

The impact on demand of the Government's reforms of higher education

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Introduction

1. This report follows that produced by HEPI in 2011 that analysed the higher education White Paper (Thompson et al, 2011). It forms one of a series which will look at how higher education changed following the introduction of the reforms in 2012. These assessments are necessarily piecemeal if they are to be timely. It will be many years before some outcomes are seen, while others will be clearer far sooner.
2. A central concern about the changes introduced in England in 2012 has been whether they would reduce demand for higher education, and particularly for those from disadvantaged backgrounds. Would participation be reduced and narrowed? Also, with the most selective institutions generally charging the highest fee levels, there was a further concern that the less well off would not apply, damaging efforts to secure 'fair access'. Efforts to address these concerns - increased maintenance loans, grants and scholarships, and a repayment scheme which reduces the rate of repayment for most - have resulted in significantly higher costs to the Government than would otherwise have been the case.
3. We agree that these are crucial issues, but our view remains that it is too early to judge whether the reforms taken as a whole will discourage students in general, and disadvantaged students in particular. Firstly, we have no reliable estimates on the numbers of entrants and no information at all on part time provision. Further, the first year of the new arrangements can be expected to produce large but temporary disturbances to the patterns of applications and entry, which are difficult to separate from any longer term changes at this stage.
4. However, punditry abhors a vacuum, and the online, broadcast and print media have provided confident assessments as to what has happened despite the lack of information. "Tuition Fees Hitting Uni Applications", "University applications down by 50, 000", "University chiefs fear for the future after admissions chaos", give a taste of the consensus.
5. Nor is it just the media that has come to such conclusions. The Independent Reviewer on Social Mobility and Child Poverty recently noted that "the new fees regime has induced widespread concern" and that "around one young applicant in 20 who would have been expected to apply in 2012 did not do so, equating to approximately 15,000 applicants 'missing' from the system" (Milburn, 2012). With this in mind we feel it is

important even at this early stage to look at the available data, and to assess its meaning.

Information sources

6. There are three sources of information about applications in 2012. UCAS has published two reports (2012a, 2012b) and the Independent Commission on Fees (2012) has published the first of a series.

7. The first of the UCAS reports aims to establish the extent of changes to the number and nature of applications in 2012 after taking into account changes in the size of the populations from which the applicants were drawn, and the trends in previous years.

8. By contrast, the Commission aims to assess the impact of the increase in fees on application and admission trends. Despite this, the Commission also uses UCAS applications data, giving some further tables to the already extensive analysis by UCAS. It will be interesting to see if they are able to isolate the effect of higher fees in the future. This will be extremely difficult, perhaps impossible, given all the other changes made at the same time. (In this report we will often refer to 'fee increase effects' but this should be taken as shorthand for 'fee increase and other changes to maintenance grants and loans and repayment conditions'.)

9. The second UCAS report gives an early count of the numbers of accepted applicants by the year they intend to start their studies, taking into account those who deferred their entry. This was produced just as some institutions, which had expected to select from a large pool of well qualified applicants, were reporting difficulties in attracting enough applicants to maintain their student numbers.

Characteristics of applications

10. The UCAS analysis did not find many dramatic changes in the nature of the applications. Indeed most of the findings reported 'no change' or 'no substantial change'. For applicants in general they found:-

- No substantial move away from courses charging higher fees
- No move towards living at home
- No move to courses leading to higher starting salaries

11. Specifically, for applicants from disadvantaged backgrounds they found:-

- No move away from courses charging higher fees
- No move away from more selective (higher tariff) universities

Application rates¹ by domicile and location of institution

12. UCAS reported 18 year old application rates in relation to the four home student domiciles (England, Northern Ireland, Scotland and Wales) and the four administrations determined by the location of the institution. This breakdown is needed because the fee depends on both domicile and institution's location. In general they did not find marked changes from past trends between 2011 and 2012 other than for applicants from Northern Ireland whose application rate to universities outside Northern Ireland dropped by four percentage points in 2012 against an increasing trend up to 2011. This is consistent with the changes in fees between 2011 and 2012 which increased only by £90 if they studied in Northern Ireland compared to an increase of £5,625 to study in England and Wales and £7,180 in Scotland. Applicants from Scotland also saw a large differential in fee increases depending on where they studied, but the percentage applying to study outside Scotland was already very low.

13. The Commission observed a big decline in the application rate from Northern Ireland for the 'Sutton Trust 30' group of selective institutions (ST30). They 'do not currently have an explanation for this', though a ready explanation is provided by the fact that none of the ST30 is in Northern Ireland, by the change in fees and by the consequent move away from studying outside the region.

14. For applicants from Wales the share of applications² to institutions in Wales from 2004 to 2009 increased, then from 2010 to 2012 the share declined. The biggest changes occurred in 2006 and 2010 with a 6 percentage point increase in 2006 and a 6 percentage point decrease in 2010. These changes coincide with the introduction and then removal of a tuition fee grant which was only available to students from Wales studying at institutions in Wales.

Fee increases compared with no fee increases

15. This report is concerned with students from England, whose maximum fee has increased from £3,375 (£1,820 if studying in Scotland) in 2011 to £9000 in 2012 if studying anywhere in the UK. To interpret the observed changes we compare their experience with those who did not experience an increase in fees. We will also be looking back at the fee increases from £1175 in 2005 to £3000 in 2006 charged to most students from England.

¹ The 'application rate' is the number of applicants (not applications) divided by the relevant population.

² The share was calculated as the average of the share of applications for each applicant. (See paragraph 57, UCAS, 2012a)

Students from Scotland

16. Applicants from Scotland provide a good comparator group. The numbers are relatively large, and for nearly all applicants from Scotland there were no fees in 2011 or 2012. Only those studying outside Scotland, less than 6 per cent, would pay fees³. Further, students in Scotland could be confident that the fee increases would not affect them. Since devolution Scotland has had powers over student finance, and fees were abolished for entrants in 2000. The endowment charge that was introduced with the abolition of fees, payable after graduation, was also abolished in 2008, making higher education for students from Scotland at Scottish universities free. Nearly all prospective students from Scotland could safely assume that the maximum fee rises for students in England, in 2006 and in 2012, would not apply to them.

Students from Wales

17. Wales is in some respects a better comparator than Scotland: both pre-university education, and the higher education experience of students from England and Wales are similar, with many students from Wales studying in England. Further, students from Wales started out with the same fees as student from England in 2011, but almost all had only increases in line with inflation^{4,5} in 2012. This represents what would have happened to students from England had the new fee arrangements not been introduced. The arrangements for students from Wales were announced on 30 November 2010 four weeks after the Government set out its plans for a £9000 maximum fee for students from England. However, before then, throughout all the speculation that accompanied the setting up of the Browne review in November 2009, students from Wales, unlike those from Scotland, could not be confident that the anticipated fees rises would not apply to them.

18. The recent history of fees for students from Wales is complicated. At first the Labour party in Wales pledged not to introduce 'top up' fee increases at universities in Wales for 2006. However, in agreement with the other parties in the Welsh Assembly, fees were allowed to rise to £3000 from 2006, but students from Wales studying in Wales were eligible for a grant to bring the real cost down to 2005 levels. This grant was withdrawn from the 2010 entry, putting students from Wales in the same position as those in England with respect to fees, though the

³ 94.2 per cent of first year full-time undergraduate students from Scotland registered at HEIs in Scotland in 2010-11. Almost all students registered at FEIs will be studying in Scotland. (HESA data: HESA 1569-SFR169 table 4.)

⁴ Note that the actual fees for students from Wales were the same as for those from England, but the effective fees for these students were offset by Welsh Government funding.

⁵ Students from Wales going to Scottish universities faced an increase from £1820 in 2011 to £3465 in 2012, an increase of £1645, but only about 0.5 per cent of students from Wales study in Scotland. (HESA data – see footnote 2 for details.)

maintenance support was different and had also changed over this period. As we have seen, the share of applications to institutions in Wales through this period seems to reflect these changes in the effective fee for students from Wales.

19. Two points follow. The increase to £3000 (2006 prices) came about in two stages. In 2006 the increase only affected those planning on studying in England or Northern Ireland; about a third of entrants and half of the share of applications⁶. It was only in 2010 that all the applicants from Wales were affected by the fee increase. Secondly students from Wales did not have to pay the 2012 increase to a maximum of £9000, but to the extent that their plans may have been made before 30 November 2010, the anticipation of fee increases in 2012 may have influenced them.

Students from Northern Ireland

20. The numbers of applicants from Northern Ireland are relatively small, and the changes to their fee arrangements do not lend themselves to straightforward comparisons. They are not included in our analysis.

Young application rates

21. UCAS reported that the application rate of 18 year old applicants from England fell by one percentage point between 2011 and 2012. They found that the fall was greatest for those from more advantaged backgrounds, though this difference could for the most part be understood from the specific trends in application rates for applicants from different backgrounds from 2006 to 2011. Over this period the rates for disadvantaged groups rose faster than for the advantaged, and so the falls in rates in 2012 could be expected to be smaller for the disadvantaged groups. This point was largely ignored by the media with the Daily Mail's headline, 'Tuition fee rise HAS turned thousands of middle class students off going to university', typical of much of the reporting.

22. The overall decline is striking. The fall against trend equates to one applicant in twenty, approximately 15,000 missing applicants; that is those who were expected to apply but did not do so. It is this key finding that has received most attention.

23. Is this reduction in the application rate reported by UCAS the result of a temporary effect of the introduction of the new arrangements, perhaps combined with other factors, or a result of the change itself leading to a more enduring reduction in higher education demand? It is

⁶ 32 per cent students from Wales studied on England or Northern Ireland in 2010-11. (HESA data – see footnote 2 for details.) Except for 2006- to 2009 when there was a financial incentive to study in Wales, the share of applications of 18 year olds to institutions in Wales was less than half (UCAS 2012b, figure 14)

too soon to say for certain, but we believe it is possible, even likely, that the longer term effects will be much smaller than the UCAS findings imply.

Temporary effects on introducing new arrangements

24. Maximum fees were £3375 in 2011 and £9000 in 2012, so for those who had the choice, entering in 2011 led to a saving of at least £16,875 for a three-year course with maximum fees, ignoring any future fee rises and interest charges. For those aged 18 in 2011 this was the likely cost of taking a 'gap' year, or retaking A-levels, and applying aged 19. It would not be surprising if at least some who would have entered at 19 in 2012 had decided to enter at 18 in 2011 instead. The question is, how many did so? Those who we might expect to be most affected in their application timing would be those whose grades were good enough to get a place on the course of their choosing in 2011, and whose family were planning to pay the fees up-front. For them the change to entry at 18 was possible and the cost of not doing so is highly visible.

25. In this examination of 'change introduction' effects we simplify the discussion by looking at young applicants, that is those who applied aged 18 in 2011 and 19 in 2012. The relevant group is those who would have entered higher education at 19 were it not for the fee increase, but decided to enter at 18 in 2011 instead. There are three relevant 19 year old application paths.

Application paths to 2012 entry aged 19	Application made?	
	2011	2012
Deferred entry	Yes	No
'Pre-planned' 2012 entry	No	Yes
'Changed-plans' 2012 entry	Yes	Yes

26. Subject to being accepted, each of these paths leads to entry at 19, and if the numbers taking these paths are reduced, then the number of entrants, subject to supply constraints, will be higher in 2011 and lower in 2012 as a result of the **introduction** of fees, even if the higher fees themselves did not reduce demand. However, each path has a different impact on application rates.

27. The deferred entry route involves the complete application process in 2011, but with the institution reserving a place for 2012. Unlike the fee introduction in 1998 and the fee rise in 2006, these applicants with deferred places will have to pay the new higher fee. A change to the

numbers of applicants obtaining deferred entry has no impact on the application rates.

28. The 'pre-planned' 2012 entry route is that followed by applicants who have firm plans to enter at 19 and do not apply in 2011. If these applicants decide differently, due to the introduction of higher fees, this will increase the 18 year old rate in 2011 and decrease the 19 year old rate in 2012 compared to what would be expected if there had been no change in fee levels.

29. The 'changed-plan' 2012 entry route will include those who fail to secure a place on a course they want, both through the main application process and clearing in 2011. It will also include those applicants who meet the conditions of the offer they have accepted, but have a change of mind as to what they want to study. Having applied in 2011, these applicants would apply again in 2012. If due to the increase in fees, these applicants do not apply in 2012, it is difficult to determine whether this is due to the introduction of the changes, or the changes themselves. For example, the applicant who has the grades for her insurance, but not preferred offer who, without the fee rise, would have tried again in 2012 for her first choice but, because of the fees increase, takes up her insurance offer, has been impacted by the 'introduction' effect. But the applicant who fails to get any place in 2011, and would have applied in 2012 if it were not for the fees but does not, and would not have applied at 18 had there been higher fees, is impacted by the change itself. Applicants deciding not to follow 19 year old entry by this path, whatever the cause, will decrease the 19 year old application rate but leave the 18 year old rate unchanged.

Deferred entry

30. Though it does not affect the application rates, the deferred entry route is interesting because it should show up 'introduction' effects and also it gives us some information about 2013 entry rates. Figure 1 shows the proportion of deferrals for accepted applicants domiciled in England, Scotland and Wales of all ages by year of application.

31. The expected dip for 2011 in England is clear. The proportion of deferrals from those domiciled in Scotland and Wales are falling through the whole period, but 2011 does not stand out as exceptional. This is what we would expect given these students do not have to pay fees throughout the period⁷. It seems that for students from Wales, any uncertainty about what the fees would be in 2012 had been clarified by the time a deferral was arranged. This provides further evidence of what will be temporary

⁷ These figures refer to applicants from Scotland to institutions in Scotland so none pay fees.

effects for applicants from England in 2012, and suggests that 2013 will see a return to more usual pattern of applications.

Figure 1: Proportions of deferrals by year of application

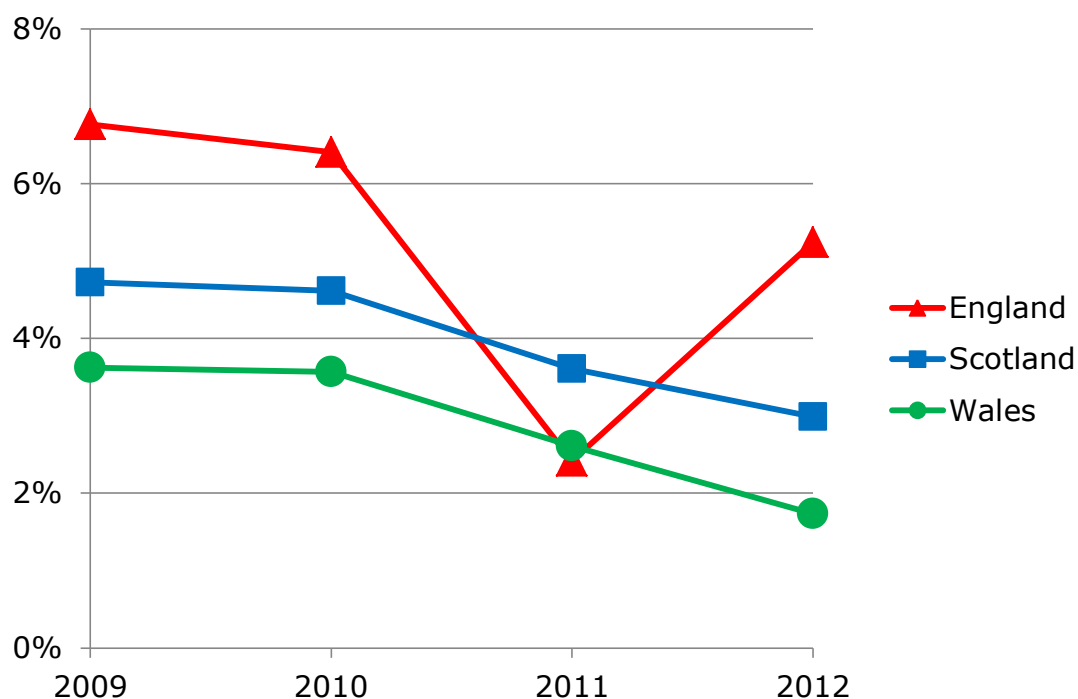


Figure 1 data note: UCAS (2012b), table 1d. Totals refer to interim counts of acceptances, that is applicants who have received an offer they have accepted. Only acceptances to the country of the applicants' domicile are included. Applicants of all ages included

Applications at aged 19

32. Figure 2 shows the proportions of young cohorts applying at 19. The years refer to when the applicants were 18, not when they applied. Applicants domiciled in England, Scotland and Wales are shown separately.

33. We can see that for all three countries there is a trend towards a higher proportion of 19 year old applicants.

34. For the 2006 fee rise to £3000 we would expect this ratio to decrease in 2005, and that is what we find for applicants from England. There is no equivalent dip in the ratio for students from Scotland, as we would expect, given that there was no increase in fees for these students. For applicants from Wales, there is a dip, but it is much less pronounced than for applicants from England. Again this is what we might expect, given that those applying to a university in England would have an incentive to apply at 18 in 2005, rather than aged 19 in 2006, while those only interested in a place in Wales would have no such incentive. There is

a suggestion of a slight dip for applicants from Wales in 2009, which would be consistent with students who planned to apply to study in Wales in 2010 aged 19, avoiding the increase by applying aged 18 in 2009 instead.

Figure 2: Number of 19 year old applicants as a proportion of 18 and 19 year old applicants by year aged 18

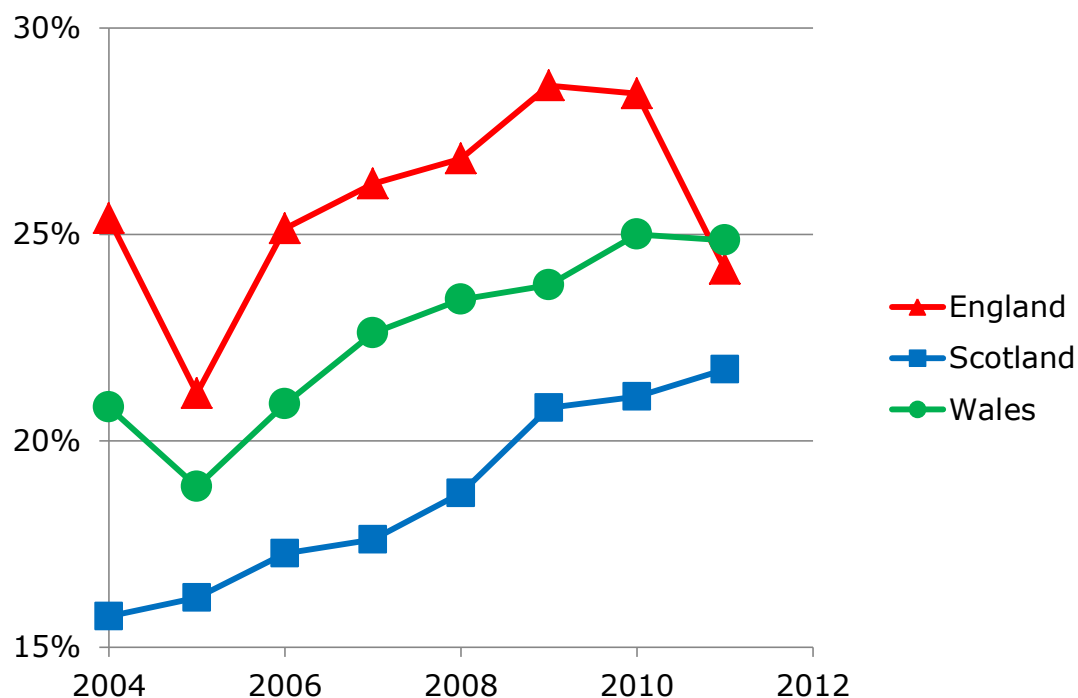


Figure 2 data notes: source: UCAS, 2012a, figures 21, 23 and 24. Plot points = $\frac{19 \text{ year rate (year } n+1)}{(18 \text{ rate (year } n) + 19 \text{ year rate (year } n+1))}$. NB rates based on the same populations, so this is the same as the ratio of the number of applicants. NB one person can be counted as two applicants if they apply at age 18 and aged 19.

35. For the 2012 fee rise we do not have the complete picture, as we do not know how many students aged 18 in 2012 will apply aged 19 in 2013. For England we can see a 'half dip'⁸ in the ratio, which will become a 'full dip' if 2012 sees a return to the proportion of 19 year old entrants, as happened in 2006. For applicants from Scotland and Wales there is no evidence of a half dip. This was expected for Scotland, these applicants had no disincentive to apply aged 19 in 2012. For applicants from Wales, it seems the announcement about their fees was early enough to remove any disincentive to apply in 2012.

⁸ We call a 'full dip' where a V shape pattern is observed. So for a 'full dip' three year's data are required. A 'half dip' has one half of the V. Whether or not it becomes a 'full dip' (that is whether the second part of the V materializes) will depend on numbers recruited in 2013.

36. Both the 'full dip' for students from England and Wales in 2005, and the 'half dip' for students from England in 2011 are consistent with some avoiding the fee increases in 2006 and 2012.

Applicants from advantaged background to selective universities

37. As mentioned previously, we might expect such temporary fee rise avoidance effects to be greatest for those with good A-levels and families who have the means to pay up-front. The results from the Commission's report provide some support for this suggestion, though the effects are small. The Commission published application rates for applicants for different backgrounds to the more selective universities.

38. Table 1 shows the reduction in 19 year old proportions for the most advantaged applicants to the more selective 'Sutton Trust 30' universities. We see that the percentage decreases in the proportion of 19 year old applicants compared to the year before the fee increases are greater than the decrease for the population generally.

Table 1: Reduction of 19 year old proportions in fee introduction years. (Applicants from England)

Rise to £3,000	From 2004	To 2005	% change
Advantaged applicants to ST30 institutions	18.3%	14.3%	-22%
All applicants from England to all institutions(as figure 2)	25.4%	21.1%	-17%
Rise to £9,000	From 2010	To 2011	% change
Advantaged applicants to ST30 institutions	20.7%	17.0%	-18%
All applicants from England to all institutions (as figure 2)	28.4%	24.2%	-15%

Table 2 notes Sources: Commission (2012), from charts 4.6 and 4.8. UCAS (2012a), from figure 21. Ratios calculated as for figure 2.

What would have happened had the fee rise not been introduced?

39. In order to draw conclusions with the limited information available, it is necessary to make assumptions. Here we present two alternatives, one based on assuming that past trends will continue, as described by UCAS, and one that makes assumptions about the 'introduction' effects.

Extrapolation of past trends

40. According to UCAS:-

"For all countries young application rates have generally increased over the past five years. There is no sign of any above trend increases in application rates in 2011 that would have resulted from people who would normally apply at age 19 (in 2012) applying at age 18 (in 2011) instead." (UCAS, 2012a, paragraph 62.)

Using the evidence of past trends, no adjustment is made to 2011 application rates. The trend in applications is also used to decide what the application rate would have been in 2012, were there to have been no change in the fee arrangements. This provides an estimate of the fall in 18 year old application rates in 2012 compared to what was expected.

"the application rate decreases by just over one percentage point in 2012 compared to 2011 value . . . "

This fall "is against a trend since 2006 of increases of at least one percentage point a year. If it is assumed that the recent trend of a one percentage point increase each year in England would continue in 2012 then the observed decrease of around one percentage point would represent a fall in the application rate against this assumption of around two percentage points." (UCAS, 2012a, paragraphs 63,64)

The two percentage points are then described as one in twenty applicants or approximately 15,000 applicants. This 'extrapolation of past trends' approach is represented in figure 3. The dotted lines and unfilled marker represent what is 'expected', or would have happened without the fee increases.

Figure 3: 18 year old applicant rates – UCAS extrapolation

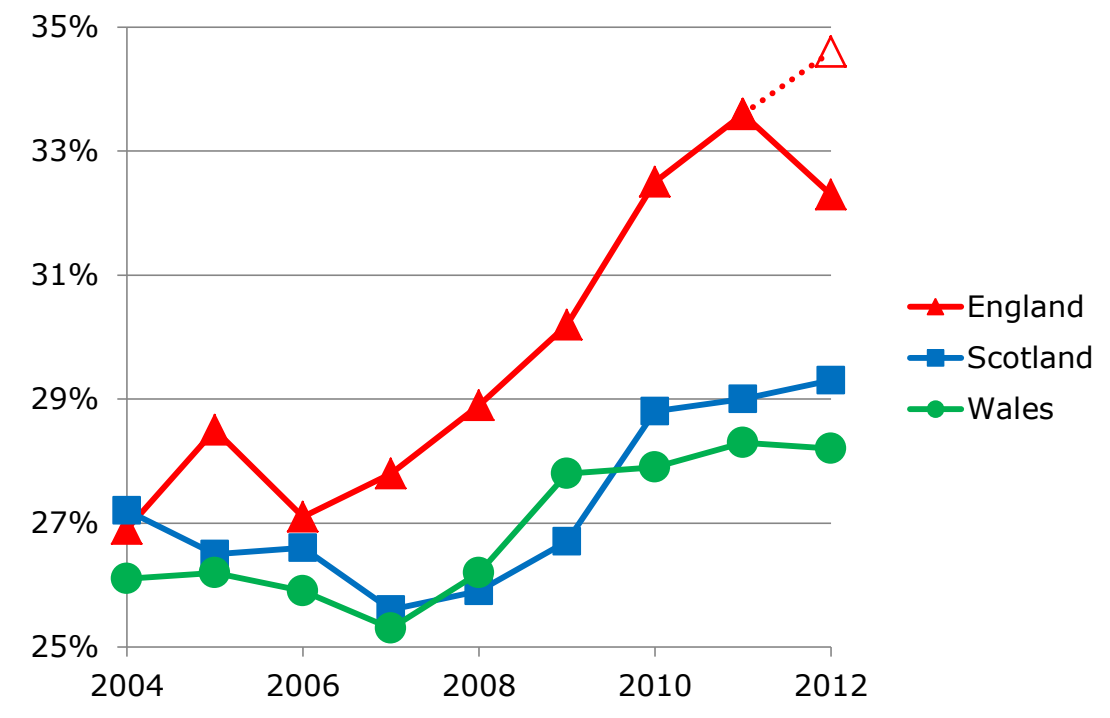


Figure 3 notes: Source - UCAS 2012a, figures 21, 23 and 24. Dotted line and unfilled marker show 2012 rate for England = 2011 rate plus 1 percentage point.

Adjusting for introduction effects

41. The evidence from both the plot of deferrals (figure 1) and of the proportions of 19 year old applicant rates (figure 2) supports the contention that applicants have changed their behaviour to avoid the higher fees using the unique opportunity available as the fees are introduced.

42. We would expect these 'introduction effects' to lift the 2011 18 year old application rate, but by how much? We cannot estimate this without making some assumptions. Firstly, we assume that the drop in the proportion of 19 year old applicants in 2012 can be accounted for entirely by applicants avoiding the increases fee by changing their plans as to **when** to enter, rather than **whether** to enter. If this is the case, we would expect the 'half dip' for 2011 plotted in figure 2 to become a 'whole dip' with 2013 data, as occurred for the 2005 dip with data from 2007. In other words, the reduction in the proportion of applicants aged 19 will turn out to be temporary.

43. Next, we need to estimate the numbers of 'pre-planned' and 'changed- plans' application paths that would have been taken by those

who switched from 2012 entry at 19 to 2011 entry at 18. UCAS estimate that 'just under half' the fall in the 19 year old application rate in 2012 is explained by the against trend increase in acceptance rates in 2011⁹.

44. This provides our estimate of the number of the missing 19 year old applicants in 2012 that would have been 'changed-plans' entrants. We further assume that the remaining missing 19 year old applicants would have been 'pre-planned' entrants. In creating figure 4 we took a value of 0.5, so making a slightly smaller reduction in the 2011 18 year old rate than UCAS's estimate would imply. The proportion of those who would have been 'changed plans' applicants may have been different for the 2006 rise in fees, when acceptance rates generally were much higher¹⁰. If this gave less slack for an increase in acceptance rates in 2005, this would imply that the proportion in the 2006 19 year old 'application dip' that would have been 'pre-planned' was higher, but we use the same value, 0.5, as for 2012.

45. Of course the 19 year old rate in 2011 may itself be lifted by those who would have applied in 2012 aged 20 applying aged 19 in 2011 instead. This would increase the size of the difference in 19 year old rates between 2011 and 2012 and lead to a bigger adjustment in the 18 year old rate than should be applied. To allow for such effects we started with the trends in 21 year old application rates and worked back adjusting the younger age application rates¹¹.

46. This 'adjusting for introduction effects' approach is represented in figure 4. The dotted lines and unfilled marker represent what is 'expected', or would have happened without the fee increases. The adjustments are applied for the fee increases in 2006 and 2012 for applicants from England, and for 2006 only for Wales. No adjustments are made to the application rates for applicants from Scotland.

⁹ See UCAS, 2012a, paragraph 90.

¹⁰ See UCAS, 2011, figure iii

¹¹ Of course the 21 year old rate in 2011 could, and indeed to some extent would, have been lifted by those who would have entered aged 22 in 2012, and so on, but because the rates decrease rapidly with age, these can be ignored. Indeed the adjustment for ages over 19 have only a small impact.

Figure 4: 18 year old applicant rates – adjusted introduction effects of fee rises in 2006 and 2012

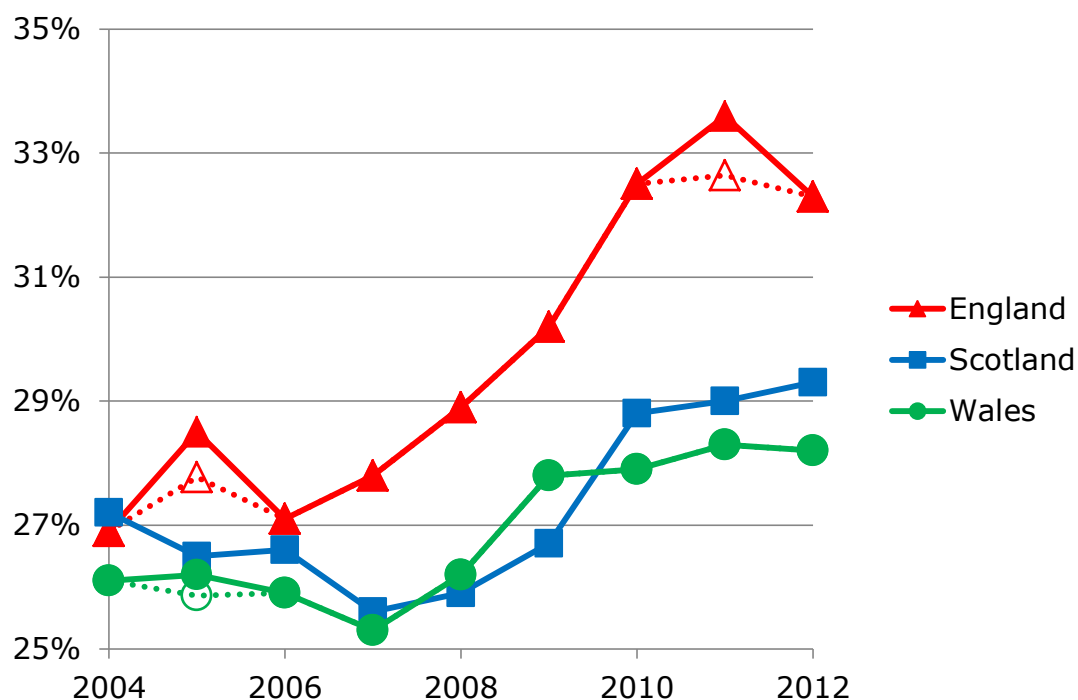


Figure 4 notes: Source - UCAS 2012a, figures 21, 23 and 24. Dotted lines and unfilled markers show rates adjusted for fee rise introduction effects.

47. We see that from 2007, after adjustment, the plots are now broadly similar for all countries, showing accelerating application rates, followed by a deceleration, if not a decrease, from 2010 for applicants from England and Scotland, and from 2009 for applicants from Wales. Between 2011 and 2012, there is still a small decrease in rates from England (0.3 per cent, after adjustment), as there is from Wales (0.1 per cent, unadjusted) but these decreases are not very different from the increase from Scotland (0.3 per cent, unadjusted).

48. The adjustment for the 2006 rise in fees only partly removed the 'spike' in the 18 year old application rate from England in 2005. This maybe because the assumed proportion of what would have been 'pre-planned' entries was too low, as we suggested might be the case. There are some indications of higher than trend rates for students from Wales in 2005 and 2009, corresponding to the two phased introduction of higher fees in 2006 and 2010.

Growth in applications since 2006 and 2007

49. Application rates from England grew at an accelerating rate from 2006 and rates from Scotland and Wales grew from 2007. England and Scotland had the biggest increase between 2009 and 2010 but, if the

adjustment for introduction effects is accepted (figure 4), growth slowed down from 2010 for applicants from England as well as from Scotland and Wales. Why should this be?

50. Part of the answer may be due to the labour market conditions following the financial crisis in 2008. From the Spring of 2008 there was an exceptionally rapid growth in youth unemployment¹² until mid 2009 when it stabilised, though at a high rate, so there was no further impetus to increase the higher education application rate. This would be expected to have an impact on all three countries, which it does to some extent, though the supposed impact is smaller for those from Wales.

51. Whatever the explanation, growth is slow from 2010 for applicants from both Scotland and Wales after what, at least in the case of Scotland, looked like accelerating growth similar to what was seen from England. This, we think, means that extrapolating from the increases from England up to 2010, first to 2011 to conclude that the rates for that year were not lifted by fee introduction effects, and then to 2012 to get an expected rate for that year, is unsafe; that is, the scenario shown in figure 3 is unsafe.

Conclusion

52. With just one year of data with the new fees, we cannot be certain as to the impact of the changes in 2012, as distinct from the temporary impact from introducing the change. However, we think the estimate of 15,000 less than expected 18 year old applicants should be viewed as an upper bound. Our assessment of the evidence is that it is far more likely that demand, as measured by application rates, has not been reduced by the increase in fees to any material extent.

53. This finding, even if confirmed by data from the next few years, does not mean that the changes will not have an impact in the longer term. Most of the young people charged £9000 fees in 2012 will have been 'on track' to university since before the changes were announced. Even though the 'introduction effects' are temporary, the 'change effects', or lack of effects, are not necessarily permanent.

¹² The number of 18 to 24 year olds claiming Jobseekers Allowance doubled in one year (Rhodes, 2012). Labour Force Survey based statistics show that the seasonally adjusted UK unemployed rate (excluding those in full-time education or economically inactive) for those aged 16 to 24 increased from 5.9 per cent for March to May 2008 to 8.8 per cent a year later. It then stabilised around 8.5 to 9.0 per cent until June to August 2011 when it increased to 9.7 per cent. The rate then stayed near 10 per cent until the most recent figures (June to August 2012) when it fell back to 9.1 per cent. (ONS, 2012b, table A06).

Mature application rates

54. Interpreting mature application rates is much more difficult. Firstly, identifying the relevant underlying population is more complex, because many in the population from which applicants are drawn will have already graduated, and because mature entrants will be less constrained as to when they apply or reapply. These points are made by UCAS, who stress how hard it is to assess the changes in application rates. To this we should add that we have no data at all for part-time study yet, which is an important component of mature higher education participation.

55. Figures 5a, 5b and 5c show the relative application rates for mature applicants in different age groups. Because the rates for different age groups differ so much, we normalise them relative to their rates in 2004, set as 1.0.

56. The different age groups from England (figure 5a) show a very similar movement, with very strong growth from 2008 to 2010. All except the youngest group (20-24, blue, diamond marks), peak in 2010. The 20-24 age group has a combination of features of the other mature entrants and the 18 year old entrants. Looking at applicants from Scotland (figure 5b) we see that, apart from the youngest group, application rates peak in 2010 and 2011. The rates from Wales (figure 5c) are shown for completion though little can be deduced from them because the numbers are small and large random variations can be expected, especially for the older age groups.

57. There are a variety of stories that could be attached to these plots. As we suggested for the 18 year old applicants, we think that demand for higher education may have been stimulated between 2008 and 2010 by the changed labour market conditions. Not only did unemployment increase, but so did 'enforced' part-time working; this may have created an untypical short term increase in application rates¹³. In England, like the younger applicants, some of the mature applicants will have brought their plans to apply forward to avoid the higher fees, but it is difficult to assess the scale of this movement. It is possible that the 2010, as well as the 2011 applications, were boosted in this way. Though the Government plans for higher fees were not announced until November 2010, when the Browne review was set up in November 2009, it was feared – though this was denied – that this was to be the means by which a future Government would introduce higher fees. Even before the review was set up, there were signals that fees would rise. 'Mandelson hints tuition fees could rise'

¹³ While the largest rises in unemployment occurred in 2008 and 2009, and there have been small falls since the end of 2011 (ONS 2012b), the numbers in part-time because they could not find a full-time job continues to increase, reaching 1.42 million for the three months to July 2012, the highest figure since comparable records began in 1992 (ONS, 2012a).

(Guardian 27 July 2009) is just one of the headlines someone who had been thinking about going to university might read. This could be the nudge to get them to apply in 2010.

58. No doubt others could imagine other scenarios, but nobody can be confident in predicting what will happen to mature application rates in the future. It is worth noting that the rates for all the mature age groups from England were higher in 2012 than they were in 2008. Of course they may well have been even higher in 2012 were it not for the fee rises, but it does show that, at least in the current labour market conditions, large numbers of mature applicants are willing to be charged the higher fees.

Figure 5a: Relative mature application rates – England

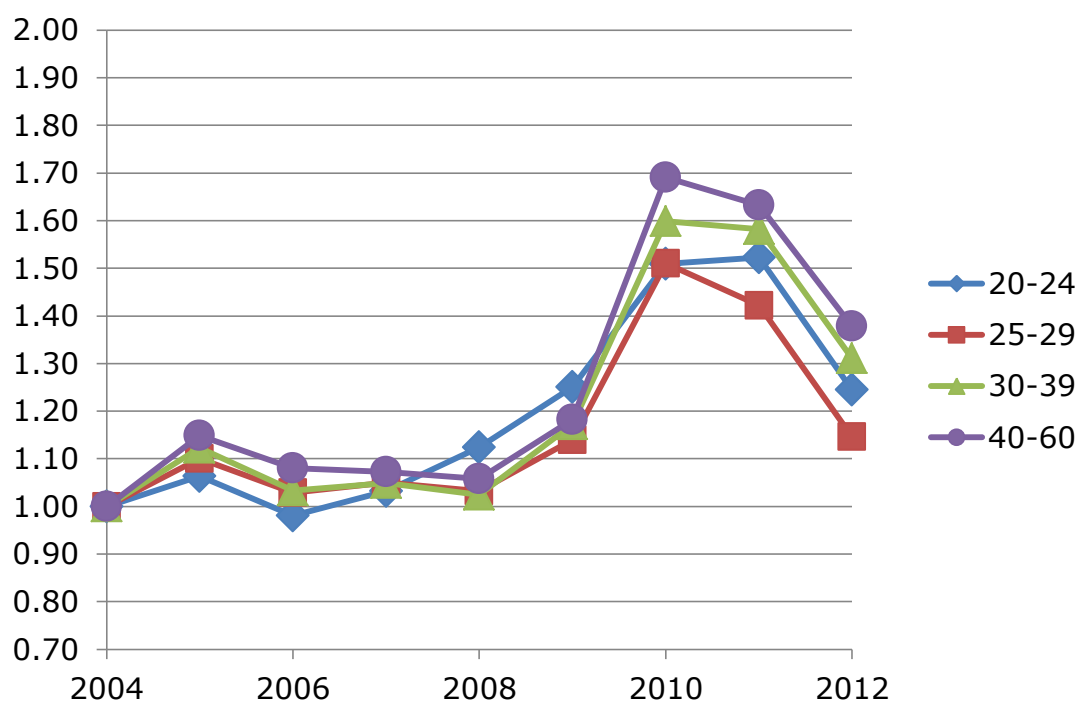


Figure 5b: Relative mature application rates – Scotland

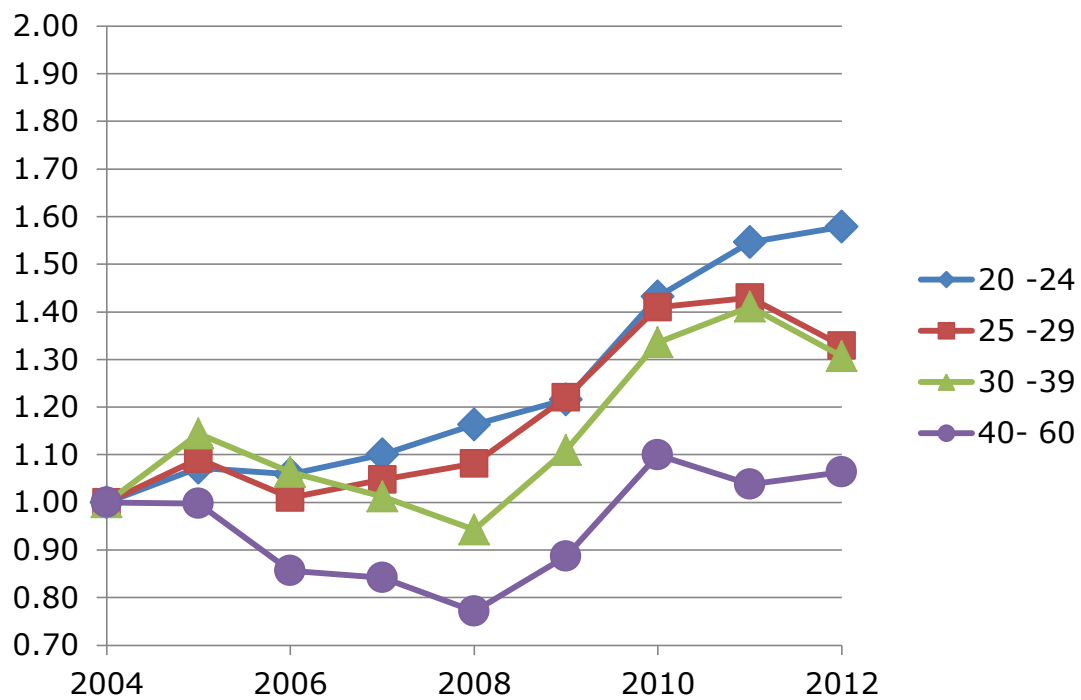
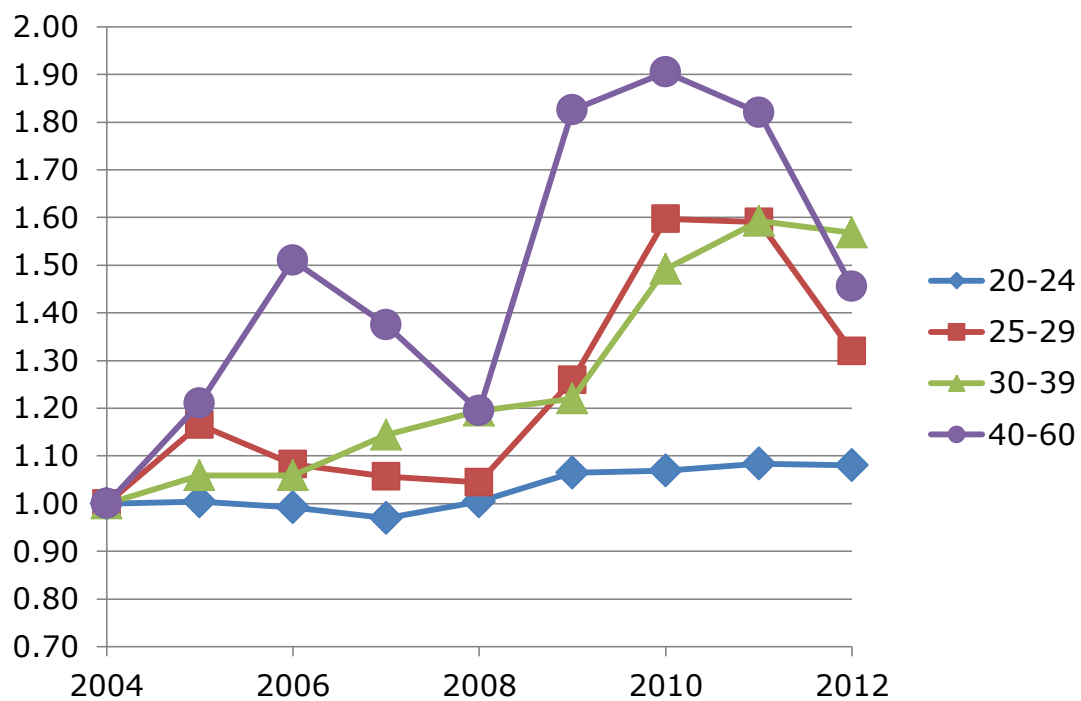


Figure 5c: Relative mature application rates – Wales



Figures 5a, 5b and 5c sources: UCAS, 2012a, figures 21, 23 and 24

Conclusion

59. UCAS found that there was little change in the nature or characteristics of applications in 2012. They also found that, though mature application rates in England had fallen between 2011 and 2012, this movement was difficult to interpret, given the large changes in earlier years. We also note that the application rates for 24-29 and 30-39 age groups from Scotland also fell between 2011 and 2012, though by not as much as for applicants from England.

60. UCAS did conclude that for 18 year applications the numbers in 2012 were 15,000 short of what would be expected. Our assessment is that this represents the maximum possible impact of the new arrangements, and that it is more likely that the numbers of applicants were as expected after taking into account the transitory effect of introducing higher fees. This means the immediate impact of the fees themselves has been negligible.

61. We should not conclude from this assessment that the new arrangements have had no impact on demand for certain, only that that seems more likely. As more data becomes available the picture will become clearer. Nor should we assume that if, say, higher fees in themselves (rather than their introduction) have not been a deterrent to apply in 2012, this will continue to be the case in the future. And in part the decisions of young people in future may depend on the experiences of those who are starting university this year, and what story they have to tell to their friends and family.

62. Nor should we forget that while increased demand may be a necessary condition for increased and widening participation and 'fair' access, it is not sufficient. Both the total number of funded places, and the way they are distributed may turn out to be more important than any changes in demand. The Government believes the new mechanisms for allocating places to universities will increase students' choice but, as we argued in our previous report (Thompson, et al, 2011), the opposite may turn out to be the case, particularly as funded places are to be reduced from in 2011 levels. This makes it even more important to 'wait and see' before coming to definite conclusions about the overall impact of the measures introduced from 2012 on student numbers, on access and on widening participation.

Data sources

63. UCAS provide tables with the values for all the figures in the application analysis report (UCAS, 2012a). These can be downloaded from a link at the bottom of the page:

www.ucas.ac.uk/about_us/media_enquiries/media_releases/2012/2012applicationsanalysis

64. In addition UCAS kindly provided total population numbers used in figures 21, 22 and 23. These were used to calculate aggregate rates for the 20 to 24 year old age group in figures 5a, 5b and 5c.

65. The Sutton Trust kindly provided figures used to produce charts 4.6 and 4.8 from the Commission's report. (Independent Commission on Fees, 2012) which were used in table 1.

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