

HEFCE consultation on student number controls & teaching funding for 2013-14

million+ Submission

million+ is a university think-tank which provides evidence and analysis on policy and funding regimes that impact on universities, students and the services that universities and other higher education institutions provide for business, the NHS, education and the not-for-profit sectors.

Part 1: Student number control and teaching funding: policy, priorities and principles

1. We have proposed a set of principles (listed in paragraph 94) to inform our approach. Do you agree with the principles we have outlined?

In general we support the set of principles outlined by HEFCE which emphasise transparency, fairness, minimisation of administrative burden and a well-managed transition during the period when two funding systems are running concurrently.

We note that some of the principles may at times be in conflict with each other – supporting the collective student interest may not be best served by some aspects of competition. It is not clear precisely how HEFCE understands its duty to promote competition and how this will manifest itself in terms of the application of defined processes for the allocation of grant funding.

That there is no direct reference to the importance of institutional autonomy or recognition of autonomy as a key factor in maintaining high quality provision represents a significant omission. HEFCE should also include an explicit aim to help promote and protect the global brand and high quality reputation of UK higher education as this is in the interests of the sector and all students. This also means that HEFCE should recognise that the reform of teaching funding and student number controls have differential impact and the potential to damage equity of access and funding for some students.

2. Do you have any comments on the impacts, positive or negative, that the proposals in this consultation might have on equality and diversity?

million+ strongly supports a higher education system that promotes equality, diversity and excellence. We welcome the commitment to fund widening participation via the Student Opportunity allocation but stress the importance of ensuring that all assessments and guidance address equality and diversity issues. It is right that HEFCE has committed to providing an assessment of how the new funding arrangements for 2012-13 are affecting students and providers by December 2012 and that this assessment will include an equality analysis.

million+ believe there is a particular need to monitor the impacts of the new arrangements on the participation of part-time and mature students and to consider the importance of locality. The majority of mature students study on a full-time basis and it is important that impact by age and mode of study are assessed separately. However, mature students and part-time students are

known to be more debt averse than younger students and to date¹ applications from individuals aged 21 or above via UCAS for full time degree courses starting in 2012-13 have fallen by 11.4 per cent year-on-year

¹ UCAS applications to April 2012

compared to a 6.6 per cent drop among applicants aged 17-20). As yet the impact of the new fee regime on part-time students is unclear but it is possible that the positive provision of fee loans for students studying at between 25 and 75% of the rate of a full-time course will be counterbalanced by the higher overall fees that universities must charge.

One element missing from HEFCE's consideration of equal opportunities is the importance of locality for many under-represented groups. New research by million+ and NUS shows that the majority (62.5%) of mature students only apply to one university or FE college² and locality is also an important consideration for students who have disabilities, caring responsibilities and/or are from particular ethnic minority backgrounds. The distribution of extra student numbers without reference to demography or demand would have negative consequences on access and widening participation so HEFCE must monitor for unintended consequences.

Part 2: Student number controls

3. Do you agree with our proposal to continue from 2013-14 to control the numbers of students starting HEFCE-fundable full-time undergraduate and PGCE study at each provider? If you disagree with this proposal, what alternative approach would you suggest?

On balance million+ agree that controlling student numbers through setting entry targets for new students is appropriate through the transition to the new funding regime methodology

million+ remains concerned about the ability of private providers to access student support costs without being subject to the student number control. Students at private institutions accessed approximately tuition fee and maintenance loans worth more than £33 million in 2010-11, a 49.4% increase compared to academic year 2009-10, and a 110.6% increase since 2006-07 in cash terms. The withdrawal of 5,000 student places in 2012-13 and the creation of a Departmental Unallocated Provision to meet unforeseen pressures on student support costs heighten our concern about the impact of unrestricted recruitment by private providers on opportunity, choice and widening participation.

4. Do you have any views on steps we might take to exclude from the controlled population students topping up to honours degrees from Level 5 qualifications such as foundation degrees, HNDs and DipHEs, but in ways which do not create a significant risk of unplanned student support costs?

In principle million+ welcome the proposal to exclude students topping up to honours degrees from Level 5 qualifications from the overall student number control. It is important to support the aspirations of students who wish to top-up from Level 5 qualifications but the current entrant control system acts as a disincentive to recruit them. At present a student joining for a full 3 year honours degree programme is a more sustainable funding proposition for an HEI than a student who will only study for one year (who are also excluded from the NSS).

Reference to study 'at the same institution' should be removed from the SNC definition. This limits opportunities for students and poses particular problems for universities that work with partner colleges. Students who wish to transfer between HEIs because of changes in circumstances or to change courses currently count towards the SNC even though no additional student support costs are likely to be incurred. Institutional transfers should therefore be excluded from the SNC.

In order to promote participation and encourage progression million+ consider that a range of Level 4 and 5 qualifications including HNC, HND and Foundation Degrees should be excluded.

² Morris, K and McVitty, D (2012) Never Too Late To Learn: Mature students in higher education. million+ and NUS: London

A more flexible approach to the length of a course could be desirable but the majority of these students study on one-year courses. In order to avoid an open-ended commitment to numbers, a time limit of between three years from the previous Level 5 qualification could be considered.

There is no case to reduce each provider's SNC to release numbers for this cohort of students many of whom in any case are likely to fall within the overall SNC. The impact of the 2012 HE reforms on demand and student behaviour is unknown and any reduction is likely to reduce opportunities for students to study at HEIs in their own locality.

5. Do you agree that we should consider making adjustments to providers' number controls, where necessary, to take account of changes in their average course duration?

million+ recognise the need to control the student support budget whilst promoting institutional autonomy and enabling institutions to respond to student demand. It is possible that the new higher education funding regime will lead to increased student demand for integrated Masters degrees but the scale of this demand is currently unclear.

million+ believe that control should be placed on the overall population of funded students within an institution and that institutions should be given the opportunity to adjust overall numbers to accommodate courses of differing duration as well as also retention rates. Control of the overall institution population would allow institutions to define an academic portfolio which reflects strategy, mission, student demand and the needs of local and national employers.

6. Do you agree with the proposed criteria for determining equivalent entry qualification and grade combinations?

million+ has real concerns about the operation of the core and margin model and the impacts on student choice, opportunity and diversity. Using academic grades linked to A-levels to determine a quota and the size and cost of the population excluded from student number controls is a blunt device to control funding but a mechanism which privileges pricing and resources in some institutions more than others. In relation to the 2012-13 core and margin allocations HEFCE appeared to overestimate the number of AAB students at a number of modern universities but underestimate the total number of AAB students. The implied assumption that AAB numbers would remain the same from year to year was also problematic particularly for institutions which have a student profile which is more diverse in respect of pre-entry qualifications and which may experience a 'bumper year' in terms of recruitment at the higher grades. These concerns remain in relation to 2013-14 and removal of ABB students from the student number control.

As the 2012-13 exercise demonstrated the capacity to establish equivalencies of whole qualifications is difficult and doing so at the more subtle level of grading is even more challenging. Excluding qualifications where high achievement may connect more closely with readiness to take a particular course is perverse and is counter-intuitive to widening participation. HEFCE should assess impact of the equivalencies and the student number control on the admission of mature students and the institutions which recruit and teach them. Vocational qualifications and apprenticeships also require further consideration.

million+ believe that in particular the Access to HE Diploma should be included, notwithstanding its current exclusion from the UCAS tariff. The exclusion of the Diploma discounts the achievements of students from less advantaged and traditional educational backgrounds.

HEFCE must confirm that the BTEC QCF qualifications are included in the equivalence list to avoid confusion. BYEC QCF replaces the BTEC NQF qualification and is essentially a straight 'swop'. BTEC Distinctions should be maintained in the list and the latter extended to include the equivalent ABB+ range of BTECs.

There are good reasons to consider additional measures: for example there would be societal and economic benefits if individuals who were unemployed and who entered university for the first time were regarded as off-quota.

Part 3: Proposals for funding teaching from 2013-14 onwards

High-cost subjects

7. Do you have any comments about our proposed approach to supporting high-cost subjects?

million+ supports the principle of providing support for high cost subjects, providing the funding supports subjects that justifiably incur higher costs as opposed to inefficiencies or low numbers on courses (making them high cost per student subjects).

The mechanism for identifying high cost subjects must be responsive to change and recognise the balance between a fair price for individual students and the public benefit of ensuring there are graduates in those subjects entering the workforce.

8. Do you agree that we should provide funding support for postgraduate provision including for price group C, as a transitional approach together with further development of the evidence base for future investment?

Yes. Postgraduate study is an integral part of the activities and opportunities that UK universities offer. Postgraduates are a core part of any knowledge intensive economy and the higher level skills and attributes that postgraduate study provides are vital and valuable across the public, private and third sectors. There is a great deal of uncertainty about the implications of the new higher education funding regime on postgraduate participation but we share sector concern that it may have a detrimental impact on rates of postgraduate participation (particularly amongst UK-domiciled graduates) and for the range of university postgraduate provision.

million+ welcome the partial restoration of postgraduate teaching funding for price groups A, B and C as an interim measure from 2013-14. Postgraduates do not have access to publicly funded tuition fee so there is more limited scope for providers to increase tuition fees in order to cover the costs of provision.

million+ note that postgraduate tuitions fees are set to rise for 2012-13 in light of the withdrawal of postgraduate taught funding. Research launched at the 2012 Royal Economic Society conference suggests that a 10% increase in postgraduate tuition fees is associated with a fall of between 1.7% and 4.5% in the probability of a student continuing their studies. Close attention should therefore be paid to postgraduate enrolments and trends in postgraduate provision from 2012-13 onwards.

9. Do you have any comments about our proposal to use an approach based on TRAC(T) – with modifications – to inform our development of the future funding method for high-cost subjects?

million+ are supportive of better use of available information when determining levels of support but there are always risks inherent in utilising data for a purpose for which it was not designed and we are concerned that TRAC(T) may not be a sufficiently robust evidence base on which to base decisions.

The range of services that are made available to enhance student learning and success add a cost burden that is sometime equal across all subject and sometime specific to particular subjects. HEFCE do not specify the modifications believed to be necessary in order to use TRAC(T) to identify high-cost subjects but TRAC(T) would most likely require a serious overhaul and a different auditing approach if it is to be used in this manner.

Flexible learning: part-time and alternative modes of study

10. Do you have any comments on our proposal to provide an allocation for part-time undergraduate provision from 2013-14 which for new-regime students will only apply if they are in high-cost subjects?

million+ note the planned withdrawal in 2013-14 of £40 million in additional funding for widening access for part-time students that was introduced in 2006-07 with some concern. Flexible, part-time study has a key role to play in improving social mobility as well as contributing to economic growth.

We have welcomed the Government's decision to extend fee loans to part-time undergraduates studying at the rate of at least 25 per cent of a full-time degree course as this rectifies a historic imbalance in the provision of financial support for part-time students. However it is not clear whether this will encourage participation or whether the higher overall fee will act as a deterrent. Part-time enrolments from 2012-13 onwards should therefore be closely monitored and interventions developed if necessary.

11. Are there other innovative types of flexible provision that might warrant funding to widen the choices students have as to where, when and how they study, given the overall limited resource and the many priorities competing for it?

We welcome the fact that additional funding supplements for accelerated provision are being continued. Intensive provision requires funding over and above £9,000 per year for two years due to the additional cost associated with keeping buildings open over the summer period and the provision of academic and support services during this time.

The funding system should also recognise the fact that in practice there is a good deal of flexibility in intensity and mode of study. Students may switch between part-time and full-time study according to work and family commitments and the number of modules that they have been able to study in previous years. That the current full-time and part-time fee regulations prevent universities from charging fees on a pro-rata basis will act as a barrier to the promotion of flexible learning opportunities that would benefit students including in respect of accelerated degrees.

Allocation to recognise costs of London providers

12. Do you agree with our proposed approach to contribute to the additional costs of operating for London-based providers?

There are arguments to retain additional costs for existing providers in recognition of the higher costs associated with higher education provision in an inner or outer London location. The additional institutional costs for current providers in London should be recognised across subjects in all price groups and funding to support widening participation and student opportunity should also include a London weighting.

Student Opportunity

13. Do you have any comments on our proposal that the role of HEFCE funding for student opportunity should be to enable providers to underpin their continued commitment to widening participation and student retention and success and to contribute to further national progress on social mobility?

million+ strongly welcomes HEFCE's commitment to funding widening participation via the Student Opportunity allocation and the proposal that this funding should enable universities to underpin their commitments to widening participation and student success.

The provision of the Student Opportunity allocation will facilitate the recruitment and retention of students from disadvantaged backgrounds and low participation areas and students with disabilities who have the potential to succeed in higher education. These allocations will not meet the full institutional costs of widening participation and support for these groups of students but they will make a critical contribution to the social mobility agenda which has been supported by the Government. In particular these allocations will contribute to the additional costs of ensuring that students from more disadvantaged backgrounds not only enter but are also supported while they are studying at university.

We welcome the focus on outcomes and impact rather than activity and note that a proper assessment of impact requires that it is measured over a longer period of time. We also believe that there is a strong case for recognising mature students – who are more likely to be female, BME, hold non-traditional qualifications, have caring responsibilities and come from lower socio-economic backgrounds than younger students³ – as a widening participation group.

14. Do you agree with our funding method for the Student Opportunity allocations? If not, do you have alternative suggestions that would provide relative stability and support for the infrastructure for widening participation and retention, bearing in mind burden and complexity?

HEFCE are correct to recognise the distinct but complementary nature of the Student Opportunity allocation and the additional commitments that universities make through Access Agreements with OFFA. Whereas the majority of Access Agreement spend involves direct financial support for students in the form of fee waivers, bursaries and scholarships, Widening Participation funds have enabled universities to support retention and engage in outreach activities that deliver longer-term benefits.

We welcome the £2 million increase in funding for disabled students but believe that the declaration of disability by prospective students needs to be reviewed in order to ensure that students who require support can be identified at an early stage of their academic career.

The likely impact of changes to the retention funding method is unclear and we echo Universities UK in seeking further clarification. million+ note that the first year is the most important year in terms of student retention. Given the additional work associated with transition into higher education there is a clear case for weighting allocations towards first year numbers.

Institution-specific allocation

15. Do you agree that the criteria for the institution-specific allocation review are appropriate and demonstrable? Are there any other criteria you believe we should include in the review?

million+ believe it is right and proper to review whether institution-specific allocations are necessary in light of the changes to the higher education funding regime. The proposed criteria appear appropriate.

16. Do you have any comments on the method, timing and levels of external involvement proposed for the institution-specific allocation review?

No comments.

³ Morris, K and McVitty, D (2012) Never Too Late To Learn: Mature students in higher education. million+ and NUS: London

Strategically important and vulnerable subjects

17. We have been asked by Government to consider a new approach to strategically important and vulnerable subjects and whether any subjects may require support to avoid undesirable reductions in the scale of provision. Do you have any comments on our proposed new approach to supporting this area through recurrent funding?

million+ welcome continued support for SIVS and the Government's request for HEFCE to consider which subjects should in future be considered to be strategically important and vulnerable rather than specifying a group of subjects.

In principle we welcome the fact that HEFCE will not maintain a single list of SIVS but believe there is a need for greater clarity about how HEFCE intend to monitor the health of all subjects and the nature, timing and duration of collaborative interventions to address specific risks to particular aspects of subject provision. HEFCE should therefore specify the criteria and mechanisms it will use to identify SIVS and provide greater detail; about the likely nature of interventions.

Minimising administrative burden

18. Do you have any comments on the approach to data reporting and monitoring outlined in this document?

million+ welcome the commitment to reducing the administrative burden on institutions as outlined by HEFCE but note that few of the proposals actually imply reductions in administrative burden. Time and resources devoted to data monitoring, reporting and technical analysis represent time and resources that are not being used to enhance the student experience.

We recognise the benefits of a credit-based funding method and welcome the proposal to revisit the use of credit-based funding for potential introduction from 2015-16, once the majority of old regime students have left the system.

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