

Briefing Paper

Implications of DIUS decision to withdraw public funding for the teaching of 'ELQ' higher education students in England

In September 2007, the Department for Innovation, Universities and Skills (DIUS) announced that from 2008/09 the public funding which universities and colleges currently receive towards the costs of teaching 'second degree' students would be withdrawn starting in 2008/09, removing a total of £100M in public support by 2010/11.

Because of its implications, Gemma Tumelty, President of the NUS, Sally Hunt, General Secretary of UCU and the heads of over 20 institutions wrote to the Guardian (21 Nov 07) calling on the Government to defer implementation of the ELQ policy and asking that it should be referred to the 2009 Fees Commission in England for further consideration. Ministers have said that they cannot wait until the Fees Commission (IUS Committee 28 Nov).

However, the Government has stated that it wants to move forward on the basis of evidence-based policy. The decision appears to run counter to the lifelong learning and skills agenda which the Government is seeking to promote, deregulates tuition fees for some higher education students without any advance scrutiny of its likely consequences and has not been the subject of public consultation.

This briefing outlines the implications of this decision and the reasons for the widespread concerns.

The 'second degree' title initially used by Ministers has proved a misnomer. Apart from some exemptions, all higher education students in England who are studying for "a qualification that is equivalent to or lower than a qualification that they have already attained" will lose the public funding which currently contributes towards the costs of teaching their courses. These students have now become known as 'ELQ' (equivalent or lower qualification) students. The announcement therefore affects a very wide range of students and universities, including many involved in vocational and innovative professional training.

Ministers have defended the decision by saying they wish to refocus funding on first time entrants and have said that universities will, in the long run, not lose out if they adjust their business. Universities have long campaigned for adequate funding for growth in student numbers for first time entrants. Many universities have been excellent at offering new opportunities for first generation students of varying ages, with varying qualifications and from non-traditional backgrounds. Counterpoising one group of students against another misses the point.

Increase in tuition fees

ELQ students are not 'free loaders'. They or their families will have paid taxes. Many have family or care commitments. If they have accessed student support arrangements previously they are not eligible to do so again. Like other students in England, they already have to pay course fees – and in the future, increasing numbers of ELQ students may also be repaying loans from earlier HE studies. Currently, home / EU ELQ students pay the same fees as their full-time or part-time equivalents – just over £3,000 a year for a full-time degree course in England. Once universities lose all public funding for these students, they will have no option but to charge them the full cost. These students will have to be treated in the same way as overseas (international) students where tuition fees start at £7,000 per annum. Fees for ELQ students will rise with the obvious risk that students who cannot afford to pay will be priced out of their studies.

Home students with ELQs from non-UK institutions

The new policy affects home / EU students with ELQ qualifications from UK and non-UK institutions. There are real problems for institutions in establishing equivalences for qualifications obtained outside of the UK. Just as significant is the fact that many long-standing UK residents look to improve their lives and career prospects by taking UK degrees at an equal level to those attained prior to taking up residency in the UK. Some may have been UK residents and citizens for many years, have paid taxes but have not previously accessed higher education in the UK but have an ELQ from a non-UK institution. From 2008, these UK residents will have to be treated as overseas / international students and will be charged accordingly.

Exemptions

DIUS and the Funding Council (Hefce) have suggested that there should be exemptions e.g. for NHS students, doctors, dentists, veterinary sciences, teacher training, architects and other strategically important or vulnerable subjects (SIVS). It is difficult to see the logic behind all of the exemptions. For example, these include teacher training but exclude the qualification leading to qualified teacher status for the FE, Lifelong Learning and Skills agenda.

ELQ students intending to be vets, involved in land management and on courses related to the EU accession countries are exempt and therefore publicly funded but ELQ students on courses related to business, management, housing, charity accountancy, pharmacy and psychology (to name a few) will receive no public funding for their courses. Hefce is charged with withdrawing £100M of funding from ELQs so not all exemptions proposed by universities, however worthy, may be accepted if the Funding Council cannot identify £100M of savings from the ELQ 'budget'. Exemptions, although helpful, do not resolve the fundamental problem and add inevitable complexities to recruitment, admissions and funding regimes.

The Lifelong Learning Agenda

Many ELQ students are engaged in specific vocational professional learning that happens to be at the same level as their first qualification. Foundation degree students are included in the exemptions. However, there are many instances where it is necessary to study a full three year degree to achieve professional recognition. A foundation degree is not necessarily the most appropriate or relevant form of study or qualification if the student is to enhance their skills or develop a new career path. Professional bodies determine many qualifications which do not fall into the foundation degree 'category'.

The Leitch Report

Lord Leitch suggested that increasingly individuals would be required to have higher level skills and to re-skill. According to his Report (accepted by the Government), 70% of the 2020 workforce are already in work. In a global economy which is constantly shifting, a qualification relevant 10 years ago may no longer be relevant. There is no good economic or social reason why individuals should be entirely reliant on self-funding or employer support to access opportunities to re-skill or to return to higher education – and no evidence base to suggest that withdrawal of public funds and reliance on student self-funding will incentivise take-up of further study or higher level skills.

Leitch suggested that future funding would need to be tripartite and based on contributions from individuals, employers and Government. There are question marks as to what extent this tripartite model of funding will meet the needs of those students outside of the workforce, hidden learners (i.e. those who do not want to tell their employers) and those who work flexibly or for employers who are reluctant to co-fund education and training. However, the DIUS announcement goes much further than Leitch by withdrawing public funding entirely from ELQ students. Lord Leitch did not refer to this as a policy or funding option.

DIUS Public Service Agreement (PSA): Skills

The CSR identified a PSA target for DIUS relating to skills. It has been assumed that, in line with Leitch, this PSA target would include higher level skills and opportunities to re-skill. It is difficult to see how this policy enhances the achievement of the PSA objective unless re-skilling for higher level qualifications has been discounted.

Part-time students

Modelling by Hefce and by institutions suggests that part-time students and the institutions which teach them will be badly affected. The proposition that part-time students get significant funding for fees from their employers is not borne out by current statistics or evidence. These students are not just taught in institutions which specialise in part-time provision.

An additional part-time premium is to be paid to institutions in 2009/10. This is welcome but there are already additional administrative and teaching costs for part-time students and the additional part-time premium will not fully compensate for the loss of funds for ELQ students.

University comment

Many of our part-time students will be affected. They are precisely the employees we are being encouraged to target under the Leitch agenda. The irony is not lost on us.

The foundation degree exemption is helpful but it will not cover the wide range of other courses of study and the work-based provision which is delivered in small packages, especially to part-time students. The demand for this type of provision is driven as much by the individual as by the employer, especially in regions which have a predominantly SME base of employment. The withdrawal of funding is likely to undermine this provision and, as a consequence, undermine the Government's own objectives.

The CSR and the 're-targeting' of ELQ funding

The CSR included 50,000 additional student numbers up to 2011 (bearing in mind that the number of 18 year olds increases up to 2012). Neither Hefce nor DIUS can confirm whether the 50,000 students are really additional or whether these numbers include new initiatives and students who are to be co-funded by employers under the Leitch agenda. It is also unclear as to whether the 50,000 are being paid for by the withdrawal of funding from ELQ students. Either way, for students and universities this should not be an 'either / or' agenda.

New tuition fee schedules and Access agreements

The tuition fee schedules published for potential students by universities are usually set out for 'Home / EU' and 'Overseas' students. In future, universities in England will have to consider setting these schedules as 'Publicly Funded' and 'Other'. These will not be terms readily understood by many applicants although the implications of the withdrawal of public funding will be obvious. Universities will also have to rewrite their Access agreements.

Funding withdrawn on retrospective data

Funds will be withdrawn from Universities in 08/09 based on an estimate of ELQ students derived from HESA student data collected for 05/06. There was no requirement for this data to accurately record equivalent or lower qualifications. Some codes in the HESA Entry Qualifications field cover combinations of qualifications at similar levels that are not the same. For example, students who have completed a postgraduate certificate and started a diploma are counted as having an ELQ. These student returns therefore include a large number of 'unknowns' in terms of previous qualifications. Universities will lose funds on the basis of retrospective student recruitment, inaccurate data and in relation to a policy of which they were entirely unaware.

Vice-Chancellor comment (THES, 19 October 2007)

To announce that future funding for retraining students is to be withdrawn is shocking, but to remove funding from individual universities based on past recruitment - when it was actively encouraged - is like being hit with a retrospective Asbo for good community service.

The impact on the cost bases of institutions

Removal of £100M from universities in England will have an impact on the cost base and staffing of universities in spite of any transitional funding which may be available. The impact upon a University Centre for Lifelong Learning (case study below) can be replicated throughout the HEI business model.

University case study

The University runs a Centre for Lifelong Learning. This is targeted at ELQ students and 'hard to reach' aspiring first time HE students and offers very large numbers of evening HE level modules which could now be at risk. About 60% of the 450 FTEs are likely to fall into the ELQ category. This is 300 FTEs worth of provision. The loss of public funding from the latter will inevitably affect the cost base of the Centre. It is very unlikely that the University could successfully increase the fees for the ELQ students and retain market share.

Impact on institutions

Hefce has published modelling, taking into account exemptions identified to date and the predicted withdrawal of funds. The first 22 universities 'yield' the £100M savings. In addition to the OU and Birkbeck, the net effect of the policy is to withdraw funding from universities which are well known for their contribution to widening participation, their innovative approach to developing courses of direct relevance to employers and for offering flexible opportunities to study. Even when the additional part-time premium is taken into account, universities will still lose significant cash sums. Other universities and colleges lose a significant percentage of their teaching funds. The reduction in teaching funding will also affect HEI capital funding.

Summary (Hefce modelling)

Rank	Institution	Loss /*m
3	London Met	6.2
5	UEL	3.8
6	TVU	3.6
7	LSBU	3.5
10	Westminster	3.0
11	Wolverhampton	2.9
13	Beds	2.7
14	Sunderland	2.6
15	Anglia Ruskin	2.6
17	Leeds Met	2.5
18	Birmingham City	2.4
20	Coventry	2.3
21	Teesside	2.1
22	Middlesex	2.0

Equality impact assessment

The announcement has the potential to impact adversely on women returning to work and older men. The London institutions in the top 22 identified by Hefce as losing funding are some of the most successful in recruiting BME students. Universities have expressed concerns about the impact of the policy on disabled students. DIUS has not published an equality impact assessment (although Hefce refers to equality impact in its consultation).

Admissions

University admissions and finance officers already check residency and other requirements. They will now be expected to check whether British residents who want to better themselves by studying for a higher education qualification have been honest about or understand that they may have a previous qualification which is deemed equivalent to or 'lower than' the course for which they have applied to study. Thousands of people who have left school and college do not have individual learning numbers and it is not necessarily easy to check ELQs. Students may end up being told by universities at the point of admission that they will not benefit from any public funding and that they will have to pay much more each year. Little consideration appears to have been given as to how the implementation of this policy can be robustly monitored – and there has been no assessment as to the impact on the online application process which universities and UCAS are promoting.

Administrative complexity and regulatory burden

In future, HESA student data will have to be used to determine which students are fundable (this return includes qualifications on entry and qualification aim). HESES returns will have to split students into further categories. There will have to be cross-referencing between the HESA and the HESES returns and funding returns will be even more complex. Students will face very different fee regimes according to their entry qualifications.

University Case Study

This change of policy will mean that some students on a programme are fundable while others taking the same programme are not – based entirely on entry qualifications. Universities will be faced with charging differential fees for the same programme according to whether the student is Hefce fundable or not. For example, a student enrolls on ACCA (Accountancy), having previously completed a first degree – they are potentially non-fundable. A student enrolls on ACCA, having been accepted with a HND or relevant experience – they are fundable.

Conclusions

There has been no public consultation about the principle or merits of the policy which only applies to England and will create a further distinction in fee and funding regimes within the UK. Ministers have written to the Higher Education Funding Council for England (Hefce) advising that receipt of future grant depends on the policy's implementation. As a result, Hefce's consultation deals with the operation of the policy but not its merits.

The decision itself raises serious questions about access to higher education and higher level skills in the context of the lifelong learning agenda. Current HE students who may have anticipated undertaking a further course of study to help them in their career and to improve their life chances will be affected, as will all future ELQ students who cannot afford to pay 'full cost' fees.

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