to increase to 60,000 in 2013–14.

Indicative data on changes in undergraduate provision across providers is also available from the Student Loans Company.<sup>69</sup> This shows that, between 2010–11 and 2012–13, the number of students at alternative providers of higher education accessing loans for tuition increased by 21,500 (258.7%). In comparison further education colleges saw an increase of 10,850 (35.4%) and higher education institutions of 62,900 (8%).

This high rate of growth in provision at non-traditional providers of higher education is also reflected in the level of support, in the form of loans for tuition and maintenance, and means-tested grants accessed by students across various types of providers. Indicative figures provided by the Student Loans Company<sup>70</sup> – covering allocation of support for English- and EU-domiciled students on full-time undergraduate courses at providers of higher education across the UK – show that in 2012–13, £9.5 billion was allocated in the form of loans for tuition (£4.3 billion), loans for maintenance (£3.5 billion) and means-tested grants (£1.7 billion). Of this higher education institutions accounted for £8.8 billion (92.2%);

<sup>68</sup> From 2014 alternative providers will be required to provide data on entrants to designated courses to HEFCE through the Higher Education Alternative Providers Early Statistics survey (HEAPES).

<sup>69</sup> Student Loans Company (2014) Student Support Awards and Payments (Loans and Grants); Supplementary tables – Payments by individual HE Provider <http://www.slc.co.uk/statistics/national-statistics/newnationalstatistics1.aspx>

<sup>70</sup> Ibid

this represented an increase of just under £2.0 billion (29%) compared to 2010–11, primarily due to the transfer of undergraduate funding from grants to tuition loans. In contrast, the level of support to undergraduate students at further education colleges and alternative providers increased by £183 million (64%) and £220 million (445%) respectively.

Although accounting for a small proportion of the overall student support budget allocated in 2012–13 (2.8%), this represents a significant increase in higher education provision at alternative providers, which were responsible for 9.3% of the increase in total support awarded between 2010–11 and 2012–13. Further potential for increase has been noted by the Department for Business, Innovation and Skills, which expects the overall student support budget for students at alternative providers to increase to £900 million by 2014–15.<sup>71</sup>

In our 2014 interviews with vice-chancellors, many noted that despite the significant increases in higher education provision at new providers in recent years, there had not yet been a significant impact on more traditional providers in terms of increased competition. A number of vice-chancellors also noted that the high cost bases for certain types of provision at universities may deter private providers, which tend to focus on lower-cost areas of provision. It was also noted that some alternative providers were able to take action, for example adapting course offerings, in shorter timescales due to relatively smaller sizes and greater commercial experience.

Concerns were also raised about the impact of significant expansion at new providers on the quality and reputation of UK higher education more broadly. It was felt that this would need to be closely monitored.

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<sup>71</sup> Written parliamentary answer on 26 March 2014 by David Willetts, minister for universities and science  
<http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140326/text/140326w0003.htm#14032691003268>

## 4: Implications for funding of undergraduate provision at universities

The analysis in this report has highlighted the impact of recent reforms to funding and regulation of undergraduate provision, on the recruitment of UK- and EU-domiciled students at higher education institutions in England. This has been shown to vary according to student and course characteristics, with indications of recovery in recruitment of young undergraduates to full-time courses, where rates of entry have now reached record levels, but continuing decline in part-time mature provision, which has reduced by 48% across the sector in the three years to 2013–14.

The combined impact of these changes, along with the diversity of provision across the sector, has led to wide variation in outcomes across higher education institutions in England, with 27% reporting growth in UK- and EU-domiciled undergraduate recruitment between 2010–11 and 2013–14, and 73% reporting some level of decrease. Undergraduate teaching of UK- and EU-domiciled students represents a significant proportion of activity at many institutions, accounting for over a third of total income, and more than half of all income for 53% of institutions in England in 2012–13.

Data on income to institutions for 2013–14 is not yet available; however, the analysis presented in section 3 of this report indicates that although there has been a recovery in undergraduate recruitment in certain areas, financial outcomes for institutions are likely to vary significantly according to levels of recruitment and balance of provision.

In its analysis of the financial health of the higher education sector<sup>72</sup>, HEFCE notes that one of the key risks to the sector's financial sustainability is the continued uncertainty over future home and EU student recruitment. This volatility is reflected in increased variation in undergraduate recruitment forecasts provided to HEFCE following the implementation of reforms in 2012–13.

At an institutional level, increased volatility of undergraduate recruitment outcomes, particularly in the context of increased competition between providers, is also likely to increase uncertainties in financial planning. Forecasts provided to HEFCE show that income from full-time undergraduate tuition fees is expected to increase by £2.8 billion, in real terms, between 2012–13 and 2015–16. The proportion of all teaching related income that this accounts for is also projected to increase from 24.1% in 2011–12 to 48.7% in 2015–16.<sup>73</sup>

The analysis in this report, and evidence from our 2014 interviews with vice-chancellors, suggests that the sector faces a number of challenges in the recruitment of UK- and EU-domiciled undergraduates.

Although the recruitment of young UK- and EU-domiciled undergraduates has been shown to be strong, with levels of participation at record highs and little indication that the reforms

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<sup>72</sup> HEFCE (2013) *Financial health of the higher education sector: 2012–13 to 2015–16 forecasts*

<sup>73</sup> Ibid

## Universities UK

### Trends in undergraduate recruitment

have led to any decreases in participation of particular groups of young undergraduate students, continuing demographic change in the UK's young population, and changes in pre-higher education policy, may present ongoing challenges to institutions.

In Universities UK's 2014 interviews with a sample of vice-chancellors, it was noted that these changes, combined with elements of the reforms to higher education – including relaxation and eventual removal of student number controls and entry of new providers – are leading to greater than expected increases in competition between providers of higher education, with the potential for greater volatility in recruitment outcomes at an institutional level. Our June 2013 report<sup>74</sup> on the funding environment for universities found that, in the first year of the funding reforms, many institutions were beginning to consider the implications of this increased competition – and this pattern has strengthened even further this year. Many institutions reported significant increases in effort in their undergraduate recruitment processes, including:

- better targeting of students, and identification of groups that many institutions may not have recruited from in the past; this includes more of a national focus in recruitment strategies and greater targeting of specific regions, including students from the EU
- a greater focus on marketing, including consideration of approaches used in the private sector
- better customer service, including improved contact with students
- increase in offers made to applicants, and making these earlier in the cycle compared to previous years
- increase in the level of scholarships and bursaries provided to students

In contrast, there have been continuing declines in the recruitment of UK- and EU-domiciled students to part-time undergraduate courses. The number of entrants to part-time courses decreased by 48% between 2010–11 and 2013–14, with 82% of higher education institutions in England reporting decreases in part-time recruitment over this period. The analysis in section 1 shows that a combination of factors is likely to be responsible for this decline, including the economic downturn and changes in the funding of part-time undergraduate provision in England.

Respondents to the Universities UK call for evidence on part-time undergraduate provision, and the follow-up survey undertaken in preparation for this report, noted that this presented significant challenges for those institutions that continued to offer part-time provision. In particular it was noted that institutions were having to balance the need to increase fees to account for the loss of grant funding as part of wider reforms to undergraduate funding (as with full-time provision) with the apparent greater price sensitivity of mature students to increased fees. Where little public funding was available, for example for students wishing to study short courses and modules, institutions were responding to reductions in demand by reconsidering their offers in these areas, and refocusing their provision to offer the flexibility

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<sup>74</sup> Universities UK (2013) *The funding environment for universities: an assessment*

required by mature students, who often have to fit study around other commitments (eg work, family).

Many respondents to Universities UK's interviews with a sample of vice-chancellors identified the potential for further changes in undergraduate funding policy, as a result of political change following the General Election in May 2015, as one of the key challenges facing their institution over the next two years. The removal of number controls on UK- and EU-domiciled undergraduate recruitment at institutions England from 2015–16, announced by the chancellor in his 2013 Autumn Statement, was deemed a positive outcome by most respondents. It was noted, however, that the impact on quality – and on the reputation of UK higher education more broadly – of any expansion in numbers will need to be carefully monitored.

Many institutions, particularly those with high cost bases, noted the difficulties in expanding student numbers in such a short timescale without impacting on quality of provision. This was also linked to the erosion of tuition fees in real terms, with the maximum £9,000 fee expected to be worth £8,200 by 2015 and £7,700 by 2017, and reductions in teaching grant funding<sup>75</sup> (most elements of teaching grant for 2014–15 were cut by 5.85%). Many institutions noted that this may have implications for the potential for growth, and type of growth, that may occur following the lifting of student number controls.

In addition to these challenges, vice-chancellors noted that the removal of controls presented a number of opportunities, in particular in encouraging greater innovation in the delivery of undergraduate provision, greater awareness of student expectations, and the chance to better align their undergraduate offer with what students want.

## 5: Conclusion

This report has presented the key trends in recruitment of UK- and EU-domiciled students at higher education institutions in England in recent years. Trends have been shown to vary according to student and course characteristics, with increasing indications of a recovery in young undergraduate recruitment and continuing declines in mature and part-time recruitment. The impact of these trends, combined with the diversity of provision across institutions that is an important characteristic of higher education in the UK, has led to increased variation in recruitment outcomes at an institutional level.

Looking forward, institutions have identified a number of challenges to recruitment and funding of undergraduate provision, including increased competition both between higher education institutions and with new providers of higher education; pressures on public funding, including real-terms erosion in the value of the fee; and uncertainty regarding future government policy in relation to undergraduate funding. Despite this, however, institutions also noted the opportunities presented by a more competitive environment, including greater awareness of student expectations.

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<sup>75</sup> HEFCE (2014) *Recurrent grants and student number controls for 2014–15*

# Higher education in focus

Universities UK's Higher education in focus series covers additions to the evidence base to inform higher education policy development, and is the brand of Universities UK's analytical unit. The series includes the unit's in-house analysis and research, external research that the unit has commissioned, and data visualisations and infographics by the unit.

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