

Proposed scheme

UK Graduate Alumni Discount Scheme (GrADS): a discount for local people holding a UK degree to help widen participation, sustain the local economy and local higher education.

Aim

To widen participation at PGT level by a university by offering a local discount to UK non-alumni graduates. The discount will be similar to an institution's alumni discount.

The problem

- 1) A proportion of graduates do not stay at the university where they did their undergraduate degree for a number of reasons including:
 - They have moved away from the area whether they are a young or mature postgraduate;
 - Their university does not offer the course they require;
 - They have been advised to go elsewhere;
 - They have been offered a job out of the area;
 - They have been out of study for a few years due to family commitments and wish to reengage in lifelong learning.
- 2) A large percentage of those who undertake PGT study are categorised as 'young' learners and are in their mid- 20s. Research undertaken by the Institute of Employment Studies on behalf of BIS (due for publication) and findings from this project (PEP) via the Entry to Study Survey suggest that a substantial percentage of 'mature' postgraduates at a university are not alumni (having switched institutions) compared to 'young' PGT students. PEP found that of the 1,235 Entry Survey respondents across the 11 Universities participating in the project:
 - 26.2% were alumni of the university at which they are studying their PGT course;
 - 77.1% were up to 30 years of age;
 - 53.4% lived under 5 miles in distance to the university at which they are studying their PGT course, 11.4% between 5-10 miles and 13.8% 35 miles or more.
- 3) Accessing funding for fees and living costs is a major factor for people not being able to participate in PGT level study across all disciplines. The lack of available funding is a contributory reason for the recent decline in full and part-time UK enrolments. The findings from PEP suggest that obtaining a scholarship or fee discount is a key determinant for many in deciding whether Master's level study is viable and financially manageable. Scholarships for those that are UK domiciled are not in abundance (putting aside HEFCE's PSS Phase 2), but one opportunity in obtaining financial support (which is on the increase) is through universities offering their graduates a discount on their fees if they return to study with them. However, this discount excludes a substantial proportion of a possible PGT community.
- 4) Until 2020, there is a smaller pool of 18-21 years old undergraduates from which to recruit young PGT students. The pool of first degree (UG) students (graduating under the £9K a year fee regime in the UK) face substantial debts compared to graduates under the old scheme. The sector does not accurately understand how these graduates will view the prospect of further debt in undertaking PGT level study. The 'over 30 years old' age group is currently an invisible and neglected market as emphasis is commonly placed on recruiting 'young alumni' immediately after UG study into PGT study.
- 5) There are increasing numbers of undergraduates participating in integrated degrees. Between 2002/3 and 2012/13 enrolments increased by 111% thus it is likely that these graduates will be taken out of the Master's applicant pool. This is evidenced in the Entry to Study survey mentioned above where of the 1315 completers, only 10 held an integrated degree.
- 6) The NSS survey in 2014 reported that of those who completed the IAG questions, only 14% intended progressing onto PG study.

The HE sector needs to apply new thinking to explore new problems instead of using old knowledge to test new issues and develop appropriate responses.

Expanding an untapped 'mature' market- The value of offering a discount to non-alumni UK graduates

With increased competition amongst graduates and the need to up-skill as a result of the UK's knowledge-led economy, the 'mature' postgraduate is a potential market that the HE sector could expand. The UKGrAD scheme seeks to take advantage of a market that naturally occurs and one the sector cannot control. The scheme could:

- Attract mature learners back into PGT level learning;
- Encourage overseas students (who are UK graduates) to stay and continue contributing to our economy through fees and living costs in the region they wish to continue studying. The recent report by BIS entitled '*Industrial Strategy Progress Report*' 2014 states that expanding overseas participation in UK higher education is a key Government target.

In challenging financial times, competition between universities increases. There appears to be a real tension in the sector between collaboration and competition. Understandably, universities could be concerned that the scheme:

- May draw alumni away to study at other universities;
- It is viewed as a subsidy from less attractive providers to more attractive ones.

However, both factors are naturally occurring already due to the increased mobility of our students in the UK and their desire to possess a 'desirable' qualification. Universities are facing challenging times in presenting their PGT incentives in a coherent way and are working hard on alumni marketing and discount packages. For those concerned that this scheme may cause confusion with alumni schemes that are beginning to bear fruit, it is important to note that this scheme is not aimed at alumni, but non-alumni applicants. If anything, the scheme should be viewed as a complementary activity to those alumni initiatives. This scheme is targeted at:

- Capturing applicants who live locally and cannot commute long distances to their first degree university;
- Making applicants feel that PGT level is not out of their grasp by offering a discount when no other support is readily available;
- Capturing more of the EU and OS market of UK graduates who continue to work in the UK after their first degree.

In effect, the scheme is an extension of the alumni discount which many universities have adopted and where the benefits outweigh the disadvantages for the institution. With the advent of a possible loan scheme in 2016/17 for those under 30, it is highly likely that fee levels will increase. There has already been debate in the public arena about not being able to justify charging undergraduates £9,000 a year and only £6,000 for a postgraduate taught qualification. The foreseeable issue is that if postgraduate fees do increase, due to the lack of a funding model for those over 30, it may well push the largest market for higher education further away from participating at this level of study. Offering a UK Graduate discount may help alleviate this problem.

If the 2016/17 scheme is not available when anticipated, universities may see their market continue to fall away. UKGrADS is a simple strategy universities can adopt and run alongside any changes to their course offerings. It could also act as a financial incentive for business/industry in terms of using HE to up-skill their workforce.

Resource implications and structure

The structure is simple and administration processes are likely to be in place already to process the applications at most institutions, thus the cost should be absorbable. The local discount offered could be what the university offers its own graduates. Discount structures could include: offering it across all discipline offerings or targeting unrepresentative areas and only offering a discount to applicants who have secured a UF place and submitted a supporting statement. A substantial number of English universities have found the 'match funding' to participate in HEFCE's PSS Phase 2 scheme where applicants are offered a £10,000 scholarship to study at PGT level. A 20% discount on a £5,000 fee is far cheaper than giving a 100% fee waiver which is almost equivalent in effect to the 'match funding' provided by many universities.

Issues for consideration

A university could explore the possible benefits of this type of scheme at their university by:

- Examining the demand for the scheme and where the demand exists;
- Exploring institutional and intergenerational mobility: will it encourage institutional mobility from UG to PG or as the figures above might suggest, is it irrelevant at PGT level as a multitude of factors may determine where a student studies, including their age?
- Exploring whether the scheme would encourage or discourage regional areas such as London and the South East that are employment magnets becoming centres for PG/CPD?
- Exploring the increase in PGT Widening Participation: how much will the offer of this type of financial incentive impact on the decision making process of applicants? This has to be coupled with the discussion of what constitutes WP at PGT level which is currently being led sector-wide by Dr Paul Wakeling;
- Providing improved applicant flexibility and choice;
- Determining whether the potential costs to the university are only absorbable and provide an added valuable market.

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