

The Open University's response to the Department for Employment and Learning's Higher Education Big Conversation

30th October 2015



Introduction

1. The Open University is the largest provider of part-time undergraduate higher education in Northern Ireland. There are currently around 4,000 Open University students in Northern Ireland and over 40,000 people have studied here with us since our formation in 1969. The Open University has an “open access” policy which means that most of our undergraduate courses have no formal or traditional university entry requirements. We provide a high quality learning experience to our students and have been the top university for student satisfaction in Northern Ireland every year since 2005 in the National Student Survey.
2. The Open University welcomes the opportunity to make a submission as part of “The Higher Education Big Conversation”. As is widely recognised, Northern Ireland’s higher education sector has been badly affected by budget cuts in recent years. Forecast reductions in public spending at Westminster will likely add further pressure to the Northern Ireland Executive’s budget and additional public investment in higher education appears unlikely.
3. The Open University believes that three core elements are required for Northern Ireland to maximise the impact of higher education at both undergraduate and postgraduate level:
 - i. A full-time sector that primarily appeals to school-leavers who are yet to enter the labour market beyond casual, part-time work;
 - ii. A higher level apprenticeship system directly linked to job creation that allows people to study for a higher level qualification as a core element of their job;
 - iii. A part-time system that encourages people who wish to upskill or reskill while balancing other work or caring commitments in order to widen their choice of career progression opportunities.

The importance of part-time higher education

4. Part-time higher education makes a hugely significant impact on the economy, on social justice and social mobility. It is well documented that the people who most benefit from accessing part-time higher education are women, those who are in work, those over the age of twenty-one, those who have caring commitments and those who are from non-traditional educational backgrounds.¹ Engaging with higher education makes a significant difference in the lives of these individuals, opening up a host of life opportunities that were previously unavailable to them. Further

¹ Oxford Economics, 2014. ‘Macroeconomic influences on the demand for part-time higher education in the UK’.

disinvestment in part-time higher education in Northern Ireland will therefore disproportionately negatively impact upon these groups.

5. Despite positive signs of improvement in Northern Ireland's economic position, it still lags behind the rest of the United Kingdom in most measures of economic performance.² The impact of the recession has lingered on longer than in other nations of the UK. Concerns are expressed with regards to skills shortages in key sectors related to economic growth.³ It is widely acknowledged that the forecast pool of full-time graduates will not be enough to meet the skills demands of the future economy, something that will become even more acute in the context of a cut in corporation tax.⁴ There is therefore an imperative to incentivise up-skilling opportunities to people who have left formal education and who are either already engaged in the labour market, or who experience a number of barriers that have prevented them from doing so.
6. The primary motivator for most part-time students is to improve their employment prospects.⁵ Open University students are acutely aware of the impact that their study has on their future career prospects, for example in 2013/14, 37% of enrolments were in narrow STEM modules, subjects that are deemed to be of critical importance to the growth of the Northern Ireland economy.
7. According to research carried out by London Economics on behalf of The Open University in Northern Ireland, part-time higher education has a significant positive financial impact on our students and for the state. Chart 1 outlines the estimated average increase of earnings per student (male and female) over the course of their lifetime as a result of their degree. Chart 2 outlines the estimated benefit to the public purse per graduate with regards to the increased tax revenue received, minus the public investment made for each student during the period of qualification attainment. The biggest economic impact is for students from a non-traditional higher education background, determined as those in possession of 5 or more GCSEs at grades A*-C (or equivalent) but less than 2 GCE 'A' levels. These are students who would not otherwise have been able to engage with higher education, other than by studying part-time with The Open University.

² PricewaterhouseCoopers, 2015. 'NI Economic Outlook – August 2015'.

³ Oxford Economics, 2009. 'Forecasting Future Skill Needs in Northern Ireland'.

⁴ Oxford Economics, 2012. 'Preparing for a lower corporation tax environment'.

⁵ C. Callender, R. Hopkin and D. Wilkinson, 2010. 'Futuretrack: part-time students career decision-making and career development of part-time higher education students'.

Chart 1: Net graduate premium (£) for Open University in students in Northern Ireland 2012/13

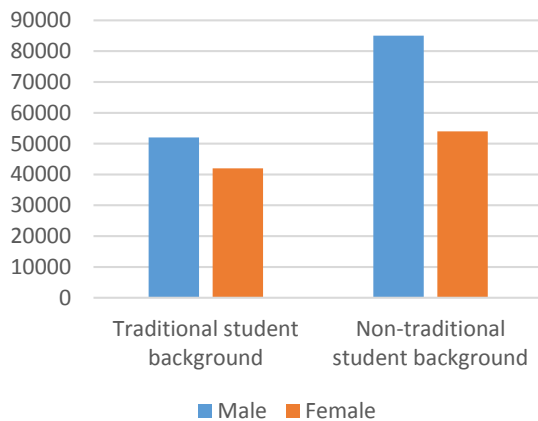
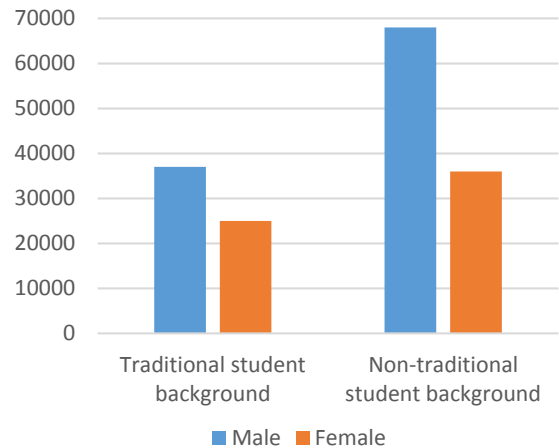


Chart 2: Net public benefit (£) from Open University students in Northern Ireland 2012/13

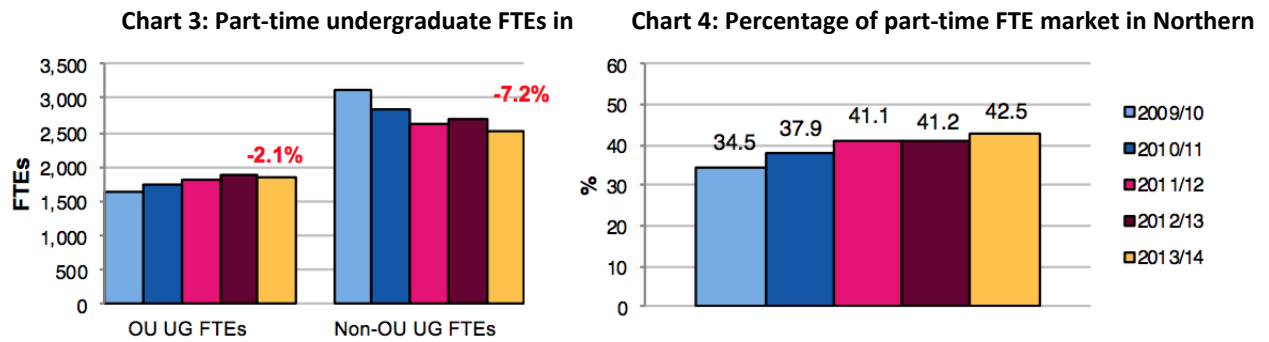


Source: London Economics 2014

8. Northern Ireland has historically had a low part-time participation rate in higher education, although this has been relatively stable over the last decade in comparison to that of Wales, Scotland and particularly England. A relatively stable period with regards to part-time higher education policy combined with the already low participation rate appears to have shielded Northern Ireland from the impact of the wider economic situation on part-time enrolments felt elsewhere.⁶
9. Nevertheless, part-time undergraduate enrolments have still generally been decreasing from a low base over the last decade. Between 2012/13 and 2013/14, part-time undergraduate FTEs fell by 5.1% across all institutions (2.1% decrease for The Open University and 7.2% decrease for other Northern Irish higher education institutions – see Chart 3). This runs contrary to the aims of *Graduating to Success*, which explicitly calls for a “significant extension of part-time provision”.⁷ While numbers of part-time undergraduate students in Northern Ireland have decreased, The Open University’s share of the part-time market has increased (see Chart 4). Therefore other higher education institutions either do not see part-time provision as a priority, or part-time is not coming across as an attractive proposition to prospective students.

⁶ Oxford Economics, 2014.

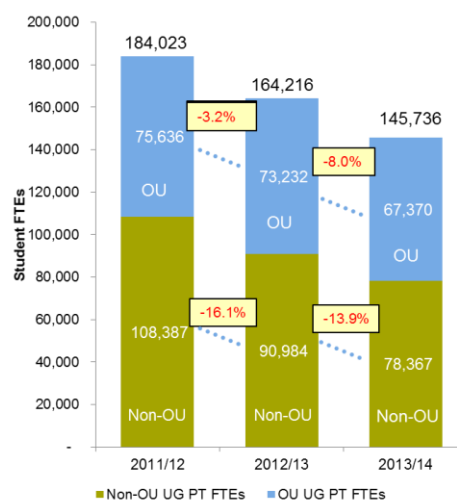
⁷ Department for Employment and Learning, 2011. ‘Graduating to Success: A higher education strategy for Northern Ireland’.



Source: HESA 2013/14 – UK Only by Location

10. The Open University believes that the evidence across the United Kingdom suggests that part-time higher education thrives better in systems that place more funding responsibility on the state than the student.
11. As a university that operates in all four nation of the United Kingdom, we have experienced at first hand the increasing divergence in higher education policy that has taken place in recent years. Enrolments across the University have remained fairly consistent across Northern Ireland, Scotland and Wales; however, enrolments in England have decreased dramatically over a short period of time, albeit at a lower rate than experienced by the rest of the sector, as detailed in Chart 5 below.

Chart 5: Part-time undergraduate FTEs in the UK from 2011/12 to 2013/14



Source: Marketing Unit HESA FTE data Feb 2015

12. Three major policy changes have taken place in relation to part-time higher education policy in England:
- i. The removal of funding for students studying for an equivalent or lower level of qualification than they already have;
 - ii. A rebalancing of the funding responsibility for higher education from the state to the student, leading to higher tuition fees; and
 - iii. The replacement of tuition fee grants with tuition fee loans for part-time students.
13. Analysis from The Open University indicates that the policy decision that has had the most negative impact upon part-time students has been the increase in tuition fees. The recent publication by the Higher Education Policy Institute (HEPI) of a collection of essays on the decline of part-time students in England by experts in the field of part-time higher education,⁸ also shows this reality very starkly, alongside the other policy decisions highlighted above. Of particular note is the sense that part-time study is not a choice for many – it is the only option.
14. Part-time students tend to be older and have significant financial commitments, they are more price-sensitive when it comes to higher education than their younger, full-time counterparts. The prospect of an additional debt of up to £16,200⁹ from completing a degree is daunting, despite the relatively favourable repayment terms in comparison to other typical forms of lending. It is important that the Department fully considers the impact on part-time higher education provision when looking at future models of financing higher education in Northern Ireland.

Incentivising part-time in Northern Ireland

15. The Open University agrees with the aim of *Graduating to Success* to increase part-time enrolments in Northern Ireland. We believe that incentivising part-time higher education is important for the following reasons:
- i. Northern Ireland has historically had an under-developed part-time sector, which still continues, and as such our citizens are missing out on life-changing opportunities;
 - ii. Northern Ireland must up-skill and re-skill its current workforce to meet the skills needs of the economy;
 - iii. The typical part-time student experiences different and often, more significant barriers to engaging in higher education than the typical full-time student; and
 - iv. People from non-traditional higher education backgrounds are more likely to study part-time than full-time, making part-time study of critical importance for widening participation.

⁸ HEPI (2015) ed. Nick Hillman *It's the finance, stupid! The decline of part-time higher education and what to do about it* <http://www.hepi.ac.uk/2015/10/29/finance-stupid-decline-part-time-higher-education-2/>

⁹ This is based upon The Open University in England's competitive full-time equivalent fee structure of £5400 per year, £3600 below the £9000 capped full-time fee level.

16. The Open University has experience in catering for the needs of part-time students for nearly fifty years. This makes us uniquely placed in understanding the barriers that part-time students face when considering whether to engage with higher education.

Developing a sustainable higher education sector in Northern Ireland

17. The Open University acknowledges that raising fees in England to a maximum of £9000 has not had a detrimental effect on the number of full-time students going to university, nor students from low participation backgrounds. However, as detailed above, raising tuition fees, and the associated criteria for student financial support, has had a hugely detrimental impact on numbers of part-time students enrolling on higher education courses. The part-time undergraduate market in England declined by 41% between 2009/10 and 2013/14 (based on Full-Time Equivalent) – a drop of about 200,000 students and a loss of 200,000 opportunities for people to upskill, become more economically productive and create better life opportunities for future generations.
18. It is therefore important that, if the Executive was to consider raising the cap on tuition fees, that this does not lead to a further reduction in public funding and necessitate increasing fees for part-time students. What is an appropriate fee structure for full-time students will not always be appropriate for part-time students. It therefore is important that the different needs and sensitivities of full and part-time students are kept at the forefront of any decision to determine the balance of student/state contribution to higher education funding. It is absolutely vital that policy mistakes made in England are not repeated in Northern Ireland.
19. One positive intervention that could be taken by the Department would be to relax the exclusion of part-time students studying for an equivalent or lower qualification (ELQ) than they already hold from financial support. The Department for Business, Innovation and Skills has already relaxed its ELQ policy for students studying part-time for some STEM-related subjects in England.¹⁰ The Department could use information from the skills barometer being developed by the Northern Ireland Centre for Economic Policy to determine subjects in which there are shortages in graduates, which would be appropriate to ease the ELQ student support exclusion for.

Conclusion

20. The debate around developing sustainable funding of higher education system usually involves two diametrical positions: increased public funding or increased contribution from students. However the students that this usually refers to are full-time students who are entering university soon after they have completed full-time education and who have their full careers ahead of them. Part-time students are generally further on in their working lives, with significantly greater financial and caring responsibilities than their full-time counterparts. This leads to part-time students being more debt-adverse and price-sensitive when it comes to higher education. As has been demonstrated by the recent changes to higher education funding in England, introducing a greater student contribution to tuition fees has a disproportionately negative impact on part-time students' ability to engage in higher education than full-time students.
21. The Open University therefore believes that the state should contribute significantly towards the costs of the teaching of part-time undergraduate higher education students, alongside a

¹⁰ See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/369941/bis-14-1097-higher-education-student-finance-education-regulations-equality-analysis-updated_FINAL.pdf

reasonable contribution from the student themselves. The return on the public investment in part-time students is a highly significant reason for the state to invest, as demonstrated by the research carried out on Open University graduates in Northern Ireland by London Economics. For example, by studying part-time, students apply what they learn directly to the workplace therefore boosting productivity. They also make an ongoing contribute to the economy through income tax and National Insurance contributions. The average increase in earning potential seen by students in Northern Ireland over their working live who completed a part-time OU degree and who had non-traditional degree entry qualifications prior to studying is £85,000 for men and £54,000 for women. Those who did have previous traditional degree entry qualifications prior to part-time study experienced an average earnings uplift of £52,000 for men and £42,000 for women.

22. After The Open University suffered a reduction in its teaching grant as part of its devolution settlement in 2013, raising tuition fees was considered as a way of making up the funding shortfall. However, fees were still maintained at a consistent level to the previous year as market research indicated that any significant increase to this would have a disproportionate negative impact on student recruitment.
23. The Open University strongly urges the Northern Ireland Executive to fully appreciate the benefit that public investment in higher education brings to both social fabric and economy of Northern Ireland. We believe that part-time higher education is particularly reliant on this public investment.
24. The Open University is very willing to be part of any future discussions on proposals emanating from the Big Conversation and will approach them with an open mind and balanced perspective in terms of their potential impact on part-time students.

For further information, please contact:

John D’Arcy, National Director, The Open University

Email: john.darcy@open.ac.uk

Telephone: 028 9024 5025