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## **The 2012/13 reforms of student finances and funding in England: the implications for the part-time undergraduate higher education sector**

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### **Introduction**

Part-time undergraduate higher education is central to lifelong learning and to national skills policies, promoted by the OECD (2012) and others to transform lives and to drive economies forward by providing high-level skills and thus enhancing a country's competitiveness and economic strength. Part-time provision of higher education is significant for higher education policy too. It can contribute to a more flexible and diverse higher education sector and to help broaden higher education access and social mobility, thus enhancing social justice.

In some countries the concept of part-time higher education study is not recognized, or all students are recorded by the OECD (2013) as studying full-time, for instance in countries as diverse as Finland, France, Mexico, Turkey and Indonesia. In these countries there is little or no tradition of older people going back to college or university to take a full undergraduate degree. Higher education is perceived as something for students leaving secondary school and not for more mature people seeking a 'second chance' or combining higher education studies with full-time employment and/or looking after a family. Instead, some of these countries often have well developed vocational education and training schemes for employees, often funded by their employers or by government agencies whose programs lie outside the remit of this chapter.

Definitions of part-time study vary from country to country. However, countries like Australia, Canada, New Zealand, and the United States have well developed systems of part-time higher education. Within Europe in 2011, according to the OECD (2013), Poland had the largest number of part-time students with over one million and the highest proportion of the working-age population engaged in part-time higher education, nearly four percent. And in Poland, part-time study appears more popular than full-time study with the majority of all students classified as studying part-time. Within Europe, the UK has second largest number of part-time students after Poland, but less than two per cent of its' working-age population studies part-time. The UK has 2.1 full-time students for every part-time student compared to Poland's 0.9 (Oxford Economics, 2014).

Despite the importance of part-time higher education in countries like Poland, the UK, Sweden, New Zealand and the Russia Federation, stories about full-time university students receive much more media attention. Full-time students are the focus of the higher education sector's attention too, and their needs drive the government's and higher education institutions' policies. Issues about part-time students and the challenges they face go almost unnoticed.

Just as the significance of part-time study varies from country to country, so do ideological stances and policies regarding tuition fees and student financial support. At one extreme are countries where there is little or no difference between the tuition fees charged and the student aid available to part- and full-time students. At the other extreme are countries where the status of part-time higher

education student does not exist, nor does any part-time student support. Between these extremes are countries that recognize the existence of part-time study, charge tuition fees pro-rata, but do not provide any financial assistance to part-time students. Other countries, like Poland and Slovenia, charge part-time undergraduates attending public universities tuition fees but do not charge their full-time peers. Some countries, such as the Netherlands, provide part-time students with limited access to the financial support available to full-time students. In such countries the funding systems often favor students moving directly from secondary school into university, and student support may be unavailable to older students and those attending on a part-time basis. Other countries, like England until 2012/13, have two separate systems of financial support, one for part-time undergraduates and another for full-timers.

These variations in the treatment of part-time study and students, and their contrasting access to financial support raise interesting policy challenges and questions such as:

1. Why are there different approaches to student financing policies for part-time students? What ideological, economic, and political factors inform these policies and what assumptions underpin them?
2. Is it efficient and effective for student financing policies to treat full and part-time students the same or differently?
3. If countries treat part-time students differently, then should all part-timers qualify for support or should eligibility be restricted? How should support be targeted?
4. What sort of financial help should part-time students get? What should this support cover and how do we ensure that the support is adequate?
5. Finally, what impact do different policies have on access and higher education participation?

The remainder of this chapter will highlight some of these policies challenges using as a case study the most recent 2012/13 reforms of student funding in England. The focus will be on part-time undergraduates in England. The chapter will first discuss the characteristics of part-time undergraduate students. Next, it will examine the 2012/13 changes in student funding. Finally, it will explore the initial impact of the funding changes on participation in part-time higher education study.

### **The characteristics of part-time undergraduate students in the UK**

Part-time undergraduate students in the UK are very different from their full-time peers. They are more likely than full-time students to be female (62% compared with 56% full-time students in 2012/13) and older – mostly aged between 25 and 34 years old (derived from HESA 2014). Around two-thirds have family commitments and 40 per cent have children (Callender et al., 2010) while the vast majority of full-time undergraduates are single and childless.

Part-and full-time undergraduates have different educational backgrounds. Part-time students are both more likely than full-time students to have had some experience of higher education and to enter their part-time course with higher entry qualifications, or to have low levels of prior educational attainment and to start their part-time course with lower qualifications or none at all. This reflects a polarization in the part-time undergraduate population between those with existing higher education qualifications who are reskilling and those with low-level qualifications who are up-skilling, for whom part time

study offers a second chance at learning. In 2012 over half (53%) of part-time entrants studying had an undergraduate qualification (Oxford Economics, 2014). In contrast, the vast majority (around 85%) of full-time undergraduates start university with A Levels.<sup>1</sup>

Another distinguishing feature of part-time UK undergraduates is what and where they study. In 2012, only a minority of part-time students, 39 per cent, obtained a Bachelor's degree, while most gained a sub-degree qualification or institutional credits. In contrast, 86 per cent of full-time undergraduates were awarded a Bachelor's degree in 2012 (HESA, 2014). Related to students' educational objectives, part-time students tend to be concentrated in less research-intensive universities and to study a more limited range of subjects than do full-time undergraduates, concentrating especially on vocational subjects such as those allied to medicine (e.g. nursing, midwifery), education, and business and administrative studies.

The final distinctive characteristic of part-time undergraduates is that round four out of five are employed, mostly in full-time jobs in higher-level occupations in the service and public sectors of the economy. Their career-related jobs are very different from those of full-time students, who work part-time mostly in retail and catering doing jobs that are unrelated to their long-term career ambitions. Part-time students fit their studies around their jobs and domestic commitments and see themselves as workers who study. By contrast, full-timers fit their jobs around their studies and see themselves as students who work. These differences in the socio-economic and demographic backgrounds of part and full-time students are important in understanding the limitations of the 2012/13 reforms of student finances for part-time students. The new student funding policies failed to meet the policy goals and objectives of these reforms because they did not take into consideration part-time students' characteristics when designing the new system.

## **2012/13 reforms of part-time undergraduate funding in England<sup>2</sup>**

Following the *Independent Review of Higher Education Funding and Student Finance* (IRHEFSF, 2010) headed up by Lord Browne, the Government set out its reforms in its 2011 White Paper *Higher Education: Students at the Heart of the System* (Department for Business, Innovation and Skills, 2011). These reforms aimed to make higher education financially sustainable; to improve the student experience; and to increase social mobility. For part-time study, the reforms sought to stem the decline in part-time higher education.

The economic context within which these reforms occurred, the global recession and unprecedented cuts in public expenditure, are paramount in understanding them. The changes sought to reduce government spending on both undergraduate student support and higher education public expenditure, in line with the government's broader strategy to cut the fiscal deficit and stimulate economic growth. The ideological and political context of the reforms similarly is central to their design. The government's ideologically-driven vision is of a higher education sector defined by the market, which the government believe delivers high-quality services efficiently, equitably, and in a way responsive to consumer choice (DBIS, 2011).

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<sup>1</sup> A-Levels are a national General Certificate of Education Advanced Level qualification usually taken in the optional final two years of secondary schooling (years 12 and 13) and are traditionally a prerequisite for university entry. Unlike other countries, there is high degree of specialization in the subjects students study in these final two optional years of secondary schooling.

<sup>2</sup> The following discussion applies only to UK domicile and EU part-time undergraduates in England.

Discussion in the White Paper focuses nearly exclusively on full-time students. However, it announced ‘We are committed to *ensuring that higher education in England is affordable* for students too.....And one of the biggest changes we are making is that many part-time and distance-learning students will also be able to access loans to cover the full tuition costs for the first time.’(DBIS, 2011 Para 1.12 p 16 emphasis added).

The one paragraph in the White Paper devoted exclusively to part-time students reads:

‘For the first time, students starting part-time undergraduate courses in 2012/13, many of whom are from non-traditional backgrounds, will be entitled to an up-front loan to meet their tuition costs so long as they are studying at an intensity of at least 25 per cent, in each academic year, of a full-time course. *This is a major step in terms of opening up access to higher education*, and remedies a long-standing injustice in support for adult learners. Up to around 175,000 part-time students will benefit. Under the new system, distance learning students studying full-time will also benefit from a loan to cover their tuition costs’ (DBIS, 2011, para 5.7 p 61 emphasis added).<sup>3</sup>

So from 2012/13 onwards, part-time undergraduates can get government-funded income-contingent loans to pay for all of their tuition fees. Students at publicly-funded universities and colleges can access loans of up to £6,750 (€8,329) a year and those studying at privately funded institutions can get a maximum loan of £4,500 (€5,577). To be eligible for the loans students have to be:

- aiming for a qualification that is not at an equivalent or lower level than the one they already hold – so if they already have a Bachelor’s degree that cannot get a loan to pay for a second Bachelor’s degree;
- studying at an intensity of greater than 25 per cent of a full-time equivalent – for instance, a full-time three-year undergraduate course would have to be completed part-time in less than 12 years;
- following a full course for a specified qualification aim - so students studying individual modules for credit are not eligible for loans.

The rationale for this change is discussed in Lord Browne’s 2010 report, *Independent Review of Higher Education Funding and Student Finance* (IRHEFSF, 2010). One of the principles informing the Browne Report was:

‘Part-time students should be treated the same as full-time students for the costs of learning. The current system requires part-time students to pay upfront. This puts people off from studying part-time and it stops innovation in courses that combine work and study. In our proposal the *upfront costs for part-time students will be eliminated, so that a wider range of people can access higher education* in a way that is convenient for them.’ (IRHEFSF, 2010, p. 5 emphasis added).

Browne also observed:

‘The lack of support for part-time study makes it much more difficult for this country to catch up with other countries on the skill levels of the existing workforce. Individuals who are already in work and do not have a higher education qualification are usually unlikely to give up their jobs and enter full-time study. Part-time study may be a realistic option for them, but

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<sup>3</sup> The government subsequently announced that there will be no age limit for the receipt of tuition fee loans.

*access to part-time study is hampered by the lack of Government support. The potential exists to combine the experience of individuals already in work with the skills that higher education can provide; but it is not being exploited.* (IRHEFSF, 2010, p. 22-23 emphasis added).

This policy change has to be considered alongside the other finance reforms introduced in 2012/13; specifically, the withdrawal of universities' teaching grants for most undergraduate courses and their replacement with higher tuition fees; and the raising of the government-set cap on full-time undergraduate tuition fees from £3,290(€4,060) to £9,000 (€11,105) a year including, for the first time, a cap of £6,750<sup>4</sup> (€8,329) on part-time tuition fees at public universities. All full-time students, as before, and now some part-time students for the first time, can pay their tuition fees through government-subsidized income-contingent loans.

Consequently, there is no, or limited, taxpayer support for part-time undergraduate teaching, and so these costs being met by students paying higher fees. Government support for some part-time undergraduates, therefore, has shifted from teaching grants to student loans, that is, from a block grant paid by the government to private contributions paid by individual students, reflecting the idea of cost-sharing. Ultimately, these changes stress the private returns to higher education at the expense of the public benefits, and they do not question the resulting private subsidization of these public benefits, emphasizing the benefits of higher education as a private investment rather than as a public good (Reay, 2012).

To reduce the government's costs of extending student loans, the interest rate on loans was increased so that both student loan repayments and the interest charged on the repayments vary depending on a graduate's earnings. Both graduates from part- and full-time study do not begin to repay their loans until they are earning £21,000<sup>5</sup> (€25,912) a year. When they are earning under £21,000, the interest on their loan is limited to the rate of inflation. Graduates earning between £21,000 and £41,000 (€50,590) per annum are charged interest on a sliding scale up to a maximum of inflation plus three per cent when earnings exceed £41,000 per year. Both graduates from part- and full-time study pay nine per cent of their income over £21,000 until they have repaid all their loans, with any outstanding debt written-off after 30 years. Finally, means-tested tuition fee grants and course grants received by a small minority of part-time students before 2012/13 have been abolished. New part-time students, even the poorest, will receive no government funded financial help with other study and living costs, unlike their full-time peers who can also receive both maintenance grants and loans to cover these costs.

### **The initial impact of the 2012/13 reforms on part-time higher education**

These reforms sought to increase part-time undergraduate enrolments, which, prior to these reforms, had been in decline, and to make part-time study more affordable and accessible. As we will see, they have had the opposite effects as enrolments have plummeted and, for many, part-time study is no longer affordable.

#### *Part-time tuition fees*

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<sup>4</sup> This is equivalent to 75 per cent of the maximum full-time fee of £9,000.

<sup>5</sup> For the tax year ending 5 April 2013, the median gross annual earnings for full-time employees were £27,000. (ONS, nd).

Predictably, undergraduate part-time tuition fees have risen as a result of the reforms because higher-education institutions no longer receive money from the government to cover most of their teaching costs.<sup>6</sup> The median tuition fee charged for a part-time Bachelor's degree was £5,000 (€6,170) in 2012/13 (HEFCE, 2014). Although a comparable figure prior to the 2012/13 reforms is unavailable, tuition fees in 2012/13 were more than double, and in some cases triple, the level of tuition charged prior to 2012/13 (Callender, 2013).

### *Part-time entrants*

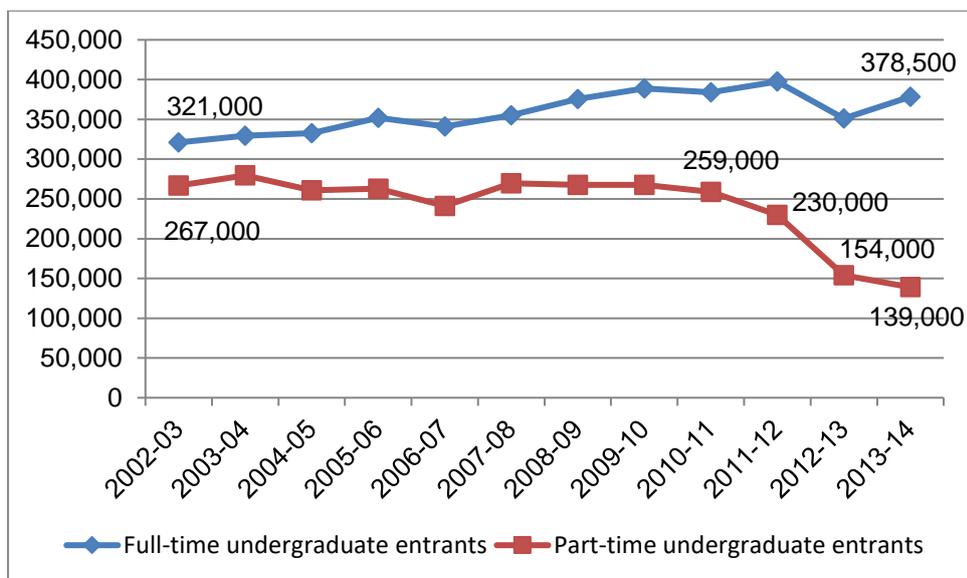
Figure 1 shows that there has been a gradual decline in UK and European Union part-time undergraduate entrants to higher education institutions and further education colleges in England. In recent years, the falls have been very dramatic. Between 2010/11 and 2013/14, numbers fell by nearly a half from 259,000 to 139,000, a fall of 46 per cent. Since the changes in student funding introduced in 2012/13, part-time entrant numbers have continued to fall rapidly, unlike those for full-time undergraduates, which initially fell but subsequently have increased.

The effects of the reforms on entrants have been unequal and are creating new inequalities in access to part-time higher education. Some part-time student groups have been more affected than others by the declining participation. In turn, this suggests that the characteristics of the part-time student undergraduate population is changing too, partly because of the 2012/13 reforms. Men and women have been equally affected by the falls since 2008, but older people have been more affected than have their younger colleagues. The largest decrease in the absolute number of part-time entrants has been among those aged 35-44, but, in relative terms, the falls have been greatest for those aged 55 and over. The share of part-time undergraduates with prior experience of higher education increased from 43 per cent in 2008 to 53 per cent in 2012 (Oxford Economics, 2014), but this was at the expense of students with low-level entry qualifications or none at all. These greater falls in participation of students with low-level entry qualifications suggest that the important widening participation role of part-time higher education is being undermined. Furthermore, far fewer students are studying less than 25 per cent of a full-time course, which, again, impacts on the widening participation agenda as fewer students are taking 'bite-size' courses as a way into further higher education study.

### **Figure 1 Part-time and full-time UK and EU undergraduate entrants to English Higher Education Institutions and Further Education Colleges, 2002/03 – 2013/14**

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<sup>6</sup> Higher education institutions teaching science, technology, engineering and medicine courses still get some help from the government in recognition of the high costs of teaching such subjects.



Source: Derived from HEFCE 2014

### Explaining the fall in part-time undergraduate entrants

So how can we explain these very sharp falls in part-time undergraduate entrants?

#### *The 2012/13 changes in student funding*

There seems little doubt that the changes in student funding have played a significant role in the decline in demand for part-time undergraduate study. As we have seen, tuition fees have doubled or even trebled. Although student loans have been introduced to cover these increased tuition fee costs, student loan eligibility criteria are very restrictive. The majority, an estimated two-thirds, of potential part-time students are ineligible for loans mostly because they already have a higher education qualification. So these potential students are faced with much higher tuition fees that they have to pay up front and out of their own pocket.

Such a restrictive policy is based on two misplaced assumptions: that employers will pay for their employees' higher education tuition; and that, because most part-time students are employed, higher education and higher tuition fees are affordable. In fact, there has been a sharp decline in the proportion of undergraduate part-time students sponsored by their employers. Surveys over time have consistently shown that around one-third of part-time undergraduates receive financial help from their employer with their tuition fees (Callender *et al.*, 2006; Johnson *et al.*, 2009; Callender *et al.*, 2010). However, when undergraduate tuition fees increased in 2012/13, students entering the higher education sector with employer funding fell by 35 per cent, suggesting that the increased fees are a major stumbling block for employers (Oxford Economics, 2014). High fees make part-time study potentially unaffordable or too risky an investment, even for the majority who are employed, especially in recessionary times.

Among those part-time students who are eligible for the new loans and who do not already hold a higher-education qualification, the loans appear unattractive. The take-up of the new loans has been much lower than anticipated. Around one in five (30,800) part-time entrants had taken out a loan by August 2013, yet the government had predicted that a third would qualify for loans. A further 5,200 potential students applied for a loan and were assessed as eligible but did not take the loan: they either paid up front or did not start the course (Thompson and Bekhradnia, 2013). This suggests that income

contingent loans are not necessarily perceived by would-be students as an adequate safeguard against the risks of part-time study. The costs of taking out a loan outweigh the potential benefits of part-time study. The justification for student loans and cost sharing loan policies is predicated on the financial returns of higher education and other private benefits and the ideology that those who benefit from higher education should contribute towards its cost. Yet research suggests that while the non-financial benefits and social returns of part-time higher education are high, the financial returns tend to be lower than those experienced by younger full-time students in terms of higher wages and employment opportunities (Callender and Wilkinson, 2011). So, potential part-time students' concerns about taking out a loan may be well founded.

The unwillingness of prospective part-time students to pay high tuition fees or to take out an income-contingent loan for an uncertain return should not be surprising. As discussed, part-time students are older and have a range of family and financial responsibilities. They are likely to be experiencing financial pressures due to financial obligations such as children and mortgages. So, in times of economic hardship or uncertainty, mortgage repayments and basic provision for children are likely to take priority over part-time study costs. Discretionary and non-essential spending, including spending on study is likely to be squeezed. Macroeconomic conditions, therefore, are likely to have a greater impact on the demand for part-time study than for full-time study, and part-time study is likely to be more price sensitive. Put simply, now part-time study is simply unaffordable for many potential students.

Indeed, research shows how the recession, which led to rising unemployment and squeezed household incomes combined with changes in higher education policy have propelled the decline in part-time higher-education entrants in England (Oxford Economics, 2014). This suggests that, in England, there is a strong relationship between economic growth and part-time entrants, both historically and during the recent decline in part-time entrants. As growth falls, so do part-time entrants. Similarly, there is a striking relationship between unemployment rates and part-time enrolments. As unemployment rises, the number of part-time entrants declines. Finally, real disposable incomes also show a positive relationship with part-time entrants. It might be expected, therefore, that part-time numbers would bounce back as England emerged in 2010 from the 2008 recession, as unemployment levels fell in 2012 and as disposable income increased. However, 'any hope of an economy-driven recovery was quashed by the large increase in part-time undergraduate tuition fees in 2012' (Oxford Economics, p. 17).

The decline in part-time entrants has been far greater in England than in Scotland, Wales and Northern Ireland despite the fact that the recession was less severe in England than in the rest of the UK, and the recovery was the strongest. Indeed, when England's part-time undergraduate sector is compared to those in Scotland, Wales and Northern Ireland, which were not subjected to the withdrawal of government funding for part-time teaching<sup>7</sup> and high tuition fees, the key drivers of England's declining part-time sector becomes clear. While macroeconomic conditions exacerbated recent declines in England's part-time undergraduate sector, 'the key driving force of the sector's demise' (Oxford Economics, p.30) was England's higher education policies. In other words, despite the 2012/13 funding changes being designed to increase participation in part-time higher education and to make it more affordable, they have had the opposite effects, contrary to the government's aims.

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<sup>7</sup> The withdrawal of government funding for teaching was first introduced in 2008 but only for students on courses aiming for a qualification that was not at an equivalent or lower level than the qualification they already held. In 2012/13 with the introduction of tuition fees, government funding for teaching was withdrawn for all students on all courses except for science, technology, engineering and medicine.

This outcome brings into question the suitability of student loans and their eligibility criteria for part-time students. The loan criteria disadvantage potential part-time students because of their educational backgrounds. The loans also may be unattractive because potential part-time students already have on-going financial commitments but do not have enough disposable income to pay for the higher fees out of their own pocket. The loans also ignore the characteristics of part-time students. They are not designed for the ‘average’ part-time students who are in their mid-30s, have small children, are paying off a mortgage, and who have yet to reach their peak earnings capacity.

*Falling supply of part-time undergraduate provision- Unintended consequences?*

The fall in demand for part-time higher education undergraduate study is only part of the story of the demise of the part-time sector. At the same time, there also has been a fall in the supply of part-time program offerings. As we have seen, the part-time undergraduate market is more volatile and demand for part-time study is more difficult to predict than is the case for the full-time market. Consequently, it is more costly and riskier for higher education institutions to provide part-time courses than to offer full-time courses. In recognition of these additional costs, the government used to provide part-time providers with extra funding, but, with the change in the 2012/13 funding regime, most of these monies have been withdrawn. Consequently, now there are no financial incentives for providing part-time courses. Higher education institutions will continue to recruit full-time students where there is an excess of demand for such places rather than fill their places with riskier part-time students.

As demand has fallen, universities are closing down part-time courses. Indeed, Figure 1 hides the fact that between 2010/11 and 2012/13 the largest declines in part-time entrants was in undergraduate courses leading to vocationally-orientated sub-degrees and shorter modules/courses leading to institutional credits, many of which are continuing education courses. Institutions are exiting the market for study below the Bachelor degree level and focusing their part-time undergraduate provision around Bachelor degree courses. They are registering more students for degree qualification programs including in this category students who previously were registered as studying for institutional credit, and ceasing to offer institutional credit for short courses of study. In part this is because of the terms and conditions associated with the receipt of the new student loans. Only students registered for a qualification are eligible for student loans, but those seeking additional credits without pursuing a Bachelor’s degree are not (HEFCE 2014a).

Such course closures mean students’ opportunities to study part-time and their choices of what and where to study are actually being restricted rather than broadened by the 2012/13 funding changes, again contrary to the government’s aims. For potential part-time students, this reduction in options is particularly significant because part-time students are far less mobile than full-time students because of their work and family commitments. If they are not studying by means of distance learning, they are most likely to attend their local university. So when part-time course offerings there are eliminated, the door to part-time higher education similarly may be closed.

There is also a widening participation dimension to such course closures. The decline in sub-degrees and shorter institutional credit courses has been particularly pronounced among the most research-intensive universities, those universities in the Russell Group.<sup>8</sup> As Thompson and Bekhradnia (2013 p 21) observe: ‘Given the importance of part-time provision to disadvantaged students, the withdrawal

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<sup>8</sup> According to the Russell Group’s website, the Russell Group represents 24 leading UK universities which are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with business and the public sector. <http://www.russellgroup.ac.uk/about-russell-group/> Last accessed 11/06/2014. It operates primarily as a lobbying organisation for these 24 universities.

of part-time undergraduate courses seriously undermines the contribution of Russell group institutions to widening participation and fair access, as well as representing a marked reduction in their commitment to Continuing Education (CE).’ Alternatively this change could be interpreted as a step towards greater diversity in the higher education sector, with different institutions focusing on their strengths and leaving others to cover areas which are not considered part of their core missions. ‘This interpretation is more defensible for those universities that are close to others offering part-time opportunities, less so where there are few alternatives within easy reach’ Thompson and Bekhradnia (2013 p 21).

### **The way forward**

Declining part-time undergraduate enrolment levels in recent years are not unique to England, and other countries such as Poland, Slovenia and Norway also have seen steep falls, some of which are associated with changing macroeconomic conditions and demographics. However, in England, the key problem has been the 2012/13 reforms of student funding, where the part-time undergraduate sector has been one of the victims of these policy changes. It is possible that, in the future, part-time undergraduate study in England may recover because the full impact of these policy changes is not fully understood. However, reviving dismantled part-time provision and infrastructure will be challenging as higher education institutions seek alternative strategies to compensate for a shrinking part-time market.

If the government is really committed to its 2012/13 policy objectives of reskilling and up-skilling its workforce; averting the demise of the part-time undergraduate sector; encouraging more people to study part-time; opening access; and making part-time higher education affordable, it will need to take some radical action. To achieve these goals and objectives, policy instruments are required which are tailored to the needs and realities of potential part-time students. Currently, student loan policies are not devised for older, employed and experienced part-time students. They are designed for the ‘typical student and graduate’, a young school leaver who studies full-time and who, on graduation, enters the labour market for the first time. Instead, policies are needed that fully acknowledge the distinctive characteristics of the part-time student population. These policies also have to recognize that, while there are high social returns to part-time study, the financial returns are lower than those from full-time undergraduate study. This is a justification for larger government subsidies to encourage demand.

So at a minimum the government needs to revisit the very restrictive student loan eligibility criteria so that more part-time students can qualify for loans. It might also want to consider whether some form of grant for part-time students would be a better policy instrument to open up and widen access and to encourage and increase the participation of poorer and more marginal groups. As Ziderman (2013 p 43) observes:

Since a grant offers a stronger and more direct incentive for access than does a (partially) repayable loan, the apparent advantage of loans over grants is less clear-cut. This highlights a central conundrum in loan policy: at what level of built-in loan subsidy does a grant become a more cost-effective instrument for helping the poor than a subsidized loan (with hidden grants)? This suggests that, in country settings where state budgets are constrained, a more appropriate financial aid program for the poor is likely to involve a combination of both loans and grants, with a relatively larger overt grant element for the very poor.

While there are many estimates of the level of government subsidy on student loans for full-time students, no one is clear regarding loans for part-time students. Some think it is higher than for full-time students while others believe it is actually not a subsidy at all and that the government makes a profit from lending to part-time students. For the most disadvantaged part-time students who take out loans, the government subsidy is likely to be large because they are likely to be in low-paid or part-time jobs. This supports Ziderman's idea of grants. Such policies would need to heed Johnstone and Marcucci's (2010) warnings that 'Cost sharing is no miracle cure' (p.282) and 'our advocacy of cost-sharing is always an advocacy for its ability to supplement and augment government revenue, never to replace it' (p 283).

Above all, we need the political will both within the higher education sector and the government to tackle the challenges posed by part-time study. If there had been a drop of 46 per cent in full-time entrants following the 2012/13 student funding reforms, it would have been headline news. Universities and other higher education stakeholders would have been outraged and demanded action. Government Minister's would have had to resign. When this was announced for part-time entrants, there was silence, and nothing happened.

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