Policy Report
February 2012

The Postgraduate Crisis
The 1994 Group

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Each member institution delivers an extremely high standard of education, demonstrating excellence in research, teaching and academic support, and provides learning in a research-rich community.

12 of the top 20 universities in the Guardian University Guide 2012 league table are 1994 Group members. 8 of the top 20 universities in the 2012 Sunday Times University League Table are 1994 Group members. 9 of the top 20 universities in the 2012 Complete University Guide are 1994 Group members. 8 of the top 200 universities in the 2011/12 QS World University Rankings are 1994 Group members. In 17 major subject areas 1994 Group universities are the UK leaders, achieving 1st place in their field (THE RAE subject rankings 2008). 57% of the 1994 Group’s research is rated 4* ‘world-leading’ or 3* ‘internationally excellent’ (RAE 2008, HEFCE).

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Executive summary

This report examines the future of postgraduate (PG) study and finds an emerging crisis. Relative to its undergraduate equivalent, postgraduate provision has suffered neglect from successive Governments. The current Government has thus far not deviated from this trend: both the Browne Review and subsequent White Paper failed to consider postgraduate study with any degree of rigour. Furthermore, the higher education (HE) reforms initiated by the coalition will cause great and lasting damage to postgraduate provision unless action is taken now. Cuts to funding will force universities to raise fees at the same time as an increased debt burden from undergraduate study may act as a disincentive to many students who would otherwise consider PG study. Any damage to progression to postgraduate study will have severe and long term impacts for the UK.

UK students are likely to be the worst affected by financial barriers. It is vital to the UK’s long-term economic success and social progression that home students are not deterred from progression to postgraduate study. The UK’s future growth, both economically and socially, rests on a highly skilled population and we cannot rely upon attracting international talent to provide this base for the future. The number of UK students taking up postgraduate study increased only marginally between 2002/03 and 2007/08 and lags behind growth in numbers of international postgraduates coming to study in the UK. This trend will be exacerbated by the impact of rising undergraduate fees, which will largely affect home and EU students. The economic climate and tough jobs market may account for recent small increases in home students taking up postgraduate study. However, projections of future numbers, especially for those on full-time taught courses, remain relatively flat in comparison to international students studying in the UK, before taking into consideration the impact of the new funding regime. International postgraduate student recruitment has been a major success story of UK HE and its growth must be matched by increasing interest from UK graduates.

Students from widening participation (WP) backgrounds will feel the effects of greater fees and diminished funding most acutely. With no student support system in place for postgraduate students and the requirement for fees to be paid up-front, students from WP backgrounds will be the least able to meet course costs. Focus on widening participation at undergraduate level has been most welcome as we move to a new funding system. However, by neglecting the effects on postgraduate study, greater barriers will be erected to accessing higher degrees.
A fall in numbers of postgraduate students will have wide social and economic implications. Postgraduates are an essential part of the knowledge economy and their skills are highly valued by many different business sectors. Countries with a highly educated population have great potential for growth and the UK risks being left behind by neglecting the importance of UK postgraduate students. The unique skills of postgraduates are also important to the work of the public and not for profit sectors. The heightened skills and knowledge of postgraduates enhances public services and brings long term societal benefits. Though more difficult to quantify, the damage caused by a fall in demand for postgraduate study will be just as severe in these areas.

It will not be possible to sustain or grow the UK’s research excellence. The future of the UK’s research base relies upon postgraduates. The UK leads the world in terms of research excellence and it is this research base which provides the essential foundations for the UK’s future growth and development. Postgraduate students make huge contributions to research conducted in the UK. Any decline in postgraduate students will affect the UK’s research productivity and also damage the supply of future academic leaders.

The UK’s knowledge base risks erosion in some disciplines. Progression to postgraduate study will be most damaged in disciplines where the long term value is not simply in terms of postgraduate salary expectations. Arts and humanities disciplines and subjects relating to health work and education are some of those which are inherently valuable but which are most vulnerable in a system which is overly reliant on market value. Specialist courses, relied upon by employers but with small numbers of students, will be similarly exposed in the new funding scheme. A skewing of the disciplines taught at postgraduate level towards short term benefit and away from long term gain is to the detriment of lasting UK prosperity.

The risks of continuing to neglect postgraduate provision are easy to demonstrate. Action needs to be taken immediately to prevent postgraduate study faltering in the future. If progression to postgraduate study is allowed to be affected by the reforms to HE, the development time to re-establish programmes will be substantial. Any decline in provision will have serious consequences for the UK’s future success and growth as well as for the HE sector.

Measures which must be taken now to safeguard progression to postgraduate study combine both public and private investment in addition to non-financial initiatives:

Public funding:
- Withdrawal of teaching funding for postgraduate study should be reconsidered by HEFCE. The announcement in February 2012 that, for 2012/13, £1,100 in teaching funding will be available for some disciplines,
in addition to recognition of high cost subjects, is a welcome first step. Commitments for the continuation of funding beyond 2012/13 need to be made.

- A review of Strategically Important and Vulnerable subjects (SIVs) should consider which subjects at postgraduate level qualify as SIVs and provisions should be put in place to protect these disciplines;
- Efforts must be made to promote initiatives such as the European Master’s Degree Mobility scheme which provides a European student loan facility; and
- Research council support for postgraduate students must continue.

**Private funding:**
- Action must be taken by Government to create better terms for Personal and Career Development Loans (PCDLs) and to make these more widely available;
- Consideration should be given to incentives for industry to sponsor postgraduate provision; and
- Efforts must be made to encourage employer sponsorship of individual students.

**Information, advice and guidance (IAG):**
- An appropriate information, advice and guidance resource for postgraduate students must be developed to be used sector wide. This must contain comprehensive and impartial IAG regarding PCDLs and student finance; and
- Enhanced student feedback should be made available through the introduction of a National Student Survey for postgraduates or through strengthening the Postgraduate Taught Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES).

**Information and data improvements:**
- Indicators of the WP backgrounds of postgraduates should be investigated and participation at postgraduate level monitored; and
- The Government must support the promotion of the UK brand of postgraduate study overseas and facilitate the arrival of international students.

Highly skilled postgraduates play an integral role in the UK’s economy, society and HE sector and a thriving postgraduate community is needed to ensure the future prosperity of the UK. Progression to postgraduate study is put in jeopardy through changes made in the HE funding environment without ensuring adequate means for individuals to finance their higher degrees. Immediate action must be taken to address this situation.
Introduction

This report is a response to the great danger posed to the health of postgraduate education (both taught and research) as a result of recent HE reforms. The Government’s HE White Paper and the subsequent Innovation and Research Strategy have neglected the needs and fundamental importance of postgraduate students, who make up 23% of the UK’s student population.¹

Contrary to the assertion of the Browne Review that ‘the private benefits of taught postgraduate education are predominant over the public benefits’,² this report highlights the fundamental importance of postgraduate education as an essential economic asset, vital to a prosperous society and to ensuring the excellence of HE. It then examines present and future barriers, and therefore threats, to postgraduate study. A lack of coherent strategy, the changes to teaching funding and the effects of the undergraduate reforms all conspire to exacerbate current barriers and create future problems for progression to postgraduate study. These factors will impact particularly on UK students and students from widening participation backgrounds, creating new obstacles for these students in a difficult funding environment. Finally, the report poses recommendations on how to deal with the oncoming postgraduate crisis.

The postgraduate student body is made up of postgraduate taught (PGT) students on courses where the majority of course provision is taught, and postgraduate research (PGR) students studying on programmes which are primarily research based. Postgraduate study can be at masters and doctoral level within both PGR and PGT, although doctoral level study is more commonly research based and masters courses are more commonly taught. There are other differences between PGT and PGR study. Funding tends to differ between these types of provision with the majority of PGT students being self-funded whereas PGR students are more frequently funded by a Research Council, charity or institution. As a result, PGT can be considered as having had more exposure to market conditions.

PGR and PGT students alike make hugely significant returns to the UK economically and socially in many varied respects, as is evidenced throughout this report. However, regardless of the differences between these types of courses, take up of both types of postgraduate study is in danger of declining as we move into the new funding environment. Therefore, this report considers the postgraduate student body as a whole.

¹. HESA http://www.hesa.ac.uk/content/view/1897/239/
Benefits of postgraduate study

The benefits of postgraduate study are well documented and apply not just to the individual student but also to the UK economy and society as a whole.

Benefits for the individual

Postgraduate study undoubtedly enables individuals to expand their knowledge and thereby to make greater contributions in their field of work. As a result, individuals are able to raise their employment prospects:

(i) **Improved employment prospects.** The latest Destinations of Leavers from Higher Education (DLHE) survey reveals that only 2.4% of research postgraduate leavers and 2.6% of taught postgraduate leavers in 2006/7 were assumed to be unemployed three and a half years after graduation compared to 3.9% of first degree and 4.5% of other undergraduate leavers. Furthermore, postgraduate qualifications are an essential route to some professions with over 50% of final year students stating this as their motivation for continuing to postgraduate study.

(ii) **Preparation for a broad range of careers that require higher-level skills.** The Smith Review’s identification of the importance of postgraduates’ higher-level skills to entry into many careers is supported by the latest DLHE survey. 89.8% of those who took a postgraduate research degree in 2006/07 and 87.9% of those who took a postgraduate taught degree believed that the skills and competencies they developed were either a formal requirement or important in gaining their current job.

(iii) **Postgraduates are more likely to enter the professional and managerial occupations.** The DLHE survey also shows that 73.6% of UK domiciled postgraduates were in managerial or professional occupations after three and half years. In contrast, only 49.7% of first

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3. HESA, DLHE longitudinal survey 2011, table 1.
4. Futuretrack 2006
5. Adrian Smith (2010), *One Step Beyond: Making the most of postgraduate education.*
degree leavers were in the same position. In his 2009 report on fair access to the professions, Alan Milburn found that postgraduate qualifications were becoming an entry route for an increasing number of careers, such as journalism and law. Indeed, many careers require some kind of postgraduate qualification before a licence to practise is granted. Other professions include architecture, social work and teaching. Prospective lawyers must take the Legal Practice Course and also the Graduate Diploma in Law if their first degree was in another discipline.

(iv) **Increased earnings – the ‘postgraduate premium’**. London School of Economics researchers working with the Sutton Trust have estimated that those with a masters or PhD earn on average 15% and 23% more respectively over the course of their lives than those with just a first degree. However, postgraduate premium figures are likely to be skewed by the greater earnings potential for those with degrees such as MBAs. There are many subjects – including social care, education and non-clinical health – where the postgraduate premium is not large but the social benefits of highly knowledgeable postgraduate practitioners are great. Three and a half years after graduating, postgraduate students of business and administrative studies had a median salary of £40,000 while those leaving with a degree in education had a median salary of £28,000.

(v) **An opportunity to change academic specialisms or career paths.** Many people achieve a better sense of the academic field or career they would like to pursue through work or during their undergraduate degree and then choose a postgraduate course to reflect this new direction.

(vi) **An opportunity to make new contacts.** A good university experience is inherently social. The new contacts and friends made in further study, as with undergraduate study, benefit both an individual’s wellbeing and their career prospects.
The Postgraduate Crisis

Benefits to the economy

Postgraduate study not only benefits individual students, it also greatly enhances the UK skills and knowledge base, benefiting the UK economy:

(i) **A highly-skilled workforce.** It is clear that postgraduate skills are critical to a strong economy and are increasingly in demand from global employers. The Leitch Review of Skills, *Prosperity for all in the global economy – world class skills*, highlighted the importance of postgraduates to innovation, entrepreneurship, leadership and research and development. In a survey of HR professionals the CIHE found that 7 out of 10 employers sought out postgraduates, and 9 out of 10 of these employers found their analytical thinking and problem-solving ability particularly valuable. Other qualities of postgraduate students cited in responses were research and technical skills, specialist knowledge and the ability to innovate.

(ii) **International students bring a significant boost to local and national economies.** The UK has a highly successful track record in attracting international students to study in the UK and is second only to the USA in this respect. It is estimated that the personal expenditure of international students in 2007/8 alone totalled £2.3 billion, creating £3.3 billion of output and over 27,800 jobs. With 55% of international students coming to study in the UK on postgraduate programmes, postgraduate level education has an important role to play in boosting the economy. International postgraduate students should be warmly welcomed and encouraged alongside UK students.

(iii) **Attracting global businesses to base operations in the UK.** A highly skilled workforce is essential to industry and attracts overseas business. For example, Spanish company IFR Automotive recently established a new electronics section at the University of Warwick Science Park. IFR was influenced in its decision to place its new wing in Warwick from 2013 by the fact that ‘the local universities, as well as those across the UK, are brimming with talent and new ideas’.

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16. HESA 2010/11 [http://www.hesa.ac.uk/content/view/1897/239/](http://www.hesa.ac.uk/content/view/1897/239/)
Postgraduates play a crucial role in generating new knowledge. The UK delivers 8% of the world’s research output. The talent developed in postgraduate education is critical to maintaining this success and the benefit it brings to the economy.\(^{18}\) Graduate students play a vital role in driving knowledge creation and innovation with the number of PhD students being positively linked with the number of patents generated by an institution.\(^{19}\)

Postgraduates play a pivotal role in transferring research knowledge to industry through schemes such as the Collaborative Awards in Science and Engineering (CASE) and Knowledge Transfer Partnerships (KTPs). CASE provides PhD studentships during which the student spends some months with an industrial partner. KTPs involve businesses employing recent graduates to facilitate the transfer of research findings into industry. KTPs respond directly to a business need and have demonstrated how powerfully academic knowledge can be applied in industry and what gains can be made. For every £1m of Government investment in KTPs, the average benefits achieved by UK businesses amount to a £4.25m annual increase in profit before tax, £3.25m investment in plant and machinery and the creation of 112 new jobs. The average benefits of a KTP to a university include 3.6 new research projects and two research papers.\(^{20}\)

Social and cultural benefits

A highly educated population also brings a variety of social and cultural benefits of high importance:

The knowledge and skills developed during postgraduate study are highly important in the public and not-for-profit sectors. A better educated and highly skilled workforce in these areas will lead to enhanced public services and long-term success. For example, a 2008 report showed that teachers with a master’s level qualification were more confident, innovative and able to think critically about both their own practice and new educational methods and theory.\(^{21}\) The Government recognises this and is encouraging more teachers to take postgraduate courses while at the

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18. Adrian Smith (2010), One Step Beyond: Making the most of postgraduate education, p.4.
same time withdrawing the funding scheme that really enabled them to do so.22

(ii) **Postgraduate education is an important aspect of Continuing Professional Development (CPD) in the public sector.** It provides a professional development route for many workers in the public sector, including social care, education and non-clinical health, ultimately contributing to better public services.

(iii) **A highly educated population should be a goal of Government policy in itself.** Postgraduate education encourages people to question established knowledge and helps to build a culture of open and informed debate. Many courses that do not attract a large ‘postgraduate premium’ are highly valuable to society in this way.

(iv) **International students contribute to the UK’s diverse culture.** The Smith Review of postgraduate education acknowledged that ‘the international diversity of postgraduate education in the UK generates a vibrant and stimulating environment that brings together a variety of cultural knowledge, experience and insights’.23

(v) **Those overseas students who do not stay in the UK after graduation will leave with a connection that will bring lasting social and diplomatic benefits.** Some even see this continuing relationship as a way of exporting ‘soft power’.24

### Contribution to HE

Postgraduate students make outstanding contributions to HE through their research and other activities:

(i) **Postgraduate research students contribute to the excellence of the UK research base.** The UK is highly efficient in producing high quality research, in terms of unit of spend, amongst other measures.25 Postgraduate research students make significant contributions to the UK research base contributing to the UK’s excellence, which will drive forward future economic growth.

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23. Adrian Smith (2010), *One Step Beyond: Making the most of postgraduate education*, p. 5.
Postgraduate study is a key route for entry into academia, ensuring the UK’s excellence in research and innovation is secured for the next generation. For many students, postgraduate taught courses are a pathway to postgraduate research degrees which play a crucial role in developing the UK’s knowledge base. The recent PRES survey shows over a third (35.1%) of responding doctoral students studied a masters degree immediately prior to starting their course.26

Postgraduate students are vital contributors to the university environment and the student experience. Postgraduates made up 23% of HE students in 2009/10.27 They act as tutors and mentors to undergraduate students and are a crucial part of an institution’s research environment.

Postgraduate students have been of substantial financial benefit to UK universities, bringing in an income of over £1.5bn in 2008-09.28

The ability to attract high numbers of international postgraduate students enhances UK HE’s global reputation. The high standing of British universities as world leaders in research and teaching attracts students from around the globe raising the profile of UK higher education and creating academic links for the future.

27. HESA 2009 http://www.hesa.ac.uk/content/view/1897/239/
28. Adrian Smith (2010), One Step Beyond: Making the most of postgraduate education, p. 5.
Barriers to postgraduate study

Postgraduate study is clearly of utmost importance not just to individual students but also to our society and economy. However, the health of postgraduate provision is placed in jeopardy by reforms to undergraduate study and a withdrawal of teaching funding. Risks are posed to progression to postgraduate study as a result of recent higher education sector reforms in the following ways.

Rising fees

(i) Postgraduate fees will need to rise to cover losses in HEFCE teaching funding. The withdrawal of HEFCE funding for taught postgraduate courses will reduce the proportion of students receiving any public teaching funding via HEFCE. For 2012/13 an interim measure has been put in place to provide £1,100 in teaching funds for postgraduates in some disciplines, in addition to recognition of high cost disciplines. However, this is a one year commitment only. Beyond 2012/13 the proportion of postgraduates studying on programmes which receive Government teaching funding is anticipated to reduce to just 17 per cent.29 Reductions in capital funding will increase the burden on taught courses as well as research postgraduate courses. Taught postgraduate fees for UK and EU students have already increased by 63.7% since 2002/03.30

(ii) It is unclear what the effect of greater undergraduate debt will be on postgraduate participation. From 2012/13 students who pay fees up to £27,000 for a degree and also pay greater interest on their loans, including maintenance loans of up to £23,000 for three year courses, may be less inclined to take on further debt needed to fund postgraduate study.31

30. See Appendix, Figure 1.
31. ‘Student finance calculator’ http://www.bbc.co.uk/news/education-14785676
(iii) **Discipline provision may be distorted and lost.** The loss of teaching funding for postgraduate disciplines, except those which are either clinical or lab-based (bands A or B), will leave some strategically important subjects susceptible to damage despite the interim teaching funding arrangements in 2012/13. Subjects such as those in the arts and humanities will depend entirely on student fees. The study of these disciplines at further degree level is inherently valuable to the UK knowledge base. However, these disciplines do not necessarily result in the high ‘postgraduate premium’ of other postgraduate disciplines. Therefore these subjects are most at risk in the ‘marketised’ funding environment. As recognised at undergraduate level, there are strategically important and vulnerable subjects at postgraduate level which the nation cannot afford to lose as part of its discipline base. A market cannot be relied upon to provide the disciplines needed for the UK’s long-term prosperity.

(iv) **Loss of skills funding.** Another source of funding that has now ended is the ‘Roberts’ funding’ that had been used to support the early career development of postgraduate research students and postdoctoral researchers. Funding stopped in 2011, yet universities are expected to continue these activities by increasing tuition fees for doctoral students by £200 and including these costs in the full economic costs of research grants.

### Reduced student finance options

(i) **The effect of rising fees will be exacerbated by the fact that there is no Government loan available for postgraduate study and fees must be paid up-front.** Contrary to undergraduate provision there is no system of support for postgraduate study. At greatest risk will be postgraduate taught provision (usually masters students) where students are usually self-funding and where there is limited public sponsorship available to cover fees, even before the impact of the new funding regime. The proportion of taught postgraduates receiving public support for fees has dropped by 11.7 per cent since 2001. In 2007/08, around 60% of UK and EU domiciled postgraduates in English higher education institutions (HEIs) were funded by private sources such as the student themselves or their family. Furthermore the NUS has reported that postgraduate students who are self-financing rely on personal savings or are partly funding their course through ‘highly unstable’ sources such as overdrafts or credit cards. In a changing funding environment this will be a less viable option for students.

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32. Adrian Smith (2010), One Step Beyond: Making the most of postgraduate education, p 21.
33. NUS (2010), Broke and Broken: Taught postgraduate students on funding and finance, http://www.nus.org.uk/PageFiles/12238/Broke.pdf
Whilst PGR students are more likely to receive funding to support their fee costs, a significant proportion fund their own study (38.5% in 2007/08). Figures are unavailable regarding the disciplines where self-funding is highest but we can expect this to be in areas such as the arts and humanities where there are fewer sponsorship organisations. Any reduction in PGT numbers as a result of rising fees will also have consequences for PhD level study with many doctoral students entering study following a masters course.

(ii) **Professional and Career Development Loans (PCDLs) can be used to fund postgraduate study but are not widely used and do not offer a good deal to students.** The advantage of a PCDL is that the Government pays the interest on the loan and no repayments need to be made during the period of study. However, in 2008-09, only around 1,750 PCDLs were taken up by postgraduate students.34 There are only two banks – the Co-operative and Barclays – that offer PCDLs, both with the same terms. There is therefore insufficient competition for provision of these loans and as a result the terms can resemble a poor deal for students. After graduation the advertised PCDL interest rate is 9.9% APR. For loans of less than £5000, this is a competitive rate compared with those offered for personal loans. For loans over £5000 however, the advertised PCDL interest rate is higher than most available personal loans.35 In the new funding environment more students will need to borrow over £5000, thereby reducing the benefit of the PCDL scheme. The moneysavingexpert website identifies that the PCDL interest rates that apply after course completion are high enough to make it worth applying for an unsecured personal loan to pay off the PCDL.36

(iii) **Funding options are dwindling further as the variety of support available from banks is decreasing.** Until recently some banks offered ‘Professional Studies Loans’ or ‘Further Education Loans’ that were designed for those studying subjects such as law, medicine and business. NatWest, for example, has recently withdrawn its Professional Trainee Loan and Loan Scheme for MBAs run in conjunction with the Association of MBAs.37 There are now very few private funding options available to cover the fees of extremely high-cost courses.

34. Adrian Smith (2010), *One Step Beyond: Making the most of postgraduate education*, p 21.
35. This analysis was carried out using the comparison site: [http://www.moneysupermarket.com/loans/](http://www.moneysupermarket.com/loans/)
36. [http://www.moneysavingexpert.com/students/career-development-loans](http://www.moneysavingexpert.com/students/career-development-loans)
37. ‘Association of MBAs and NatWest close loan scheme’ *Financial Times*  [http://www.ft.com/cms/s/2/cf4d02c8-2d59-11e0-8f53-00144feab49a.html#axzz1hBx2pEnC](http://www.ft.com/cms/s/2/cf4d02c8-2d59-11e0-8f53-00144feab49a.html#axzz1hBx2pEnC)
UK students and the financial barrier

(i) **Home students are likely to be the worst affected by financial barriers.** The fact that the postgraduate student population has recently increased is often used to claim that the sector is in good health. However, closer inspection of the student population reveals that the number of UK students taking up postgraduate study increased only marginally by 3% between 2002/03 and 2007/08. As CentreForum highlight, the increase in the number of UK graduates choosing to stay on to undertake postgraduate study is a trivial proportion. It is a primary concern that in the new funding environment UK graduates will be deterred or unable to progress onto postgraduate study due to accrual of student debt and the prospect of postgraduate course costs which need to be met up-front. It is important for the long term prosperity of the UK that home students continue to study at postgraduate level thus maintaining a highly skilled workforce and knowledge base for the future. Take up of postgraduate study by UK students in some disciplines is already low. HEPI reports ‘international students form the majority of agriculture, mathematics, computer science, engineering and business and administrative studies students’. International postgraduate student recruitment has been a major success story and should continue. However, the UK cannot rely upon international postgraduate students to supply the workforce of the future. Recruitment of home students must prosper alongside that of international students.

Postgraduate data to 2009/10 shows better growth in UK students starting postgraduate study. However, this growth is most likely to be attributable to the current economic climate where graduates are choosing to continue their studies instead of entering the job market rather than a sign of a long-term upwards trend. Postgraduate qualifications are also being sought by graduates as a distinguishing feature in a tougher jobs market. HEPI predict postgraduate recruitment to ‘spike in 2009/10 and possibly beyond, followed by a dip in subsequent years’. Despite recent increases, numbers of postgraduate students between 2002/03 and 2009/10 have continued to show larger growth in international than home students.
Future postgraduate demand is complicated by the demographic context: the relatively small growth in demand for PG study from home students coincided with an increase in the population old enough to consider this form of education. Births have since declined and we may see a corresponding decline in demand for HE in future.45

Overall, data suggests that home students are particularly vulnerable to the effect of rising costs and falling funding.

(ii) Numbers of home students are already low in some key disciplines. James Dyson has pointed out the problems posed to the UK economy if universities fail to recruit enough postgraduate students from the UK. He has been particularly concerned by the fact that of the additional 3,825 postgraduate engineering students in 2008 only 70 came from the UK.46 International students have a valuable role to play in UK HE and should be warmly welcomed and encouraged, but this trend needs to be matched by interest from UK graduates.

Widening participation

(i) There is a class dimension to immediate participation in postgraduate study after undergraduate study. The Centre for Economic Performance at the London School of Economics found that of those in further study six months after graduating from an undergraduate course, 30% came from higher managerial and professional backgrounds compared to 27% at undergraduate level and 17% were educated at independent school compared with 14% of undergraduate students, and 7% of school pupils.47 This division has been widening: whereas in 2002 graduates who had attended independent school were no more likely to continue to postgraduate education than state educated graduates, by 2008 this was no longer the case.48

(ii) Social class is an influence on how postgraduates choose to study. Research by the National Postgraduate Committee found that though students from lower socio-economic backgrounds were not deterred from pursuing postgraduate study they were more likely to study part-time.49

45. See Appendix, Fig. 3.
46. ‘Lack of top researchers could harm UK plc, Dyson warns’, http://www.bbc.co.uk/news/education-12464204
48. Ibid.
The changing funding environment can not be permitted to limit the study options students are able to take.

(iii) **Social class also influences what postgraduates choose to study.** Paul Wakeling has found that students from social class I were three times more likely to progress onto a research degree than peers from social class V, while those from lower socio-economic backgrounds were twice as likely to enter postgraduate teacher training as those from class I.\(^\text{50}\) Access to postgraduate study should be possible for all those with the ability and desire to study at that level. Progress in access to postgraduate study cannot be allowed to falter as a result of funding reforms.

(iv) **It is feared that the postgraduate crisis may lead to a further narrowing of participation at postgraduate level.** Higher fees and the lack of financial support options will be a greater barrier for those students from WP backgrounds than those who are not.

### Barriers to international students

The UK has a highly successful track record in attracting international postgraduate students to study in the UK, bringing many associated benefits. International students should continue to be encouraged to study in the UK alongside home students. Yet recent reforms are presenting barriers to international student recruitment:

(i) **The Home Office has announced plans to actively reduce the number of students coming from outside the EU.** While actions taken to shut down bogus colleges should be welcomed, preventing genuine students from studying in the UK could threaten what has become one of our strongest exports. The closure of the post-study work route for international students is a major disincentive for students wishing to study in the UK and alongside other changes to the visa system projects an image that the UK is unwelcoming to overseas students.

(ii) **The UK faces greater competition from overseas.** Changes to visa requirements are set in the context of increasing global competition as HEIs in other countries invest in marketing and development. Thus far, the UK has managed to maintain its reputation for excellence in postgraduate provision but will have to act decisively if it is going to do so in the future.

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50. HE Academy (2008), *Widening participation to postgraduate study: decisions, deterrents and creating success*, p. 16.  
http://www.heacademy.ac.uk/assets/documents/WPtoPG_Stuart.pdf
Furthermore, the closure of the post-study work visa route will deprive the UK of highly skilled international students graduating from UK HEIs. By preventing international students who graduate from UK institutions to stay in the UK to work, the UK is depriving itself of large numbers of highly skilled workers. This is not affordable in a globalised labour market where the demand for skilled workers is increasing in both developed and developing economies. Many skilled workers are moving overseas even without the encouragement provided by visa restrictions. This trend compounds the problem of future workforce development in the UK. In the new funding environment recruitment of home postgraduates is likely to suffer the most at the same time as international students are being encouraged to return overseas after their studies. This will present serious, long term problems for the UK’s future growth, especially with the highest proportions of international students in disciplines such as engineering, mathematics and computer science.51

Information, advice and guidance (IAG)

(i) The lack of clear Government strategy for postgraduate education has created a great deal of uncertainty over its future. This uncertainty is itself likely to act as a barrier to postgraduate study. Commentators have drawn attention to the neglect of postgraduate education by successive Governments.52

(ii) IAG related to postgraduate study is fragmented. There is no comprehensive source of information on postgraduate education. For example, there is particularly little information, advice and guidance related to employer-sponsored postgraduate study. The National Student Forum Annual Report stated that it is difficult to get a sense of what it is like to study at postgraduate level and what individual courses at individual universities are like.53

(iii) There is a lack of awareness of available funding options and every year funding goes unclaimed.54

Recommendations

It is clear that although postgraduate education is vital to the health of our economy and society, it has not been given due credit or attention by the Government. This negligence is damaging and in combination with the disruption caused by recent reforms postgraduate study will be profoundly harmed. Negligence of the effects of HE reforms on postgraduate education needs to be rectified urgently. New initiatives for postgraduate provision must be sure to adhere to the principles of institutional autonomy and must avoid adding to the administrative burden of universities. Measures which must be put in place now to safeguard progression to postgraduate study should combine both public and private investment in addition to non-financial initiatives.

The Government must formulate a clear strategy for postgraduate education and take swift action. If action is delayed by simply monitoring provision and waiting for signs that the PG market is affected, it will be too late to reverse the damage. Should progression to postgraduate study falter, there will be no quick or simple way to restart provision. If demand stalls, courses will close, teaching expertise will be lost and to the detriment of the UK’s students and employers. Pre-emptive action must be taken to safeguard UK postgraduate education.

We urge the Government to consider innovative public funding proposals; here, though, we propose a number of constructive recommendations which are built on the principle of zero additional public expenditure and which can be set in motion expediently. These consider how current public funding is directed but also look to private funding solutions, strengthening the HE sector’s relationship with industry and employers. Improvements in information, advice and guidance are also considered; these are vital to ensure that progression to postgraduate study is supported in the new funding environment by empowering students to make informed decisions.

Public funding

(i) The decision to withdraw teaching funding for postgraduate study should be reconsidered by HEFCE. Interim arrangements announced for 2012/13, which will provide £1,100 in teaching funding for some subjects, in addition to recognising high cost subjects, are a welcome first step. Funding for postgraduate study for 2013/14 must be reconsidered by HEFCE and firm commitments made to ensure the strength of postgraduate education in future years.
(ii) **The review of Strategically Important and Vulnerable subjects (SIVs) should consider which subjects at postgraduate level qualify as SIVs.** These subjects may differ from those at undergraduate level but the same criteria could be used to determine SIVs: their strategic importance to economy and society, whether they suffer from low student demand and course delivery costs. Teaching funding for SIVs must be maintained so that these disciplines are not threatened. Consideration should also be given to the best way of supporting disciplines which make societal contributions. Many of the subjects that are most useful to the public sector, such as education disciplines, do not attract high postgraduate premiums. These disciplines will be more vulnerable in the new funding environment.

(iii) **Efforts must be made to promote the European Master’s Degree Mobility scheme due to launch in 2014.** The scheme will aid students wishing to study in another country in the EU and will be supported by a European student loan guarantee facility of approximately 100 million Euro a year.

(iv) **Research Council support for masters and students must continue.** At present Research Councils support a small number of places for masters level students. This is usually provided in a ‘1+3’ model allowing progression onto three years of PhD study after one year of masters study. Such opportunities are a crucial route to postgraduate research courses and must be maintained and grown in future. Funding for doctoral students is a vital form of support for PhD study and will become more so in the new funding environment. The Research Councils must continue to make funding available.

**Private funding**

(i) **Action must be taken to create better terms for Personal and Career Development Loans (PCDLs) and make these more widely available.** The bank bail-out and the banking sector’s continuing reluctance to lend have led to a focus on the relationship between banks, Government and society. This presents an opportunity to negotiate better terms for PCDLs. Research must be undertaken to find out why these loans are not more popular. Likewise, there should be more transparency surrounding the payment of interest by the Government during the period of study and the interest rates payable after course completion.

(ii) **Consideration must be given to whether further incentives could be created for industry to sponsor postgraduate courses.** The Government has a role to play in promoting business interaction with universities and must promote industry support schemes by stressing the advantages of postgraduate study. There are successful industry
sponsored schemes in place at 1994 Group institutions already. For example, the University of York receives £60,000 in sponsorship from Crossrail Ltd. for provision of a MEng course in Embedded Systems. Government must promote the advantages of such schemes to businesses to encourage greater participation. HEFCE’s employer engagement programme secured more than 14,000 co-funded, mainly undergraduate, places in 2009-10. The Smith Review suggested that this approach could be further extended to postgraduate provision.

(iii) **Efforts must also be made to encourage business to sponsor individual students, perhaps providing financial support in exchange for a period in which the student works for the firm after graduation.** Many students will welcome this opportunity to secure a job before they finish studying. Employer loan schemes to assist current and future employees’ study for postgraduate qualifications could be initiated. An up-front investment from the employer to cover the cost of fees could then be repaid by the individual through monthly payroll reductions much as ‘season ticket loans’ operate in some organisations. This would be a realistic option for all types and scales of business.

(iv) **Involvement of business could be encouraged in other ways.** Internships offer opportunities for students to raise funds for study alongside adding work experience to their CV. A variety of different models have been trialled across the sector and best practice should be shared. A recent initiative between the universities of Reading and Surrey and biopharma companies has demonstrated the benefits of graduate and postgraduate internships, post-study, to individuals, to industry and to the sector.

(v) **Flexible study options need to be supported and encouraged.** As postgraduate fees increase, there may be an increase in demand for part-time courses that are compatible with work. Already, demand for part-time PGT courses is growing at a faster rate than for full-time programmes. Between 2002/03 and 2009/10, the number of UK domiciled first year PGT students on a full-time course increased by 18% while the number on a part-time course increased by 20%. Barriers to flexible and part-time course provision should be examined and solutions generated to overcome these.

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57. See appendix, figure 5.
Improvement of information, advice and guidance (IAG) available to postgraduate students

(i) An appropriate information, advice and guidance resource for postgraduate students must be developed to be used sector wide. This must contain comprehensive and impartial IAG regarding PCDLs and student finance; and

(ii) Enhanced student feedback should be made available through the introduction of a National Student Survey for postgraduates or through strengthening the Postgraduate Taught Experience Survey (PTES) and Postgraduate Research Experience Survey (PRES).

Data improvement and dissemination

(i) Indicators of the WP backgrounds of postgraduates should be investigated. It is difficult to monitor and predict the effects of changes in the HE sector due to the inadequacy of the data that is currently available, particularly with respect to the backgrounds of PG students. Potential indicators should be investigated and participation at postgraduate level monitored. Unique student identifier numbers could be used to track WP efforts over postgraduate entry as suggested by HEPI.58

(ii) The Government should support the promotion of the UK brand of postgraduate study overseas and facilitate the arrival of international students. According to the Smith Review, feedback from stakeholders suggested that efforts to promote UK postgraduate education internationally need to be more coordinated and should go further in developing a strong UK postgraduate brand. Furthermore, the Smith Review argued that the UK’s quality assurance processes are not common elsewhere in the world and should form a major part of the promotion of this brand.59

58. HEPI (2010), Postgraduate education in the UK, p. 20.
59. Adrian Smith (2010), One Step Beyond: Making the most of postgraduate education, p. 6.
Conclusion

This report has demonstrated the excellent opportunities and experiences postgraduate education offers for individuals. Postgraduate study can improve career and salary prospects and empower individuals to contribute to their field. The benefits of postgraduate education also extend far beyond the individual. Postgraduate level study equips a future workforce with the skills needed for a highly productive economy and to secure long-term growth. Postgraduates make key contributions to the UK knowledge base thereby driving innovation, innovation which is not only essential for industry but also for the UK’s society and culture. Postgraduates are the UK’s future academic leaders who will ensure that in time to come UK higher education continues to prosper to the benefit of the UK.

To summarise, a healthy postgraduate system is essential for the UK’s future economic and social success. It is for this reason that the UK cannot afford for postgraduate education to be damaged by the consequences of the new undergraduate funding system.

Without the safeguards and actions proposed in this report, the UK’s successful postgraduate system will be put into jeopardy. The loss of Government teaching funding and resultant increases in postgraduate fees without adequate student finance options will reduce the take up of postgraduate study. UK students will be hardest hit and especially those from widening participation backgrounds. Discipline provision will be distorted; we can expect disciplines which respond to ‘short-termist’ needs to expand at the expense of disciplines which contribute to the social and cultural advancement and disciplines which are important for the long-term needs of the UK.

If such a scenario is permitted to proceed we can look to a future where the UK cannot rely upon its population to provide the skilled workforce needed for a prosperous nation. We will be more dependent upon attracting international talent at a time where visa restrictions for international workers and students are already being tightened. The UK will not be able to maintain its leadership in research and innovation. The UK’s knowledge base will be eroded to the long term detriment of UK growth, economically and socially.

Immediate action must be taken to address the risks posed to the future of UK postgraduate education. This report has outlined key ways the Government can protect postgraduate provision in the new funding system. Better postgraduate student finance packages should be negotiated with banks. A review of strategically important and vulnerable subjects must be carried out to ensure that essential postgraduate discipline areas are secured for the
The Postgraduate Crisis

future. Information, advice and guidance resources for postgraduates should be developed which are fit-for-purpose. Most importantly, we cannot afford to delay implementation of safeguards. To monitor the situation without taking action will be to leave things too late; the supply of postgraduates will already have been affected and postgraduate provision will take years to re-establish. The proposals we have put forward can and should be put in motion swiftly to avert what can only be described as a pending postgraduate crisis.
Appendix

Figure 1: The Growth of PGT fees 2002/03 – 2009/10

<table>
<thead>
<tr>
<th>Academic year</th>
<th>Home/EU</th>
<th>Overseas classroom based</th>
<th>Overseas laboratory based</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>3186</td>
<td>7381</td>
<td>8460</td>
</tr>
<tr>
<td>2003/04</td>
<td>3351</td>
<td>7802</td>
<td>8919</td>
</tr>
<tr>
<td>2004/05</td>
<td>3458</td>
<td>8020</td>
<td>9124</td>
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<tr>
<td>2005/06</td>
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<td>9582</td>
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<tr>
<td>2006/07</td>
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<td>8954</td>
<td>10098</td>
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<tr>
<td>2007/08</td>
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<td>9373</td>
<td>10591</td>
</tr>
<tr>
<td>2008/09</td>
<td>3985</td>
<td>9852</td>
<td>11152</td>
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<tr>
<td>2009/10</td>
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<td>10389</td>
<td>11769</td>
</tr>
<tr>
<td>2010/11</td>
<td>5214</td>
<td>10938</td>
<td>12487</td>
</tr>
<tr>
<td>Increase 2002/03 – 2010/11</td>
<td>2028</td>
<td>3558</td>
<td>4026</td>
</tr>
<tr>
<td>% increase 2002/03 – 2010/11</td>
<td>63.65</td>
<td>48.20</td>
<td>47.59</td>
</tr>
</tbody>
</table>

Source: [http://web.mac.com/mikereddin/PublicGoods/Education.html](http://web.mac.com/mikereddin/PublicGoods/Education.html)

Figure 2: Number of first year postgraduate students (PGR and PGT) (Full Person Count) by domicile 2001/02 to 2009/10

Source: HESA, postgraduate research and taught students, full person equivalent (FPE)
Figure 3: Number of live births in the UK, 1980 – 2002

![Graph showing number of live births in the UK, 1980 – 2002.](image)

Source: Office for National Statistics

Figure 4: Numbers of UK first year postgraduate taught students by mode of study

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<thead>
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<td>98355</td>
<td>109795</td>
<td>112815</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: HESA data, full person equivalent, postgraduate taught first years.
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