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structural policymaking and the impact of tuition fees in
England and Australia**

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RESEARCH ARTICLE

Trajectories of higher education system differentiation: structural policymaking and the impact of tuition fees in England and Australia

Colin McCaig¹

Abstract

This article explores the impact of student self-financing systems on inequalities of access to higher education (HE) through comparative analysis of two national systems, those of England and Australia. The analysis of the historical development of HE in each nation identifies a set of comparative global themes: the expansion of higher education in response to the needs of the national economy; globalisation and the changing labour market; social pressures for equity in access to higher education; and the growing role of the central state in higher education. The article presents a discussion of system differentiation based around the following characteristics: tuition fee and bursary regimes; institutional autonomy; institutional diversity; the strength of equity arguments; and the role of the state in widening participation. The paper concludes with a discussion of the often complex interactions between these characteristics and aims to add to our understanding of the impact of student self-financing regimes on trajectories of system differentiation and on access and participation.

Keywords: widening participation; marketisation; autonomy; structural policymaking; differentiation

Introduction

This article sets out to explore the impact of student self-financing systems on inequalities of access to higher education in two nation states, England and Australia. It aims to show that the historical development of higher education and the degree and nature of system differentiation can be seen as a powerful explanatory tool in the comparative analysis of structural higher education policymaking. The analysis of the two cases presented here encompasses three of the main themes of this special issue: the expansion

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of higher education in response to the needs of the national economy; globalisation and the changing labour market; and social pressures for equity in access to higher education. These and other factors, such as the growing role of the central state and the marketisation of HE are analysed to explore the specific development and impact of student self-financing systems in each case. Given that fees/bursary regimes can be conceptualised as market signals that service diversity within HE sectors (McCaig & Adnett 2009, McCaig 2010 forthcoming) such regimes can be both indicative of the *trajectories* of differentiation and *symptoms* of differentiation. In the English case the historical trajectory is towards diversification with relative institutional autonomy fuelled by the market; in Australia the historical trajectory is towards the homogenisation of the sector, with little autonomy and the market's effects largely restricted to non-university HE providers.

England and Australian systems compared

The English and Australian higher education systems share many characteristics. This is unsurprising given their shared origins in the traditional view of the university which emerged in England with its emphasis on the humanistic development of a disinterested culture and the view that a university education should have no market value (Lyons 1983). The English and Australian systems also share some elements because of their shared colonial history, illustrated, for example, by Schuetze and Slowey's 'families' of higher education system which identified an 'Anglophone' family including Australia, Canada and New Zealand along with the UK, to be contrasted with Continental and Northern European, North American and South-East Asian typologies (Schuetze and Slowey 2002, 310). However, other comparative analyses of the two systems suggest that the English system exhibits a higher degree of differentiation than the Australian system across a range of factors, such as institutional size, form of institutional control, range of disciplines offered, degrees awarded and modes of study (Huisman, Meek, and Wood 2007).

For Huisman et al the Australian system is the least diverse (out of ten countries studied) when it comes to the programmes offered as a result of the series of amalgamations (from 89 universities in 1980 to 37 in 2004) and the promotion of larger, more homogenous institutions following the absorption of the colleges of advanced education (CAEs) which subsequently took on the characteristics of the universities (Huisman et al 2007, 572, 575). They found that while binary systems were generally more diverse than unitary systems, the English example of a unitary system proves the exception

to the rule as the most diverse of the countries studied. They noted that "although the formal binary divide disappeared, many differences have continued to exist between the 'old' and 'new' universities. Ironically, these differences were maintained through government-driven market mechanisms" (Huisman et al 2007, 574).

This article supports the Huisman et al thesis by arguing that in the English case institutional autonomy has been retained and encouraged by the state in the form of marketisation through mission diversity while in the Australian system the state has imposed restrictions on institutions that have failed to allow for market differentiation in the state sector. Factors relating to the historical development of HE in each country account for much of the system differentiation identified by Huisman et al and these factors are most clearly observable in relation to two key areas: the size and number of institutions; and student support mechanisms introduced alongside self-financed tuition regimes. The following analysis of structural policymaking will focus on five key factors: the size and shape of the HE sector prior to the Second World War and the nature of post-war expansion; the growing role of the state as systems responded to the needs of the national economy; the 1960s expansionary period and the introduction of binary divides; the rise of societal demand from the 1980s and the demise of binary divides; and the impact of shifting the burden of HE costs from the state to the individual (summarised in Table 1).

Table 1 about here

The size and shape of HE pre-1945 and post-war expansion

Until the mid-nineteenth century England was home to two 'ancient' universities, Oxford and Cambridge, founded between 12th and 13th centuries. In the late nineteenth century six new institutions (the so-called red-brick universities) were opened by civic entrepreneurs to reflect the increasing application of human capital concerns in response to local and national economic needs; to these were added the federal University of London and the University of Durham (Briggs 1983). On the eve of the Second World War the Australian higher education system consisted of six universities established in the late nineteenth and early twentieth centuries by the individual states which funded them. The experience of two world wars in the first half of the twentieth-century demonstrated the failings of each nation's higher-level scientific and engineering education, and henceforth governments became more committed to education as a tool of manpower planning, with the route towards expansion signalled by a series of reports from government enquiries. In England these included the Percy Report (from the Special Committee on Higher Technical Education) of 1945 and the *Scientific Manpower* report (from the Barlow Committee). The

latter report recommended the doubling of output among scientists, though not at the expense of the humanities (Allen, 1988). In response to these and other reports successive government's expanded places from 50,000 in 1938-39 to 100,000 in 1958-9 (Allen 1988, 41). In 1951 the National Advisory Council on Education for Industry and Commerce reported to the Labour government recommending what became after 1956 Colleges of Advanced Technology (CATs) (Stewart 1979).

In Australia the necessities of war had brought Federal (national) state funding into the system for the first time, money which was required for manpower training and which helped raise awareness of the social value of science and technology. In the fifteen years after the end of the war such was the demand for higher technical education that a further four universities had opened. In 1946 the Australian National University was established as the first Federal university; in 1949 New South Wales established the University of NSW as its second state university; in 1954 New England University College broke away from the University of Sydney; and in 1958 Monash became Melbourne's second university. Overall by 1960 the system consisted of ten universities with total enrolments of 53,000, up from 26,000 in 1946 (Meek, 1991: 489).

The growing role of state and the needs of the economy

The response to the demands of wars that threatened the existence and the future direction of the British Empire was systemic expansion and, as we have seen a shift of emphasis towards the scientific and engineering requirements of national economies. Key to these changes was a greater role for the central state. In England this came in the form of government reviews and commissions which exhorted change on existing universities and the creation of additional universities. The state has had a long history of funding English universities directly through the Universities Grants Council (UGC, established in 1919), and became a lever for introducing the national economic needs to the system from 1947 onwards (McCaig 2000, 130). In Australia, by contrast, the effect of the Federal state becoming involved in the funding of state universities introduced a tension that persisted until (via a dual-funding regime) until the mid-1970s when the Federal government took over as sole funder of the national system.

Such moves inevitably impinged on the autonomy of the HE sector, although this played out differently in each country. In the English case, because of the long dependence on central state funding and the belief that the UGC represented the views of the universities, the introduction of national economic imperatives was seen as less of a threat.

In Shattock's phrase "deference to university autonomy was entrenched at highest levels including government" (Shattock 2006, 183). However, the Australian system suffered an abrupt double-headed challenge to its autonomy, of central state funding interference alongside the intrusion of national economic imperatives. For some critics the introduction of the state into the running of the HE system was evidence that governments between 1940s and the 1970s no longer trusted the university sector to deliver social goals (Mahoney 1990):

[I]ncreasingly it is the state that is setting the priorities for universities and although these priorities may be seen as 'technocratising' the universities, they negatively impact on the autonomy of the university and reduce its role as social critic (1990, 457)

At a systemic level, for Trow (1998) governments' across the world used "interference in HE system to democratise access and governance" and to make the curriculum more relevant to the perceived needs of employers, thus wielding financial muscle to "increase their influence over size, shape costs and future direction of the sector" (Trow 1988 in Meek 1991, 471).

1960s expansion and the introduction of binary divides

During the 1960s the two systems continued to expand and in each case a binary divide was introduced as a way managing growth and of differentiating traditional higher education in the universities from vocational higher education in other settings. In England the Conservative Government established the Robbins Committee of Higher Education in 1963 with a brief to construct a framework for future expansion and establish a set of aims for the universities. Robbins' recommendation of a Council for National Academic Awards (CNAA) and the transfer of funding responsibility to the Department for Education and Science (DES) was accepted by the Conservative Government (Simons, 1991). The incoming Labour government (from 1964) also accepted the logic of growth, but established a new public sector of higher education in the form of 30 Polytechnics delivering CNAA accredited degrees. This binary divide was launched by Crosland in 1965 (a move decried by Robbins himself, Simon 1991, 249; Kogan 1971 193-94) and had the effect of bringing the state ever more into the higher education system, while at the same time protecting the autonomy of the traditional universities. In Australia the Menzies' Government set up the Martin Committee which, also in 1965, recommended the setting up of colleges of advanced education (CAE) as an alternative vocational and teaching orientated HE system in a binary relationship to academic research universities - an 'equal but different' system which echoed Crosland's approach in England, (Kogan 1971).

In addition to new non-university HE institutions both systems developed new universities during this expansionary phase. In England the government granted approval for seven 'plateglass universities' and another nine universities between 1961 and 1968 (collectively known at the time as 'new universities'). The 1964-1970 Labour government also introduced the Open University as a distance learning institution which enrolled 60,000 students by the end of its first decade in 1980 (Kogan and Kogan 1983, 22). In Australia nine new universities were created by Gough Whitlam's Labor government by the mid-1970s and three major policy changes were signalled: tuition fees were abolished and replaced by a national student assistance scheme; teacher training colleges, previously organised and run by the individual states, were placed within the national CAE sector; and the Commonwealth (Federal) government took over financial responsibility for regular recurrent and capital grants for universities and CAEs. Thus, by 1974 the Federal state had become the dominant partner in policy determination and planning for HE mainly through "the power of the purse" (Meek 1991, 465-466).

As in England with the Polytechnics, the CAE sector experienced a growth or 'drift' of mission during the 1960s and 1970s. Initially the CAEs grew to provide vocational education (with exception of medicine, dentistry and veterinary sciences) in HE settings and were designed to respond quickly to community and business needs in the provision of nationally accredited vocational Certificates, Associate Diplomas and Diplomas. These sub-degree qualifications were seen as equivalent to undergraduate degrees programmes. However, CAEs received little research or post-graduate teaching funding from the state, although they did develop a reputation for applied research funded by industry (Mahoney 1990, 460). In an effort to enhance their profiles and attract research funding, over time some colleges moved into degree provision while at the same time reducing their sub-degree provision. This provision was taken up by the Technical and Further Education (TAFE) colleges responsible for apprenticeships and adult education, a sector formed from those colleges that were not selected as CAEs (Meek 1991, 466).

Rising societal demand and the end of the binary divide

Following a decade or more of financial retrenchment, which reduced the age participation ratio (APR) in England and led to a wave of amalgamations in Australia (Kogan and Kogan 1983, 22; Meek 1991 467), the two systems exhibited very different policy approaches to the renewed growth from the late 1980s. While both systems abolished their binary systems and created a new cadre of universities and in each case the main policy drivers were market-orientated, the English system maintained virtually all its HE institutions

and celebrated 'diversity of mission', while in Australia the result was a further round of rationalisation and a redefining of the university, with a consequent loss of diversity within the system.

In England, changing demographic factors signalled a decline in numbers of the 18 year old cohort from 1985 (when 125,000 students went into HE) to 1995 (when only 95,000 were projected to enrol) with numbers expected to rise again thereafter (DES 1986, 7). Rather than oversee the closure of much of the sector the Conservatives (in government from 1979) relaunched expansion with a doubling of the APR from 15% to 30% between 1988 and 1992. This presented the higher education system with a new set of problems: a mass system would henceforth be funded (and increasingly underfunded as the unit cost fell by as much as 40%) on the same basis as an elite system, which would inevitably increase social demands for financial accountability (Robertson 1995). Meanwhile, at an ideological level and in keeping with the Education Reform Act of 1988, market mechanisms were allowed free reign across the post-compulsory sectors. The Further and Higher Education Act (1992) introduced competition into the system by abolishing the binary divide and allowing former polytechnics and colleges to tailor their provision in response to changing demand and compete openly for students.

In Australia growing social demand for higher education places throughout the 1970s and 1980s was fuelled by improved Y12 retention rates, yet the economic circumstances facing the Conservative government of Fraser and the succeeding Labor government under Hawke led to a prolonged period of rationalisation and, by the late 1980s, the demise of the binary divide. Fraser, having commissioned the Williams Committee of Enquiry into Education and Training to rationalise within the binary system, pre-empted its findings by announcing that 30 of the 47 CAEs (who together enrolled 400,000 students) would have to amalgamate or lose their Federal funding (all but four institutions did so, Meek 1991, 467). Hawke's government (from 1983) maintained the cost-saving and amalgamation regime, and in 1986 repeated the Fraser trick of ignoring the findings of an enquiry- the CTEC enquiry, which also worked within the assumption of a maintenance of the binary divide- to present a Green Paper (*Higher Education: a policy discussion paper*) signalling the end of the binary system.

The Green and White papers also called for a further round of amalgamations and the creation of a Unified National System (UNS) to which all publicly funded institutions would have to belong to qualify for funding distributed according to their profile and size (Mahoney 1990, 455; Meek 1991, 461). The Department of Employment, Education and

Training (DEET) would henceforth distribute funding on the basis of current research record and, where necessary, amalgamation plans: research funding was to be concentrated in those institutions with at least 8,000 full-time-equivalent (fte) students with some research funds allocated to those with 5,000 fte. Those institutions with below 2,000 fte would only receive funding as part of the UNS if they consolidated. The government set up an Amalgamations Task Force (led by Paul Ramsey) in 1989 which defined a university as embodying "the underlying principle of commitment to research and scholarship and provision of higher education" (Ramsey 1989, cited in Mahoney 1990, 462). Other implications of the 1987-89 reforms under Dawkins included a substantial increase in places (and a concomitant reduction in unit costs as in England) in the new unified system of 37 universities with an increased emphasis on the applied sciences to create the provision of new kinds of highly trained labour for the new 'high tech' industries as the needs of the economy became paramount. The private sector was also encouraged to offer HE provision and along with many smaller HE providers one private full university was established, taking the total to 39 universities (38 publically funded) (Marginson 2006,11).

Once again system divergence is evident. A feature of the late-1980s expansionist phase in England was the pressure on institutions to widen participation to meet unmet social demand. While in Australia access and equity had long been a national policy concern (Pick's 'frames analysis' traces its origins back to the Martin Report), (Pick 2006, 235) this was a new feature in the English context where formerly public sector institutions were 'set free' by the state to respond to societal demand as well as address the needs of the changing labour market. By contrast, in Australia the university was effectively redefined by Ramsey and the DEET on the basis of size and mission, with the effect of a major reduction in the number of HE institutions and a homogenisation of the sector. The changing needs of the labour market were reflected in reformed institutional governance structure along business lines in Australia (Meeks 1991, 464), while in the English sector employers' needs were addresses through demand-led curriculum reform and flexible provision.

Widening participation policies

The principle of autonomy-driven mission diversity noted above is also evident in the forms of widening participation or equitable access that feature in the two systems. David Pick's 'frames analysis' of Australian higher education locates equitable access firmly in what he terms the 'traditional frame' of development (dated from 1950 to 1987) during which the concern was to develop universities as a major site for the forming of Australian national

culture and citizenship (Pick 2006, 232). This sets the focus of Australian WP policy largely under state-direction and locates it firmly in the post-war growth stage when state directed notions of equitable access were a key element of Martin Report (1965) which deployed "the rhetoric of national social and economic development to support a plan to expand Australian universities and widen access" (Pick 2006, 235). The Martin Report it was far clearer a statement of intent than the equivalent Robbins Report (1963) in England because, apart from those public institutions made accountable to government via the CNAAC, it was merely exhortative and had little impact on the autonomous traditional liberal universities; in the absence of state direction reforms to the HE system had to depend on political will of which there was little in evidence at the time (Robertson 1995, 41). In England, as we have seen the first serious moves towards WP were restricted to the Polytechnic sector and only received state encouragement during a period of demographic decline (1983-1994) when institutions were obliged to make offers (in effect lower entry requirements) to a more diverse set of applicants (mature and part-time students) or face closure (DES 1978; McCaig 2000). Only with the renewal of expansion in the late 1980s did institutions have the opportunity to engage with the democratisation of access in response to both social demand and the needs of the economy, a dualism that was sufficient to create a measure of political consensus behind WP (at least in the Polytechnic sector) that even included the right-wing Confederation of British Industry (CBI, McCaig 2000, 144).

In fact it took the introduction of WP funding premia (additional money for students from underrepresented groups) in England from the early 1990s and then successive interventions by a Labour government after 1997 to begin to apply pressure on traditional (pre-1992) universities to think about widening participation. Widening participation performance indicators (PIs) were introduced in 1999 along with a government-funded programme of investment in WP - Aimhigher- introduced in an effort to raise the aspirations of young people from underrepresented groups. However, a large body of research into a decade and more of WP interventions reveals a wide range in levels and types of engagement with WP between university types, where the most innovative measures were employed by former Polytechnics, now known as post-1992 universities (National Audit Office, 2008; McCaig et al, 2006; McCaig and Adnett, 2009; Osborne, 2003). The HE sector itself, recognising that increasing participation through expansion had done little to widen participation across all institutions, initiated the *Review of Fair Admissions to Higher Education* in 2003 (under Schwartz). Despite the weight of this exhortation, a review of the impact of Schwartz in 2008 found evidence that making admissions policy more transparent (a key recommendation of Schwartz) had actually made traditional institutions more risk

averse and thus less likely to admit applicants from underrepresented groups (McCaig et al 2008).

Factors relating to mode of attendance also contribute to the differentiation between English and Australian systems, in particular the residential-based mode of HE attendance that developed in England. This, and a geographical mismatch between the distribution of the universities and population, was found to create specific barriers to access to higher education for those from lower social classes and other underrepresented groups (Adnett and Tlupova 2008). Geography is an even more important factor in Australia where students' chances of attending higher education are dependent to an extent upon where they live as Australian students tend to stay at home and either commute to their nearest institution or study through distance learning programmes. Only 16% of first-year students report living on campus, and this figure declines to 7% for those in later years (Moodie 2009, 359). This means that those living in rural and isolated areas are disadvantaged though the reasons are not confined to geographical isolation. Recent research into participation disadvantage suggests that: "in rural and isolated areas [HE participation] may be affected less by distance from university campuses than by socioeconomic circumstances and the influences of rural social and cultural contexts" (James 2001, 455). In this analysis distance is the weakest effect because rural communities and rural based families lack both the income to support travel and fees and social capital in the form of the role models and examples that might work to encourage HE participation.

As we have noted there is still considerable skewing of participation by social class and clear evidence that it is post-1992 institutions that most readily accommodate 'non-traditional' students (Osborne 2003). While people from lower socio-economic backgrounds constitute around half of the population of England, they account for just 29 per cent of young, full-time, first-time entrants to higher education (National Audit Office, 2008), a proportion that has not grown despite the growth in places. In Australia there are similar patterns of underrepresentation among targeted equity groups, identified in the White Paper *A Fair Chance for All: Education that's within Everyone's Reach* in 1990. Along with those in rurally-isolated communities, government has targeted Aborigines and Torres Strait Islanders, those from non-English speaking communities, those of low-socioeconomic status, disabled people and women in non-traditional subject areas (BIS, 2009a). The government offers institutions financial incentives to enrol more students from these equity groups, particularly those from low socio-economic backgrounds, and has set a target of 25% participation for people from low socioeconomic backgrounds to mirror their make up of the Australian population; currently this group are only one-third as likely as people from high

socioeconomic backgrounds to participate in higher education. The share of university places for people from lower socioeconomic backgrounds stands at around 15% of places, a proportion that has remained virtually unchanged since 1993 despite the overall expansion of higher education during the period (Universities Australia 2008, 10)

As in the English system, people from low socioeconomic backgrounds are particularly underrepresented in the professional fields of study for which there is the most competitive entry and in postgraduate education they comprise less than 10% of students. The under-representation of people from low SES backgrounds is most marked in the Group of Eight universities (Go8) (equivalent to the Russell Group of twenty large research universities in the English context) and the proportion of students from low socioeconomic backgrounds in the Go8 has actually fallen in recent years (Universities Australia, 2008: 12-13).

Shifting the burden from the state to the individual: Tuition fee regimes

In England the Conservative's solution to the problem of funding 30% APR was to begin the process of transferring the costs from the state to the individual through the gradual introduction of student loans to cover maintenance from 1991. Maintenance costs are a key factor in English higher education where the majority of students have traditionally enrolled at universities distant from their parental homes with accommodation provided along with high levels of pastoral care supported by the state. This tendency became known as the 'ultimate middle-class benefit' because few parents from lower social classes could afford to (or were inclined to) support their offspring in distant locations, Robertson 1995; McCaig 2000). The introduction of loans to cover maintenance was the first step towards shifting the burden of costs and self-financed tuition was eventually introduced in 1998.

While the Australian and English tuition fee regimes share some characteristics (neither are graduate taxes, for example) they have developed in way that further exemplifies the differentiation between systems. In Australia the final stage of the Dawkins reform was the introduction of the Higher Education Contribution Scheme (HECS) in 1989, thus reintroducing self-financed tuition which had been abolished in 1974 (Meek 1991, 464, Mahoney 1990, 462-5). HECS is paid back through the taxation system (BIS 2009a) and those on higher incomes have a higher rate of repayment than on lower incomes, although the total amount repaid is independent of the level of income (Marks 2009). The system has subsequently been the subject of several changes, including increased course fees, changes to the original cost structure from a flat to a

three tier structure (depending on subject studied), and raising the raising of the threshold level for repayments. Other Conservative reforms to HECS included encouraging students to pay the tuition fees upfront by offering substantial discounts (25%)², changing the repayment schedule and allowing universities some flexibility in the fees they charge for particular courses, in effect raising the cap on tuition fees (Marks 2009, 73, Chevaillier and Eicher 2002). A system of FEE-HELP was introduced in 2005 whereby those paying full fees could borrow up to A\$50,000 for, raising fears that this might adversely affect the chances of poorer, debt-averse students wishing to enrol on more expensive courses (Chapman 2004, Marks 2009, Universities Australia 2008).

In the UK³ the example of HECS was used by the new Labour government in 1997 to justify the introduction of self-financed tuition repaid through the Student Loans Company once recipients were earning a proportion of the national average wage. The subsequent evolution of the student self-financing system in England has taken several turns which illustrate the extent to which autonomy, reflected though institutional marketing positionality, still has a disproportionate effect on patterns of participation and system differentiation. In Australia HECS and FEE-HELP are national systems, but subsequent developments in England have created a 'market' in bursaries as each institution set its own level of financial aid. Bursaries were introduced to make the new higher level of fees affordable to those from poorer backgrounds: the market effect emerged for two reasons specific to the English context. Firstly, as noted above, the costs of higher education include maintenance as well as fees, which make the enterprise more expensive and thus more potentially damaging to widening participation given the lower propensity to take on debt for higher education among some of the underrepresented groups (Osborne 2003; Adnett and Tlupova 2008). Secondly, responding to pressure from the universities to increase tuition fees, the government issued the White Paper *The Future of Higher Education* DfES (2003) which allowed institutions to increase tuition fees to a maximum of £3000 per year from 2006/7 only on condition that they outlined in an 'access agreement' to be lodged with the Office for Fair Access (OFFA) the combination of bursaries and outreach that would offset the effects of higher fees on applicants from underrepresented backgrounds (McCaig and Adnett 2009). This new regime introduced loans for maintenance (grants for maintenance had been abolished in 1998) as well as fees, and, in exchange crucially allowed individual institutions to set their own level of bursaries (above a fixed minimum) according to their own recruitment needs. Access agreements also encouraged institutions to exercise mission diversity when it came to deciding which

² A similar plan to made it into the Conservative manifesto at the 2010 UK General Election

³ Initially tuition fees were introduced throughout the UK but the newly established devolved Scottish Parliament abolished tuition fees in 1998. The Scottish university system differs in various other ways to the English, Welsh and Northern Irish systems (not least in historical development, degree course length and by the amount of higher education delivered outside of HEIs). Although much closer to the English norm, Welsh and Northern Irish HEIs operate in slightly different funding and policy contexts therefore the article restricts itself to the English system.

underrepresented groups to focus on. The twin effects of variable financial aid and variable outreach packages thus create market signals for potential applicants.

The impact of variable tuition fees and the market in bursaries in the English system

Analysis of a sample of the first two waves of OFFA access agreements (original 2006 and 2008 revised agreements) reveal a wide range of bursaries and types of outreach on offer, suggesting that institutions use agreements as a way of marketing their diversity (McCaig and Adnett 2009). This is hardly surprising, in fact it is clear from the way that OFFA was established that institutional autonomy and state-backed diversity were key policy drivers, acting both as an example of the trajectory of system differentiation (vis-a-vis the planned Australian system) and at the same time demonstrating how market driven autonomy is a symptom of differentiation in the English system.

Access agreements and bursaries were not intentionally designed to strengthen the market in higher education. In fact they were not envisaged at all when the cap on fees was allowed to rise to £3,000. During the passage of the 2003 Act Labour backbenchers insisted on additional support for the poorest applicants, and OFFA was hastily devised to operationalise the support system with a requirement that institutions spend around a third of the additional fee income thus generated on supporting underrepresented groups through a combination of bursaries and outreach work (McCaig and Adnett, 2009). The then Secretary of State, Charles Clarke, MP "hoped that price should not affect student choice of whether to go to university, where to study or what course to take" (Callendar 2009). However, given the non-prescriptive nature of OFFA's guidance many institutions chose to apply the requirement to offer bursary support to all students (below a household income threshold) with targeted additional financial support on top of the mandatory £310 bursary, thereby creating a bursary and support market based on their own recruitment needs. These two main tools of differentiation can, over time, have a significant impact on the shape of an institution's student body and send or reinforce key messages about institutional mission.

Findings from the McCaig and Adnett analysis suggest that targeting additional financial support and outreach varies between HEI types, pre-1992s (mainly research-orientated universities) and post-1992s (mainly former Polytechnics and colleges of higher education). Average maximum bursaries from the sample of pre-1992 institutions in 2006 were £1625 per annum; for post-1992s it was £865 per annum. Analysis of the revised 2008 agreements showed a slight decline among both sectors' bursaries: the pre-1992s sample

average was £1521, the post-1992s average £678 (a slightly larger decline) with the shortfall being re-invested in targeted additional support to meet the needs of institutions own recruitment rather than to widen participation across the sector (McCaig and Adnett 2009, 28). These and other findings (Callender 2009) suggest that institutions are in fact engaged in a process of using agreements to shape the nature of their student body in the way marketing theory would describe. Indeed, prior to the introduction of the variable fees/bursary regime the DfES baseline assessment of institutions' planning found that many were already targeting underrepresented groups in an attempt at institutional repositioning (Temple et al 2005, para 4.2, 4.3). Nor was this a surprise to government: the Department for Business, Innovation and Skills (BIS, the government department responsible for HE policy since 2009) launched a review of tuition fees with a brief to explore the potential for further targeting of bursaries in the name of supporting fair access (BIS 2009b, 6) presumably as a means of ensuring greater differentiation. It should also be noted that government and the sector ignored advice to introduce a national bursary scheme that would have obviated the inequalities and confusion for consumers highlighted by this and other analyses (Callender 2009; Chester and Bekhradnia 2008).

Autonomy is key to this because the government and powerful research institutions among the HE sector lobbied successfully against a national bursary scheme that would have provided means tested support to any applicant offered a place anywhere in the system. The state has thus provided the setting for a sophisticated marketplace in which widening participation is invited to play a prominent part. Paradoxically, however, the state's hands-off approach to access agreements has resulted in such a degree of complexity for consumers that many of these market signals seem to have (so far at least) gone unnoticed, though evidence from the United States suggests that over time such signals do have an effect (Heller 2006). A more direct effect has been that, overall, the traditional research universities have been left unaffected by the state's exhortation to widen participation or engage in reform of any kind, beyond offering relatively few (but financially generous) bursaries to poor but bright applicants; once again it is the post-1992 institutions that have adapted to calls for a new kind of HE by providing the most imaginative outreach and support packages, offering smaller bursaries to a far larger numbers of applicants and by engaging in vocational curriculum design.

Conclusion

The introduction of a sophisticated and indeed over-complex market in bursaries in England demonstrates the extent to which system differentiation is rooted in the historical development of HE systems. Institutional autonomy, though apparently compromised at various stages (such as the introduction of state funding in 1919, the absorption of the planning function by the higher education funding council from 1992 and the introduction state-funded incentives to widen participation from the early 1990s) has flourished in the sense that there is a diversity of mission among universities (reflected by the existence of five sector 'mission groups') which encourages variations in size and provision offered. In contrast, the Australian system, though more autonomous at the outset of the second world war, has suffered the steady erosion of autonomy through successive waves of cost driven amalgamations that have resulted in a sector which, overall, exhibits the least diversity of provision or mission among its institutions. Here the market exhortations of government have had most direct impact outside the state sector with the establishment of one private university and the growth of a non-university private sector of higher education.

In the English system diversity is encouraged through indirect levers such as OFFA access agreements and WP funding premia which act differentially on individual HEIs depending on their need to recruit or change the institution's public image. The result is that an officially unitary system contains a broad and diverse spectrum with research-intensive elite set of universities that largely select applicants from the best qualified at one end and a larger group of teaching-oriented universities at the other end. It is this latter group that has been most responsive to the needs of the national and global economy and the changing labour market either by specialising in providing vocational qualifications for specific sectors of employment or by widening the base of qualifications and thus potential students. In Australia, for all the fact that the state exhorts marketing behaviour, the strictures the state has imposed have failed to allow for market differentiation in the state sector. Given the different national contexts, policies designed to improve access to underrepresented groups emerged at different historical stages and have been utilised in different ways, though as we have seen both systems exhibit similar deficits in terms of equitable access. In the Australian system equitable access was integral to the expansionary Martin Report era, while in England state encouragement of widening participation emerged only in the 1990s and then driven as much by the needs of the economy as in societal demand. However, it is the use of widening participation (via the student finance arrangements) as a marketing tool in the name of system diversity in English higher education that most readily illustrates the critical role of historical policy trajectories, at once as a symptom of differentiation and as an example of how differentiation emerges.

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Appendix

Table 1 - System differentiation and structural policymaking

Issue/factor	Policy Response	
	England	Australia
Size and make up of sector pre-1945	Long period of evolution of the ancient universities, augmented in the 19th century by universities designed to address scientific and engineering needs	Six state universities established in late 19th and early 20th centuries with a balance of humanistic and scientific output. Funded by individual states
Post-war expansion	Governmental reports urging the doubling of output among scientist. Expand places from 50,000 in 1938-39 to 100,000 in 1958-9. Funding for 10 Colleges of Advanced Technology (CATs)	Essential manpower training during wartime raised social value of science and engineering in higher education. Enrolments grew from 25,000 in 1946 to 53,000 in 1960
Role of state and needs of economy	Public sector of HE established with Council for National Advanced Awards to provide vocational HE in technical colleges. State takes closer control of system planning from institutions through control of funding council (from 1992)	Federal funding introduced to pay for essential training during wartime. Federal state assumes funding control of system in mid-70s. 1987 state determines size of institutions through funding mechanisms- obliges amalgamations
1960 expansion and binary divide	Robbins Report (1963) recommends expansion of a unitary system. 16 new universities in 1960s. Labour opts for binary divide from 1965 and established 30 Polytechnics to provide a public sector of HE. Open University established 1969	Martin Committee Reported 1965 recommends and 'equal but different' system of vocational HE responsive to demands of the economy. Binary divide from 1965 with 24 universities and 47 colleges of advanced education (CAEs) by mid-70s
1970s economic retrenchment-	1972 Act the high water mark. APR fell from 14.2% in 1972 to 12.4% in 1978	Williams Committee of Enquiry into Education and Training obliges 30 CAEs to amalgamate. Rationalisation continued into 80s. 1987 White Paper introduced Unified National System (UNS) of 37 universities
1980s Rising social demand and widening participation policies	Secondary education qualification reform (GCSE, 1986) increases the number qualified. Falling demographic introduces WP measures to maintain supply. Introduction of WP funding premia (1990s) and Aimhigher programme to raise aspirations to HE from 1999	Rising numbers qualifying fuels demand for access . WP a feature of system from Martin Report 1965 and new targets established 1990
End of Binary divide and outcome	Abolished by the Further and Higher Education Act (1992). Replaced by a unitary system with c120 universities; autonomy preserved in name of diversity of mission	Abolished in 1987. 47 CAEs absorbed into system of 37 state universities through amalgamations based on system size and homogeneity
Shifting the burden from state to individual	First suggested in 1980s but met with middle class resistance;	HECS (self-financed tuition) introduced in 1989 (fees had

	Student loans replace maintenance grants from 1991; self-financed tuition fees of £1000 pa introduced in 1998; fee-cap of £3000 pa from 2003.	been abolished in 1974). Reformed 1996 and 2005
Tuition fee conditions	2003 Act allows for variable fees on condition HEIs declare what they will do to address equity issues (from 2006). 2010 Browne Review of university finance expected to raise the fee-cap or abolish cap.	1996 tiers of fees by subject (medicine most expensive). Upfront fee discounts; repayment rescheduling; variable fee charging by universities; 2005 FEE-HELP (loans) for those paying full fees
Impact of fees	No initial impact of access. Augmented by 2003 act which reintroduced maintenance grants and allowed for variable fees, offset by OFFA access agreements to protect access among poorest. Market in bursaries emerges as institutions use AAs to promote own enrolment.	No initial impact on access. Reforms have included differential fees for expensive subjects; fee discounts for upfront payment. Concern that FEE-HELP will deter poorest from applying to high prestige courses.