

## **Notes on UK fee system and student applications and enrolments.**

I took on notice a question from Senator Collins on what happened when England increased fees.

### **Timeline**

1998 - £1,000 fees introduced

2006 – Fees increased to £3,000 and income-contingent student loans introduced, but not for part-time students.

2008 - Equivalent or lower qualification rule introduced – no funding (subsidy or loan) for students taking a qualification below or equivalent to one they have already.

2012 – Tuition subsidies in most disciplines abolished. Maximum fees increased to £9,000 and higher real interest rates put on student debt. However, there are National Health Service bursaries that pay fees for a range of health-care related professions.

Income threshold for repaying student debt increased from £15,000 a year to £21,000.

Part-time students become eligible for loans if they have at least a 25 per cent FTE load.

2016 – Maintenance grants (rough equivalent of Youth Allowance) abolished and replaced with loans.

2017 – NHS bursaries which had paid tuition fees abolished for nurses, putting them into the fee market.

In England, student debt repayment is 9 per cent of income above the threshold, while Australia has progressive rates charged on all income, of rates between 4 per cent and 8 per cent. In practice, this means that average annual repayments are much lower in England than in Australia. For example, the median 2016 bachelor graduate income of UK residents aged 21-30 triggers an annual repayment of less than £400. In Australia, the minimum repayment for someone reaching the threshold is around \$2,200, and someone on median earnings for the 21-30 years age group would pay about \$3,400.<sup>1</sup>

There is little research on the level of understanding of student loan repayment systems in either country. If it is understood in England that the cash flow consequences of debt repayments are modest that may affect the behaviour of some groups.

### **Enrolments in UK universities**

The school leaver market in UK higher education is strong despite high fees (discussed below). However, enrolments of mature age and part-time undergraduate students, two heavily overlapping groups, have declined dramatically since 2008.<sup>2</sup> The two charts below illustrate what has been happening.

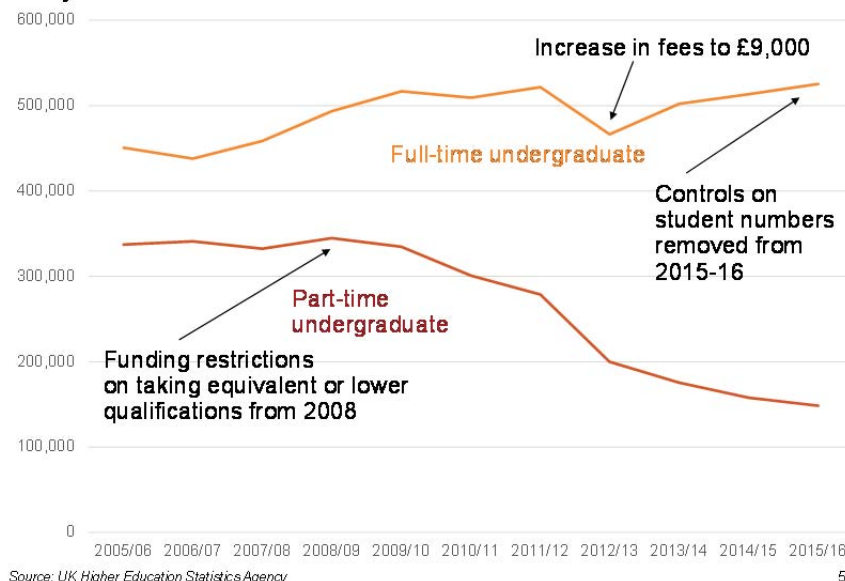
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<sup>1</sup> See discussion at <http://andrewnorton.net.au/2017/07/18/england-and-australia-two-higher-education-income-contingent-loan-systems-with-very-different-consequences/>

<sup>2</sup> There are different funding arrangements in different parts of the UK, but more than 80 per cent of all enrolments are in England.

**Part-time enrolments are in serious decline in the UK**

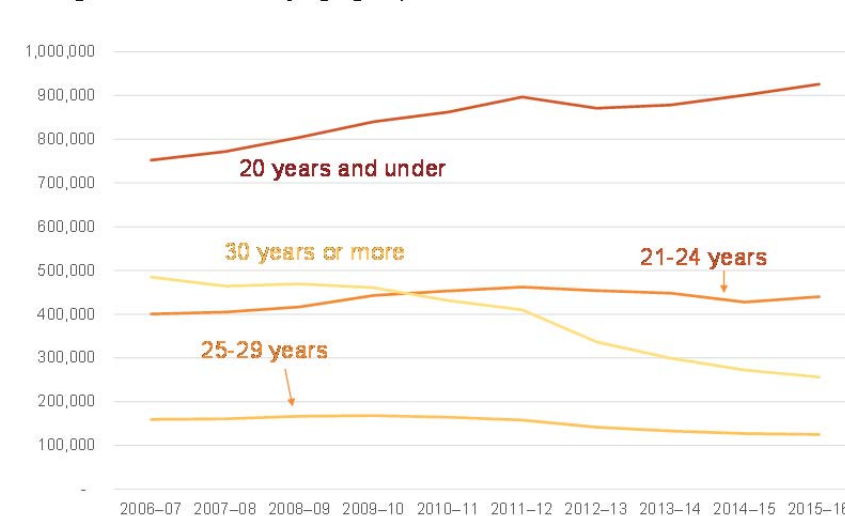
**First year students in all UK universities**



Source: UK Higher Education Statistics Agency

**Enrolment declines are driven by older students**

**Undergraduate students by age group**



Source: Universities UK, Patterns and trends in UK higher education

A number of overlapping trends seem to explain these trends. The removal of funding for equivalent or lower qualifications from the 2008 academic year disproportionately affected mature age students. Even with the rule, a substantial minority of part-time undergraduates in 2011-12 were disqualified for any government funding support due to their prior education, including postgraduate.<sup>3</sup> The removal of tuition subsidies in 2012 greatly increased the cost of courses. Although part-time students became eligible for student loans from 2012, if they enrolled in less than a 25 per load they could not borrow.

<sup>3</sup> Universities UK (2013), p 14

Along with government policy changes, the severe recession in the UK caused by the global financial crisis caused employers to reduce their level of support for employees studying part-time.<sup>4</sup> Presumably, the recession also reduced the capacity of students to self-fund their education if they could not borrow. There also appears to be a spiralling effect, as low demand causes course closures, which in turn reduces options for prospective students considering part-time study. The 2017 application figures show further declines in demand from mature age students.<sup>5</sup>

In Australia, there is no funding discrimination against part-time study and none planned. Part-time undergraduate enrolments have increased by 39 per cent since 2008, compared to 35 per cent growth in full-time enrolments.<sup>6</sup> Undergraduate enrolments of people aged 25 or more increased by 34 per cent over this period, maintaining their enrolment share at 39 per cent.<sup>7</sup> In the UK, the proportion of undergraduate students aged 25 or more dropped from 34 per cent to 22 per cent between 2008 and 2015.<sup>8</sup>

In Australia, there is no equivalent or lower qualification rule, but there is a previous qualification exclusion proposed for sub-bachelor Commonwealth funding in the Budget bill. FEE-HELP would still be available for these students.

Although in England there have been major declines in enrolments for part-time and mature age students, the school leaver market experienced only a temporary dip due to the 2012 policy changes. This can be seen in the charts above and below, the latter with a comparison with Scotland. In Scotland, the nominal fee is around £1,800 a year, but this is normally paid for by the Scottish government for students who live in Scotland.

Eighteen year olds are very unlikely to have a prior qualification and will usually be in a position to study full-time, avoiding two funding factors likely to be significantly affecting older students.

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<sup>4</sup> Ibid., p 25

<sup>5</sup> UCAS (2017b), p 44

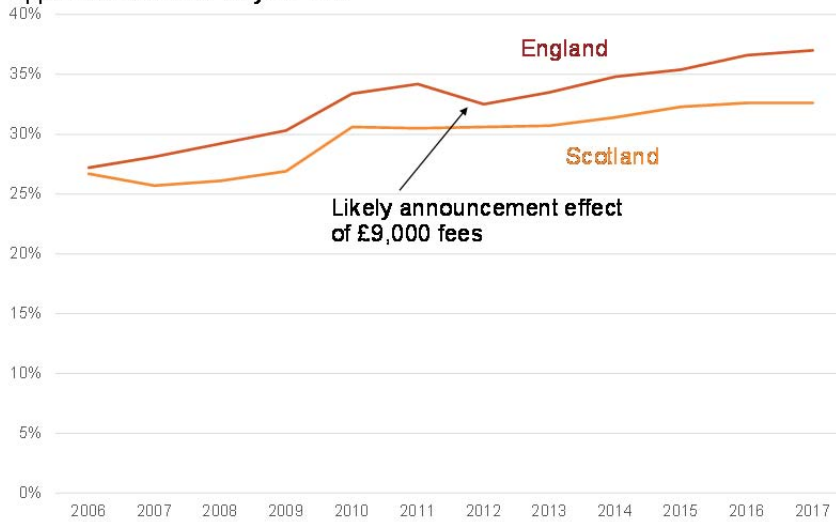
<sup>6</sup> Department of Education and Training (2017)

<sup>7</sup> Department of Education and Training (2016a), table 2.2; Department of Education and Training (2009), table 20

<sup>8</sup> Universities UK (2017), figure 14

**Higher fees had a temporary effect on school leaver demand**

**Application rates of 18 year olds**



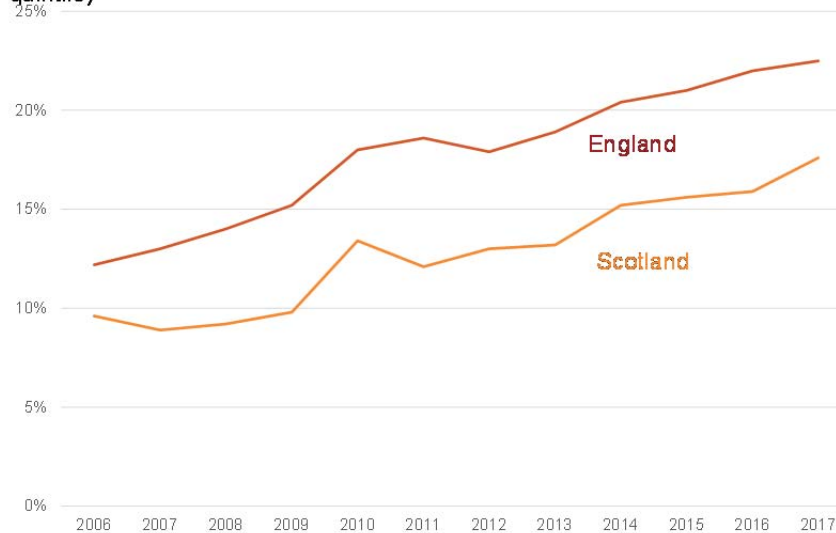
Source: UCAS, UK application rates for the January deadline, 2017 cycle

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In the school leaver group, fees do not seem to have affected demand from students from the least advantaged areas differently (next chart). There is the same pattern of a dip in demand when higher fees were introduced, before longer-term trends towards greater participation resume.

**Demand from disadvantaged areas recovered one year after higher fees**

**Application rates from 18 year olds in the least advantaged areas (lowest quintile)**



Source: UCAS, UK application rates for the January deadline, 2017 cycle

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## *Nursing*

The latest change to the UK funding system has been the abolition of NHS bursaries that were paying their tuition fees. This has triggered a major decline in applications, of more than 20 per cent or nearly 12,000 persons in England. As with other parts of the English market, the decline is more limited for school leavers, with a 8 per cent decline in applications from 18 year olds. However, nursing is a relatively mature-age field. Nearly 70 per cent of 2016 applicants were aged 21 or more.<sup>9</sup>

## **References**

- Department of Education and Training (2009) *Students: Selected higher education statistics 2008*, Department of Education and Training
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- Department of Education and Training (2017) *uCube - Higher education statistics*, Department of Education and Training from <http://highereducationstatistics.education.gov.au/>
- UCAS (2017a) *Nursing applicants by sex and age at the 30 June deadline*, Universities and Colleges Admissions Service
- UCAS (2017b) *UK application rates by the January deadline, 2017 cycle*, Universities and Colleges Admissions Service
- Universities UK (2013) *The power of part-time: review of part-time and mature higher education*, Universities UK
- Universities UK (2017) *Patterns and trends in UK higher education 2017 (supplementary spreadsheet)*, Universities UK

Written by Andrew Norton

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<sup>9</sup> UCAS (2017a)

**2015 Allocated and actual postgraduate coursework Commonwealth-supported places**

<b>Allocated</b>		<b>Actual</b>	<b>Under/ove %</b>	<b>Under/overenrol</b>
The University of Melbourne	6308	The University of Melbourne	6211	-97.0 -1.54%
University of Sydney	2627.421875	University of Sydney	2214	-413.4 -15.73%
The University of Western Australia	2489.597711	The University of Western Austral	2170	-319.6 -12.84%
Monash University	1848.5	Monash University	1720	-128.5 -6.95%
Griffith University	1819.5	Griffith University	1657	-162.5 -8.93%
Western Sydney University	1790	Western Sydney University	1714	-76.0 -4.25%
University of South Australia	1641.965625	University of South Australia	1390	-252.0 -15.35%
The University of Queensland	1537	The University of Queensland	1036	-501.0 -32.60%
The University of New South Wales	1485.879	The University of New South Wal	1353	-132.9 -8.94%
The University of New England	1406.2875	The University of New England	1448	41.7 2.97%
University of Tasmania	1370	University of Tasmania	1043	-327.0 -23.87%
Flinders University	1359.145875	Flinders University	1530	170.9 12.57%
Queensland University of Technology	1091	Queensland University of Technol	1238	147.0 13.47%
La Trobe University	1061	La Trobe University	932	-129.0 -12.16%
Charles Sturt University	995.1	Charles Sturt University	1042	46.9 4.71%
Deakin University	988.51	Deakin University	966	-22.5 -2.28%
RMIT University	971.1	RMIT University	838	-133.1 -13.71%
Australian Catholic University	962.9496	Australian Catholic University	1235	272.1 28.25%
The University of Adelaide	864.421875	The University of Adelaide	591	-273.4 -31.63%
The University of Wollongong	831.328125	The University of Wollongong	584	-247.3 -29.75%
Edith Cowan University	777.8339	Edith Cowan University	825	47.2 6.06%
University of Southern Queensland	753.8	University of Southern Queenslan	821	67.2 8.91%
Federation University Australia	707.9	Federation University Australia	401	-306.9 -43.35%
Victoria University	617	Victoria University	661	44.0 7.13%
University of Canberra	595.675	University of Canberra	410	-185.7 -31.17%
Charles Darwin University	585.57	Charles Darwin University	380	-205.6 -35.11%
Curtin University of Technology	530.1988683	Curtin University of Technology	445	-85.2 -16.07%
Swinburne University of Technology	530	Swinburne University of Technolo	169	-361.0 -68.11%
Macquarie University	506.4089	Macquarie University	422	-84.4 -16.67%
James Cook University	467.9	James Cook University	479	11.1 2.37%
The Australian National University	467	The Australian National University	387	-80.0 -17.13%
University of Technology Sydney	442.4	University of Technology Sydney	449	6.6 1.49%
Central Queensland University	326.5	Central Queensland University	195	-131.5 -40.28%
The University of Newcastle	284.9649	The University of Newcastle	296	11.0 3.87%
Murdoch University	271	Murdoch University	146	-125.0 -46.13%
Southern Cross University	211.6875	Southern Cross University	233	21.3 10.07%
University of the Sunshine Coast	203.7503592	University of the Sunshine Coast	200	-3.8 -1.84%
Grand Total	41728.29661		37831	-3897.3 -9.34%
Group of Eight	17628		15682	1945.8
	42.2%		41.5%	

Sources: University funding agreements, uCube