

**The strange death of number controls in England :  
paradoxical adventures in higher education market making**

MCCAIG, Colin <<http://orcid.org/0000-0003-4364-5119>> and TAYLOR, Carol A  
<<http://orcid.org/0000-0002-0914-8461>>

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**The strange death of Number Controls in England: paradoxical adventures in higher education market making**

**Colin McCaig and Carol Taylor**

**Corresponding author: Colin McCaig [c.mccaig@shu.ac.uk](mailto:c.mccaig@shu.ac.uk)**

Dr Colin McCaig

Principal Research Fellow

Centre for Education and Inclusion Research

Sheffield Hallam University

Unit 7 Science Park

Howard Street

Sheffield

S1 1WB

0114 2256062

# The strange death of Number Controls in England: paradoxical adventures in higher education market making

## *Abstract*

The paper analyses the impact of a higher education funding mechanism, the 'High Grades' policy, introduced as part of a student number control regime in England that was introduced in 2012/13 and withdrawn after only two years. This marked the end of an experiment in market making based on quality and price within a fixed student number cap. The paper analyses the impact of policy in key areas of institutional behaviour which taken together illustrate why the specific higher education market mechanism failed. The focus will be on two key areas of institutional behaviour which taken together illustrate why the specific higher education market mechanism failed, and how longer term marketisation is affecting the different institution types in the sector in ways inimical to equity and social justice. The two areas are: 1) strategic responses by selective universities (pre-1992s<sup>1</sup>) to the 'high grades' policy reform and its impact on attempts to protect subject breadth and widening participation (WP); 2) the market pressure felt by post-1992 universities to differentiate themselves from their competitors due to the demands of institutional league tables. These in turn illustrate the ways that longer term marketisation is affecting the different institution types in the sector in ways inimical to autonomy, equity and social justice.

**Keywords:** social justice; policymaking; English higher education; number controls; marketisation; differentiation

## 1. Introduction

In December 2013 in his Annual Autumn Statement the UK Chancellor George Osborne announced the end of the Student Number Control (SNC) regime for

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<sup>1</sup> The terms pre- and post-1992 universities are used in the UK context to differentiate the 40 universities in existence prior to 1992 and those created after the Further and Higher Education Act (1992) which had mainly been Polytechnics or Colleges of Higher Education. These were HE institutions that did not have their own degree awarding powers (and thus could not be defined as universities) prior to the 1992 Act, hence 'post-1992s'.

English<sup>2</sup> higher education institutions, thereby removing the cap on places which had been in place since 2009 and prefiguring a demand-led system from 2015-16 (HM Treasury 2013). This marked the end of an experiment in market making based on quality and price. Using data from a national research project (funded by the Higher Education Academy) this paper explores some of the key issues affecting the operation of the number control policy regime from the perspective of senior institutional policymakers in the months before it was abandoned. Was the policy, and specifically the 'high grades' element of the Student Number Control regime always destined to fail in terms of creating a price differential between institutions?; or was it only designed to last for two academic years as a prelude to a further liberalisation of the of the market to full competition?

In November 2010, following the publication of the Browne Review of HE finance, the new Coalition Government announced an increased upper limit to variable tuition fees of £9,000 per year of study and a more progressive repayment regime, along with a new student support scheme, the National Scholarship Programme (BIS 2011a) to replace mandatory OFFA bursaries (HEFCE 2012; McCaig 2011a). Once HEIs had set their tuition fees for 2012/13 (in March 2011) it became clear that fees had been set at a rate above the system-wide average (£7,500) that government modelling declared optimal to make the new system affordable. Government responded by issuing a White Paper *Students at the Heart of the System* (BIS 2011b) at the centre of which was a student number control regime designed to incentivise lower average tuition fees and create a meaningful differentiation that would reflect quality and demand.

The paper analyses the impact of the student number control policy in two key areas of institutional behaviour which taken together illustrate why the specific higher education market mechanism failed, and how longer term marketisation is affecting the different institution types in the sector in ways inimical to equity and social justice. The two areas are: 1) strategic responses by selective universities (pre-1992s<sup>3</sup>) to the 'high grades' policy reform and its impact on attempts to protect

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<sup>2</sup> Scotland, Northern Ireland and Wales have devolved responsibility for HE financing and are not considered in this paper

<sup>3</sup> The terms pre- and post-1992 universities are used in the UK context to differentiate the 40 universities in existence prior to 1992 and those created after the Further and Higher Education Act (1992) which had mainly

subject breadth and widening participation (WP); 2) the market pressure felt by post-1992 universities to differentiate themselves from their competitors due to the demands of institutional league tables. The paper concludes by highlighting the systemic stresses and distortions created by number controls which by December 2013 had made the 'high grades' regime dysfunctional even in its own terms and thus unworkable for pre-1992s. At the same time the combination of the longer term marketisation of the system and the student number control regime affected post-1992s in two ways: by endangering widening participation and reducing the diversity of this part of the sector - paradoxically, given the market pressures to differentiate.

## **2. Systemic growth and differentiation**

The English higher education sector has grown rapidly in recent decades following a period of stagnation from the mid-1970s to the mid-1980s. With the return of economic growth and a relaxation of controls on the number of student places the age participation ratio (APR) (i.e. the proportion of 18-year-olds in the population in HE) more than doubled between 1988 and 1992 from 15% to 33% (Shattock 2008, p.192). Growth continued at a slower pace and had reached 37% APR by the time the Labour Government entered office in 1997 with a widening participation target of 50% of 18-30-year-olds to have experienced higher education by 2010 (McCaig 2000). Using a wider HE initial participation rate (HEIPR) measure (of 18-30 year olds) to replace APR from 2008, the proportion was 42% when Labour left office in 2010 (HEFCE 2010). A cap on places was introduced by the government in 2009, and despite its continuation under the Conservative/Liberal Democrat Coalition Government from 2010, the proportion of young people entering higher education had reached 49% by 2013, albeit from a smaller number of 18-year-olds in the population (HEFCE 2013a).

During the long-term growth period participation has widened as well as increased. That is, that the proportion of those groups historically under-represented (those from lower social classes, low participation neighbourhoods (LPNs) some black and minority ethnic (BAME) groups, those from the social care system, disabled and

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been Polytechnics or Colleges of Higher Education. These were HE institutions that did not have their own degree awarding powers (and thus could not be defined as universities) prior to the 1992 Act, hence 'post-1992s'.

mature students) has risen<sup>4</sup>. For example, the participation gap between the lowest and highest social classes and the most and least deprived areas had narrowed between 1995 and 2012 (HEFCE 2013b). However this widened participation was largely limited to participation in institutions with lower UCAS<sup>5</sup> tariff points for entry (HEFCE 2010). The distribution of students among HEIs in England based (roughly) on achievement (i.e. entry grades) has become a key marker of system differentiation and the underlying basis for the market reforms discussed in this paper.

The process of differentiating the English HE sector began with the establishment of the Higher Education Funding Council for England to oversee the newly unified sector. The ending of the 'binary' system of higher education (between independent universities and public sector Polytechnics in 1992) created a system of 130 universities, and within two years so called 'mission groups' had begun to emerge (the Russell Group and 1994 Group of selective universities were both founded in 1994), at least in part to differentiate their members within the system. The HEFCE's own foundation mission statement aimed to "encourage diversity in the provision of higher education" and to "encourage institutions to build on their strengths" (HEFCE 1994) be they local, regional or international. Differentiation - the need to establish a place in the crowded market and encourage diversity - was therefore officially encouraged from the beginning of the unification process and has continued into the present period (see for example HEFCE 2000; DfES 2006; BIS 2011b; McCaig 2011a; 2011b; Dodds, A 2011).

### **3. Students at the Heart of the System**

The overarching aim of *Students at the Heart of the System* was to make the sector more responsive to student demand, and thus more differentiated, through the application of market forces. Markets were to work in three main ways:

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<sup>4</sup> WP cohorts, made up of those from underrepresented groups, have been supported by additional institutional payments from HEFCE since 1991. WP as a national policy agenda was the subject of Aimhigher and Lifelong Learning Network funding streams until 2011 and 2010 respectively, with the main emphasis on collaborative outreach and information, advice and guidance support targeted at school and colleges with low levels of participation.

<sup>5</sup> UCAS is the UK wide University and College Application System. It has created a tariff system which enables equivalence to be calculated among the various qualifications used for HE entry. UCAS tariff points are one of the key indicators used by league tables to indicate the quality of courses and, by extension, institutions.

First, variable tuition fees up to a new maximum of £9,000 were designed to open up a fee differential between those institutions that most satisfy the wants of students and those that least satisfy them. Combined with a liberation of student numbers hitherto distributed on the basis of 'block grant' in the form of capped quotas from the Higher Education Funding Council for England (HEFCE) which institutions received "year-on-year regardless of what students think about the quality of teaching" (Browne 2010, 23), the fee market would reward excellence, and provide incentives for others to improve:

The changes we are making to higher education funding will ... drive a more responsive system. To be successful, institutions will have to appeal to prospective students and be respected by employers. Putting financial power into the hands of learners makes student choice meaningful (BIS 2011b, 5)

For those institutions unable to justify high fees as applicants chose to study elsewhere, new providers would be licensed to compete with them on price for student places. In the new regime, where the future of institutions is more closely related to students' judgements and choice: "We expect our reforms to restore teaching to its proper position, at the centre of every higher education institution's mission" (BIS 2011b, para 2.7).

Second, the provision of market information to enable applicants to make more informed choices is central to *Students at the Heart of the System*. The dynamism expected to be generated by increased student choice would then find fruition in a wider range of learning modes and a greater focus on teaching quality. The White Paper proposed that the public availability of comparative standardised information on courses in Key Information Sets (KIS) (BIS 2011b, para 2.10) and other sources of public information would empower students to make more informed choices. HEIs were also encouraged to have student charters to encode the entitlements, expectations and responsibilities of staff and students.

Third, student number controls and exemptions for high achieving applicants. The system of student number liberation introduced by the White Paper was designed to reduce the student number control allocation for each institution (although leaving the number of students that could be recruited unchanged) in two ways. Firstly, a 'high grades' market effect was created by exempting the highest achieving

applicants (those with AAB or equivalent and above in 2012-13 and those with ABB and equivalent or above from 2013-14) from student number controls (BIS 2011b para 4.18). This allowed institutions to recruit as many students with high grades "as they wish, and are able to, outside of their student number control" (HEFCE 2013a), thus reducing the number of students with grades below AAB/ABB<sup>6</sup>. Secondly, the 'quality and value' part of the policy enabled the removal of another 20,000 places reserved for providers willing to offer HE at (or below) £7,500 per year of study (thus attempting to match quality and price on the basis of 'value for money'). This margin was reduced to 5,000 places for 2013-14, although these were an additional HEFCE allocation of places. The combined effect of the 'high grades' and 'quality and value' margins was to reduce by a third the total places available within the overall numbers cap, potentially squeezing the SNC allocations to institutions unable to attract those with the highest grades or unwilling/unable to lower tuition fees (McGettigan 2013; UCAS 2013).

The remainder of this paper explores two aspects of the implementation of this policy: the impact of the specific short-term 'high grades' market mechanism within the SNC (which mainly affected pre-1992s), and the wider impacts of longer term marketisation of the system on post-1992 institutions.

#### **4. Methodology and method**

The research used a mixed methods design incorporating a national survey and subsequent in-depth semi-structured interviews with a selected representative of a sample of different HEI types. Analysis in this paper focuses on pre- and post-1992 categories of institution as this is a key marker for differentiation. This mixed methods design enabled a quantitative, comparative, national analytic mapping to be followed by small-scale qualitative research which generated significant detail, depth, and specificity. The design thus enabled the production of a more finely-grained and nuanced account than quantitative or qualitative approaches alone would provide (Ritchie and Lewis 2003). The research was funded by the Higher Education

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<sup>6</sup> Part-time students were also exempted from student number controls

Academy via an open call on the theme of the 'changing landscape of English higher education'<sup>7</sup>.

The initial stage took the form of a survey of senior managers in all English universities and further education colleges with significant HE provision. The census cohort was Higher Education Academy contacts at pro-vice-chancellor level (HEA PVC Network) and their equivalents in the further education college sector<sup>8</sup>. The survey was carried out during April and May 2013 with an overall response rate of 19% of 173 institutions surveyed. Follow up interviews were carried out face-to-face by the authors during the Autumn of 2013 and in total our qualitative analysis was based on the contribution of 17 individuals from 13 institutions.

The research set out to map the impact that changes in student number controls and increased fees were having on the student profile and the student learning environment. Detailed research questions were focussed on: whether institutions plan to change how and what they provide; whether changes would imply a shift in the type/quantity of student study support (e.g. for employability, retention etc); and the extent and nature of any changes in subject offer (i.e. course closures) or level (e.g. withdrawal from sub-degree, funding of post-graduate programmes).

In this paper attribution uses the following protocol: data from selective pre-1992 institutions is labelled Pre1, 2, 3 etc; from post-1992 institutions Post1, 2, 3 etc. In some cases the attribution also indicates area of responsibility, for example Pre1, planning gives an indication of the operational role of the respondent. This is used where: it clarifies the perspective of the interviewee; it clarifies the context in which the response was given; and to differentiate where the views of more than one person from that institution were gathered.

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<sup>7</sup> The report *Evaluating the impact of number controls, choice and competition: an analysis of the student profile and the student learning environment in the new higher education landscape*, Higher Education Academy, York, August 2014 can be found at: <https://www.heacademy.ac.uk/sites/default/files/resources/Impact%20of%20number%20controls%20choice%20and%20competition.pdf>

<sup>8</sup> Our analysis of the impact on the FE college sector will be the subject of a separate paper.

## 5. Analysis

At the outset we asked respondents about the extent to which institutions were responding to the White Paper's drive for further differentiation. In our survey almost two-thirds of all institutions (61.8%) were planning to further differentiate themselves within the sector, though this masks the fact that 83% of post-1992s and only 25% of pre-1992s felt under this pressure. This is interesting given that half of respondents also expected very little in terms of additional student numbers from such strategies, and supports the notion that - as we may expect in marketised conditions - enhancing institutional differentiation is a strategic goal in itself, regardless of potential financial rewards (Brown and Scott 2009; Maringe and Foskett 2009).

For our respondents the measure and means of differentiation was most commonly articulated in relation to mission group/institutional focus for 84%; with 63% citing league table rankings; 58% the National Student Survey (NSS) and 47% the Destination of Leavers from Higher Education (DLHE). Pre-1992 institutions were more likely to cite mission group as the key to differentiation; post-1992s were more likely to cite league table rankings.

For post-92s one of the key areas where they could enhance differentiation from competitors was by emphasising employability (again this partly reflects the requirements of OFFA access agreements which from 2012-13 included set targets for employability measures (OFFA 2011; McCaig 2015). When asked which personal characteristics of their student body were most liable to be negatively affected by the new tuition fee and number control regime, 62% of respondents selected age, 46% lower socio-economic class and those from low participation neighbourhoods; in each case these fears were felt more strongly among post-1992 respondents (Table 1).

Table 1. Likely changes to your institution's student profile in terms of enrolments on the basis of? (N = 33)

| Student characteristics liable to change | All % | post92 % | pre92 % |
|--|-------|----------|---------|
| Gender                                   | 8     | 14       | 0       |
| Age                                      | 62    | 71       | 29      |
| Lower Socioeconomic Class                | 46    | 50       | 43      |
| Low Participation Neighbourhood data     | 46    | 50       | 43      |

|  |    |    |    |
|--|----|----|----|
| Ethnicity  | 19 | 29 | 14 |
| Disability   | 4  | 7  | 0  |
| Merit (e.g. higher than required entry requirements, better) | 23 | 29 | 29 |
| Need (e.g. Residual Household Income of less than £25k)      | 23 | 21 | 43 |
| Looked after Children (Children in care)                     | 12 | 14 | 14 |
| Shortage subjects (e.g. STEM)                                | 23 | 29 | 29 |

So in conditions where differentiation is taken to mean merely moving upwards in the league tables at the expense of other similar institutions there is some support for the notion that differentiation may actually reduce the diversity of the sector's student body, particularly in that part of the sector that is currently the most diverse.

Looking specifically at price differentiation, our findings suggests that the decision to abolish student number controls from 2015-16 and move towards an open market was an acknowledgement that SNC had led to unintended and unforeseen negative consequences, not least of which was the fact that a price differential (the key rationale of the White Paper) had not even begun to emerge. The market effect had failed to materialise: why then did the market fail? Or rather, why did government lose patience with their experiment of increasing flexibility? Part of the answer was simply that demand for higher education places still exceeded supply (given the cap on numbers), with acceptances up to a record level (UCAS 2013) and average fee levels for 2014-15 (£8,600) were also closer than ever to the maximum (HEFCE 2013b).

Even at the higher achieving end, demand remained high in those post-1992 institutions because many of the equivalent-to-ABB qualifications are higher grade BTECs that have often not been considered for access to more prestigious institutions (UCAS data in Grove, 2013). However, they are accepted by post-1992s, which consequently attracted enough exempt High Grade students in addition to their SNC to offset the loss of those with ABB and above at A level. This was seen by respondents as an important reason why post-1992s were not pressurised into lowering their tuition fees.

Overall in the first two years of the new financial regime and the operation of the high grades policy there had been little redistribution in student numbers from one part of

the sector to another (despite the fears of many in the post-1992s as we discuss below). Instead, high grades redistribution had largely taken place between pre-1992 institutions as HEFCE's own analysis of the distribution of AAB+ students had anticipated prior to the introduction of the high grades mechanism (HEFCE 2011). This found that of 22 HEIs that enrolled over 50% of students with AAB+ profiles in 2011, 17 were members of the (pre-1992) Russell Group or 1994 Group and the other five were specialist colleges of higher education covering the arts, dance and music. The situation was also clouded by the fact that applicants with A-levels were (and remain) a declining demographic (HEFCE 2015; Morgan 2013; Matthews 2013) and partly as a consequence selective pre-1992 institutions were accepting a higher proportion of lower qualified students (i.e. BBB or below) than in previous years (UCAS 2013). Given this context our interviews focused on the strategies employed by pre-1992s in particular to maximise the number of high grades students.

## **6. The strategic uses of student number controls by pre-1992s**

The design of the student number control regime from 2012/13 inevitably led to the greatest impacts affecting those institutions looking to increase their share of higher grade students. For pre-1992s the immediate impact was a realisation that their core allocation - SNC - was becoming a minor part of their overall undergraduate intake. The problem of the rapidly shrinking core SNC was that those numbers were not always evenly distributed around the provision these institutions wished to offer, nor was the core always reported to be sufficient to allow them to continue to meet their wider institutional mission or their statutory requirement to make places available to EU students if more places went to applicants with higher grades. Two major, and sometimes overlapping, strategic approaches were used by pre-1992 institutions to manage number controls: those designed to maintain a commitment to widening participation (as required by their OFFA access agreements); and those designed to maintain the breadth of provision.

### **Pre-1992s: protecting widening participation**

While it should be noted that there is no necessary correlation between candidates with sub-ABB profiles and widening participation students, they are statistically under-represented in selective pre-1992 institutions which take on most students

with the higher grades (OFFA 2010; HEFCE 2013c). Many commentators feared that the new regime of SNCs was likely to exacerbate inequalities of access (Independent Commission on Fees 2013; McGettigan 2013; McCaig 2014).

However, there is in fact little correlation between the subjects that WP students apply to study and the subjects that are least likely to require 'high grades'. Often our respondents noted that the distribution of ABBs was skewed heavily towards some disciplines (Sciences, Subjects Allied to Medicine) that recruit relatively strongly from those with WP backgrounds, while other disciplines popular with those from non-WP backgrounds (Arts and Humanities, the Social Sciences for example) are less likely to recruit those with ABB or above simply because these grades are not often required for entry, even at pre-1992s.

In order to protect WP, pre-1992 institutions made two strategic changes to the way students were selected and how departments dealt with sub-ABB applications: a widening of the geographical scope of outreach; and a move towards more centralisation of the admissions process. The importance of widening the scope of outreach and widening participation work meant that, as for Pre1 (based in the north of England) "the Recruitment Team has got to work with schools on a national basis". In some cases this has led to a concentration of outreach work in the London and south east regions given the higher propensity of young people from those regions to progress to higher education. For one pre-1992 this tendency to widen the geographical range has led to the development of virtual open days and virtual fairs with input from academic staff (Pre1, widening participation).

The issue of maintaining a commitment to WP became steadily more apparent in the second year of SNC. One pre-1992 respondent noted that in 2012-13 "we were admitting 50%-60% of applicants with A-levels at AAB or above and [in 2013-14] 80% or so of applicants with A-levels with ABB or above" (Pre1, planning) thus squeezing the core SNC. The effect was further exacerbated by the decline in the number of 18-year-olds in the population, which one respondent pointed out was actually being used by government as an endorsement of the number control policy (as more applicants got into their first choice of institution): "but of course everyone has got into their first choice because there are fewer students [presenting with A levels]" (Pre1, planning).

The second key strategic change was to shift responsibility for number allocations away from academic departments, in effect centralising the admissions function. This meant departments no longer had the freedom to adjust their own minimum admissions criteria to fill places. For example, one pre-1992 institution noted that:

Last year we allocated SNC out to departments and I think that caused a fair bit of concern, if you like, when it was being done because everybody was fighting for the numbers, but actually it didn't necessarily work in the most effective way. So this year the numbers we kept as .... a central pot and allocated on ... a needs basis rather than just because a department wants them and I think that is probably the way it will continue (Pre1, widening participation).

Another pre92 institution which had a flexible admissions policy "that preferences WP applicants where possible" by making them either lower offers or being "preferred for a standard offer", found that it had to change practices by the second year of SNC:

Prior to 2012 entry academic schools could choose for themselves whether they wanted to make a lower offer or not ... which meant in effect that academic schools shouldn't waste lower offers if they didn't need to (Pre2, widening participation).

This enabled the redistribution of places from the centre to other provision, in this case to subject areas more likely to attract a WP intake.

### **Pre-1992s: maintaining subject breadth**

As noted above, strategies designed to protect WP and those designed to maintain subject breadth often overlap for pre-1992s. Many of the most prestigious institutions also see it as part of their mission to offer programmes of study in subjects that, as we have noted, do not always require ABB+ even at some Russell Group universities, such as Modern Foreign Languages, Education, Social Work, Archaeology and the Arts. These subjects are in high demand from applicants whose choice is meant to drive the expansion of provision (BIS 2011b, para 1.4 p.14; para 4.13, p.48) and who want to attend prestigious institutions in order to study them. Given this situation, pre-1992 respondents often found the mechanism of number control difficult to accommodate alongside notions of autonomy and transparency:

The capacity is different by programme, and we'd already gone to ABB as standard and some programmes are clearly A\* and even the programmes which take A\*s/As, still have some SNCs because you still get absolutely excellent students coming in that don't meet the equivalent measures. So there's always a small number even on those programmes. The trouble is that if you just push into that area there are some areas which strategically are not going to recruit large numbers at ABB+ and equivalent ... So clearly we need to strategically use that (Pre3).

We have some areas of the university which are in subjects which, again historically, have not recruited as strongly as others. It's harder to get good computer scientists or sociologists than it is to get good lawyers and economists ... (Pre2)

The corollary of this is that for some pre-1992 institutions the shrinking core allocation threatened the persistence of subject breadth, the very essence of a university (Collini 2012). As one senior planner said (*italics added for emphasis*):

*At the moment* the university takes a very strong view that we're a broad-based university ... *at the moment* there's no discussion around the possible closure of any particular subject area (Pre2, planning).

One manifestation of this noted by senior managers at institution Pre3 was an increasing awareness of a decline in the uptake of Modern Foreign Languages (MFL) at secondary school level which was feeding into enrolments. The conclusion drawn was that the Russell Group's list of 'facilitating subjects' (Russell Group 2011) was causing pupils to focus on just a few of the facilitating subjects, to the detriment of languages (even though they are included in the facilitating subjects list):

So when I've talked to schools, this is local schools, they were saying they're already detaching at GCSE and that the eight facilitating subjects ... are becoming more popular where there's a choice and that's, I think parental influence. So in that sense you see a narrowing of the choice at GCSE which can only feed on to A-level (Pre3).

For pre-1992s, then, the impact of the 'high grades' part of SNC was clearly more mixed than may have been anticipated by government. Senior institutional policymakers spoke of increasing complexity around the allocation of a shrinking

core and how this has been reflected by a tendency towards a more centralised admissions decision-making process and the removal of a degree of flexibility of offer. While autonomous departments could historically reserve places offered on the basis of predicted A level grades<sup>9</sup> for those that did not meet the required grade, the 'high grades' policy in effect restricted recruitment only to those that meet the grade. In the new conditions the spare numbers (i.e. those places reserved for applicants that unexpectedly did not achieve ABB+) were taken back by the centre to use either for subjects likely to attract a WP intake (and thus allow institutions to meet Access Agreement targets), for EU students or for subjects the institution wishes to offer, despite low numbers of highly qualified applicants.

## **7. Strategies employed by post-1992 institutions: responding to the wider effects of the market**

Most post-1992 institutions, as noted above, do not recruit a high proportion of exempted High Grades applicants and were consequently less directly affected by the attempted redistribution of student numbers from one part of the HE sector to another. However they were affected by longer term marketisation trends accelerated by the SNC regime and the discourse and language of the White Paper, such as the perceived need to move 'up-market'. This was manifested in several ways: by raising their minimum entry requirements (which directly affects league table position); by dropping part-time and sub-degree provision (neither of which were subject to number controls); by closing programmes that had not recruited as well as previously; and by attempting to incentivise applicants with guaranteed offers, sometimes with financial inducements.

Post-1992 respondents rationalised the raising of entry requirements in various ways. For institution Post1 it was part of a general and longer-term mission to raise the institution's position in league tables. In stages from 2009-10 this institution had raised its average UCAS tariff points for entry from 210 to over 300 by 2013-14 (Post1). That this is becoming a common response to market pressure was reflected in responses to our survey of institutions, with almost half anticipating the raising of

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<sup>9</sup> In the English system student places are offered by institutions on the basis of the grades applicants are predicted to achieve around eight months before their final grades are announced

thresholds; by subjects this varied from 48% raising the threshold for subjects allied to medicine/health-related down to 41% for Humanities and for Arts provision (Table 2).

Table 2. Plans to change entry threshold (UCAS tariff points) all institutions (N = 33)

| Subject discipline                                  | Raise | Same | Lower |
|---|-------|------|-------|
|   | %     | %    | %     |
| Arts  | 41    | 56   | 4     |
| Humanities  | 41    | 55   | 5     |
| Social Sciences                                     | 48    | 48   | 4     |
| Subjects allied to medicine/Health-related subjects | 48    | 48   | 5     |
| STEM  | 46    | 50   | 4     |

As we can see in Table 3, pre-1992 institutions were more likely to plan for higher entry requirements than post-1992s given the marketised logic of the high grades policy - but it is noticeable that across the five discipline areas around a third of each of our post-1992 respondents also anticipated raising entry requirements (Table 3).

Table 3. Plans to raise entry threshold (UCAS tariff points) by institution type (N = 33)

| Subject discipline                                  | post92 | pre92 |
|---|--------|-------|
|   | %      | %     |
| Arts  | 29     | 60    |
| Humanities  | 38     | 75    |
| Social Sciences                                     | 38     | 80    |
| Subjects allied to medicine/Health-related subjects | 46     | 75    |
| STEM  | 33     | 100   |

One knock-on effect of moving up-market within a capped system is that any additional higher grade students replace other provision, often at the expense of the breadth of provision and provision that was specifically designed for less qualified and often mature and part-time students. The 'zero-sum' logic of moving up-market was seen to be at least partly driven by the anticipated loss of AAB/ABB+ numbers to institutions higher in the league tables. In the case of Post1 this was manifested in a reduction in applicants with A-levels, often accompanied by a rise in the numbers

applying with higher grade BTECs (also exempted in the 'high grades' policy). This also has its "own challenges because the success rate of students with BTECs or their progression rates are not the same as those with A-levels" (Post1) and this makes them a more risky proposition, given that post-1992s with good access records have been set additional targets for retention and success in the new regime (OFFA 2011):

this is probably a reflection of course of what else is happening in the marketplace, where if other universities which are higher up the pecking order if you like than us, are creaming off more A-level students (Post1).

Post-1992 respondents expressed a generalised awareness that attempting to attract more ABBs at the expense of the core could become a strategy with diminishing returns where it was adopted generally by post-92s: institutions might "get squeezed out of the squeezed middle" as one put it (Post1). There were also other considerations: the need to simultaneously maintain existing income streams in order to sustain the breadth and range of existing activities was often invoked, as was the potential impact on widening participation. The fact that some post-1992 institutions were discussing the potential effects of relying less on their WP reputations was acknowledged in this candid appraisal of any future trade-off (*italics added for emphasis*):

I think there is a pressure point [around widening participation] there because I know that the governors are very keen on the widening participation, widening access, local community role agenda, versus the fact that of course if you look at our numbers at the moment, we exceed all of our benchmarks on widening access, those from low participation neighbourhoods, BME, percentage state schools, mature students ... *So losing some of those numbers would not probably make a very big significant impact on that agenda per se, well in terms of those benchmarks anyway* (Post1).

Another interviewee was mainly concerned about the potential impact on WP from the combined effect of aggressive competition among similar institutions and the consumerist behaviour of applicants who find they achieve better results than anticipated:

I think it's amazing how many [applicants] jump ship once they know they've got the grades. So that issue will manifest and I think we will see universities who wouldn't have taken students with lower grades more amenable to doing so if they feel the SNC is at risk in any way and I think it will be ... survival of the fittest, it's going to be really quite Darwinian (Post2).

This had led to Post2 considering making 'unconditional offers' (i.e. a guaranteed place whether the applicant achieved the required UCAS tariff points or not) to those who nominated their institution on UCAS forms. Many might see this as working to reduce choice for students by attempting to impose an obligation on young people who could potentially have gone on to more prestigious institutions; in other words "taking the worry away" (as it was put by Post3) may make it easier for such institutions to manage the admissions process and secure income streams, but hardly sits well with the rhetoric of informed consumers making rational choices in *Students at the Heart of the System*. Competitive pressures in this sector of the market were thought by many to threaten WP because of the additional imperatives to maintain income and demonstrate improved retention and success rates. The market effect meant that "the business model is absolutely simplified: *recruit, retain, recruit, retain*" (Post2).

As noted, another effect of competition for post-1992s was the reduction of provision. This was most starkly rationalised by the interviewee from Post3:

We go into quite a lot of analysis and get reports from the module leaders. Sometimes it's a one-off, sometimes it's a recurring problem. We've got rid of courses that are not performing, we've got rid of modules that, we refer to them as the '*grim reaper*' modules that were tripping up far too many students and damaging their chances of really getting a good degree ... I'm not exaggerating if I said we had probably about 500 undergraduate courses, there were different combinations, we now have 120 (Post3).

While overall numbers in fact remained buoyant for post-1992s during the period and interviewees reported few actual instances of applicants 'trading up' to higher status institutions, the fear that this may happen in the future was pervasive. Therefore there was a certain logic for post-1992s, in particular, to anticipate this by raising their own entry requirements even where they doubted it will make that much

competitive difference and feared the potential impact on widening participation and subject breadth.

## **8. Discussion: Accounting for the Strange Death of Student Number Controls**

This most recent number controls policy may, therefore, be seen historically as a market intervention which failed because it focused on only a few policy levers: the number of students with 'high grades' attending selective pre-1992 institutions; the tuition fee charged by institutions; and consumer choice in the system driven by (supposedly) key information. Future expansion of places across the wider sector, so that supply exceeds demand, may indeed reduce the average tuition fee over time, but is unlikely to have any impact on the destinations of those with high grades, one of the key market effects anticipated by the policy (BIS 2011b para 4.18). We can only conclude that the policy was abandoned because it failed to produce the required market differentiation quickly enough (e.g. to reduce fees and thus public expenditure) because the emphasis was on the wrong policy levers and thus led to unintended and undesirable consequences which rendered it untenable.

The reality of dealing with SNC challenges the assumption that the most prestigious institutions, the most selective provision and the most qualified applicants are all equally present at the pinnacle of the market. This is the assumption behind using a 'high grades' number control policy to engineer a differentiation of tuition fees, with the choices of those applicants with high grades driving the system, and institutions able to offer higher grade places winning out in the marketplace by attracting that particular group of students. Meanwhile, other institutions would be obliged, by the pressures of the market, to lower their average tuition fees.

Policymakers also failed to understand what HEFCE's analysis (HEFCE 2011) had told them at the outset, that the distribution of high grades did not completely map on to the distribution of Government's favoured institutions, nor did the demand from applicants with high grades map neatly on to the distribution of places at desirable institutions. Government took it as axiomatic that all the 'brightest' applicants would naturally wish to attend all the 'best' universities because everything pre-1992

institutions offered required the highest grades. Strategic responses from such institutions demonstrate how the harsh light of the market exposed the degree to which prestigious institutions - which often claim the inviolability of high entry grades as a reason not to 'socially engineer' places for WP students by lowering entry requirements - actually use the symbolic 'brand effect' of high grades very selectively when such discourse suits their business case (e.g. see McCaig 2015). Pre-1992s clearly benefitted from the often fallacious confluence, encouraged by White Paper rhetoric, between the 'most prestigious' institutions and places for the 'brightest' applicants, who in fact most often want to study subjects (arts, humanities and social sciences) threatened by the policy precisely because they don't always require AAB and above.

The Government's rationale for removing student number controls after only two years and encouraging a demand-led system (HM Treasury 2013) was that the SNC regime based on the two incentivised margins (high grade and quality and value) were merely a prelude to a completely free market. Though, of course, that was not the declared intention. Such intentions for the policy that were promoted in 2011 - the reduction of average fee levels and the greater likelihood of 'bright' applicants gaining places at the 'best' institutions - hardly had time to come to fruition within two years, particularly with such crude levers, and will probably leave little long term policy legacy. Plan B, to increase supply of places in order to finally meet and then exceed demand, may have the effect of reducing the average tuition fee over time if new entrant providers (NEPs) come to the market in sufficient numbers. Even here their impact may be limited to several niche areas of provision - accountancy, law, business studies - and to that extent they may represent competition on price for some post-1992s in those disciplines. It is, however, hard to see NEPs having a general impact on the sector, and their presence in the market may well lead to higher public expenditure in the short term (McGettigan 2013).

As noted above, HEFCE was charged with findings ways to ensure that "the share of places liberated from number controls altogether rises year on year" only months before it was abandoned (BIS 2013; HEFCE 2013). It may well be that policymakers began to realise that further extensions to the high grades margin were impossible given the 'shrunken core' of only 20% of places in the second year of operation. Therefore it must therefore be doubted whether the original plan of expanding the

margin "year on year" (BIS 2011b para 4.18) was ever viable, yet it was essential to the leverage effect that was designed to redistribute students from least to most prestigious institutions and to differentiate fees.

Those we interviewed during the autumn of 2013 hoped for stability rather than any changes to the regime, as did university Vice Chancellors in a more recent survey who are reportedly far more wary than previously of governmental interventions in the HE market (PA Consulting 2014). The abolition of number controls and introduction of a demand-led system from 2015-16 does not offer the prospect of stability, but will allow institutions to return, if they wish, to their pre-2012/13 trajectories or indeed to expand any areas of provision that best reflects their institutional mission.

Post-1992 institutions were less directly affected by the high grades element of the SNC regime, but by reacting to the longer term marketisation agenda continued the relentless drive 'up market' in order to justify higher fees- aided by the maintenance of high demand for their provision. The mere threat that students with high grades would be lost in the future was enough to stimulate additional fear among our post-1992 respondents. This in turn fuelled the scramble for many post-1992s to 'become a top-50 institution' (in Times Higher Education UK league tables) as demonstrated by entry grades, NSS scores and employability outcomes (DLHE scores). Post-1992s were actually supported in part of their 'upward mobility' mission by being able to easily divest themselves of much of their sub-degree and part-time provision to FE colleges, in turn grateful for the opportunity to bid for and receive HEFCE numbers directly (Taylor and McCaig 2014). Thus the competitive pressure of the 'quality and value' margin for those providing HE for less than £7,500 (designed of course to have a downward effect on average fee levels) in fact had the opposite effect: average tuition fees for 2014/15 were £8,600 and will be £8,781 in 2016-17 (OFFA 2015).

However the wider marketisation trends do continue to threaten the social justice mission of widening participation, long the *raison d'etre* of many post-1992 institutions. This is partly because such institutions now feel they have a different set of policy goals and partly because the drive 'up-market' in league table terms has impacted on mature and part-time students due to the shift away from sub-degree

and vocational programmes. Paradoxically, the post-1992 sector may become less diverse (in terms of its programme offer and its student body) as a result of a trend to further marketisation - a process, less we forget, that was rationalised as beneficial differentiation.

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