

Student number controls and teaching funding, consultation on arrangements for 2013-14 and beyond

University Alliance response, May 2012

1. University Alliance is a group of 23 major, business-engaged universities committed to delivering world-class research and a high quality student experience. Our aim is to deliver evidence-based policy and research and foster close links with Government and business in order to improve higher education policy for the benefit of the economy and society.
2. University Alliance has considered the proposals put forward in this consultation by HEFCE as well as the more recent guidance on policy for student number controls for 2013-14. The Government is aiming to put choice and power in the hands of students through their reforms to teaching funding and student number controls. However, as increasing numbers of university places are 'freed up', increasing the choice and power afforded to high achieving students, careful consideration must be given to the effect this has on the extent of choice for other students. As the prior attainment threshold for deregulation of student numbers is reduced to ABB+ and beyond, there is a greater risk of increasing the choices available to one group of students at the expense of another.
3. We welcome the radical reduction in the margin places and the adoption of a more tapered and formulaic approach of distributing the 5,000 margin places, removing the false cut off at £7,500. Although we support these changes, we still have concerns with the overall policy of core and margin and the effects it has on student choice, fairness and quality.
4. We would recommend that any unfilled margin places from 2012-13 are returned to the system and are redistributed on a pro rata basis on the same basis in which they were taken from the 'core'. This will ensure that as many prospective students as possible are able to benefit from higher education.
5. In view of HEFCE's role in ensuring that public money for higher education is used to deliver the greatest benefit to students and the wider public. We consider that HEFCE has an important role in examining the overall effect of interconnected policies and whether they are delivering the intended outcomes. HEFCE will need to monitor the overall balance of policies to ensure a level playing field for all institutions that rewards excellence, encourages diversity and prioritises student opportunity and choice.

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

Question 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?

6. We are supportive of the role that HEFCE seeks to take to manage instability and uncertainty as far as possible during this period of change. We particularly welcome the priority given to protecting the collective student interest and to supporting stability during the transition to new financial arrangements.
7. Alongside the parameters that HEFCE has set out in this consultation, we believe that the following principles should be considered both in the implementation and further development of policy:
 - They should enable a dynamic and responsive system that can respond to student demand
 - They should continue to promote the maintenance and enhancement of the quality of teaching and of the student experience
 - They should deliver the graduates that employers need to drive our future international competitiveness
 - They should genuinely support social mobility – this is about more than entry to the most selective universities
 - Students should be clear what the offer of individual HEIs is through the provision of accessible and accurate information
 - We should have a clear vision for the role and purpose of universities as a public good.
8. As student number controls become increasingly complex and managed, HEFCE's role in ensuring that everyone with the potential to enter higher education has a fair chance to do so becomes increasingly important.

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

9. Alongside HEFCE's impact assessment we would highlight the following issues that will need to be closely monitored:
 - Social mobility and in particular the redistribution of public resource (including fee loans) by socio-economic background of the students
 - Geographical impact – if mainstream universities experiencing reduced student numbers are concentrated in particular regions of the UK
 - STEM provision
 - HE/FE partnerships
 - Access to postgraduate study

- Access to the professions – if access to these courses is reduced for students from lower socio-economic backgrounds due to the stubborn link between socio-economic background and prior attainment.
10. We welcome the positive contribution the proposed removal of top up programmes from the student number control is likely to have on equality and diversity. The current disincentive for universities to enrol students topping up from a level 5 qualification must be removed. Great care must be taken in implementing any changes to ensure that the corresponding reduction in core numbers is across the sector so that the disincentive is not reinforced.
 11. Part time undergraduate provision is an important form of participation, in particular for mature students, those with family or work commitments and those from underrepresented groups in higher education. It, therefore, plays an important role in driving social mobility. The effects of changes to teaching funding on part time provision should be closely monitored to avoid unintended impacts on the participation of students and quick action taken if necessary.

Part 2: Student number controls

Question 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?

12. Noting the benefits of an all-year control system we support the decision to continue operating a student number control based on entrants at this time considering the difficulty and additional uncertainty that substantial changes would bring.
13. Recognising that the Government must limit its financial risk we understand the need to continue measuring HEFCE-fundable students at present, rather than the number of students who draw down public support for 2013-14. However, considering that demand for places greatly exceeds the number of higher education places available and the great benefits to the individual, the economy and society that higher education affords, increasing the total number of places available should be a key concern for the Government and for HEFCE.
14. With Government budgets limited, seeking ways to enable students fully funded by employers, businesses or charities to be excluded from student number controls (in line with Recommendation 8 of the Wilson review) is increasingly important. This would enable more students to benefit from higher education without additional burden to public funds.

15. In parallel, Government and the wider sector should seek to make the value of and need for graduates in a knowledge economy more widely recognised so that private organisations see the value in funding individuals through higher education.
16. In our recent publication *'The way we'll work: labour market trends and preparing for the hourglass'* we draw on the large body of evidence on the shape of labour markets in developed economies. The report demonstrates that a greater proportion of graduates in our workforce will be necessary if we are to take full advantage of being an economy based on knowledge. We also need to create genuine progression opportunities through higher education to drive social mobility and equip the population for the demands of an hourglass-shaped labour market.
17. We look forward to the Government's response to the Wilson review and are hopeful it will support the recommendations around sandwich courses in particular. We would ask HEFCE to consider how this type of provision could be actively encouraged. The benefits to graduates and employers are well documented and we would support a move by HEFCE to encourage expansion through removing these numbers from the student number control.

Question 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?

18. We welcome HEFCE's recognition of the need to address this issue. Excluding students with level 5 qualifications from the student number control would successfully remove the unintended disincentive for HEIs to take on students topping up to honours degrees. The present control discourages students from topping up their existing qualification at a different institution, or from returning to study after a break. This issue is likely to become more important with the increased number of directly funded providers, as a result of the core and margin redistribution of places, especially where those new providers do not offer honours degrees. This policy would also be particularly helpful in universities' relationships with partner colleges with respect to student number planning.
19. Without knowing the size of the population to be excluded it is difficult to comment as the extent to which implementation of this policy would affect institutional core numbers cannot be determined. As described in paragraph 10, great care must be taken in the implementation of this policy to ensure that institutions are not unduly burdened by an unsustainable reduction in core numbers.

20. With regards to limiting financial risk to Government, imposing a time limit (eg three years) would seem the fairest and simplest measure, as opposed to setting different rules for each level 5 qualification. There is merit in imposing a time limit within which the top-up programme should follow the previous Level 5 qualification and it should also have the benefit of increasing the student's chances of successfully completing the top-up programme. This measure would have to remain under review to establish its effectiveness in maintaining this balance of promoting the top-up route whilst also limiting Government's financial liabilities.

Question 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?

21. We understand why the Government might wish to explore this avenue to control unexpected expenditure. However, we do not agree that adjustments should be made to providers' number controls to take account of changes to average course duration as:

- Implementing adjustments for course length could unintentionally constrain innovation in course design
- Sandwich courses and placements would need to be excluded from measurements of average course length to prevent this policy contradicting Government incentives for this kind of provision
- Adjustments of this kind might work contrary to student choice – particularly where integrated masters programmes are concerned – and penalise universities for responding to student demand
- This policy would disincentivise the desirable increase in course length due to improved retention rates.

22. We recognise that HEFCE have been asked to look into this issue and that there may be the need to explore further how this potential risk to government expenditure can be resolved. University Alliance offers its support to be involved in any further discussions on this issue.

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

23. We agree that the criteria set out in the consultation document mostly provide an appropriate basis for determining equivalent entry qualification and grade combinations. The continued commitment to monitoring the impact and costs of these activities is very welcome.

24. To continue to support institutions it will be important to ensure they have access to any necessary data to enable them to successfully plan.

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

High-cost subjects

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

25. We support the continuation of additional funding for subjects that cost more to teach. Please refer to question 9 for additional comments on funding for high-cost subject.

Question 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?

26. We welcome HEFCE's recognition of the importance of postgraduate taught provision to meeting the future needs of the economy and society, and of the need to sustain provision. We are pleased to see an approach that will provide funding for postgraduate taught provision for subjects in price groups A to C.
27. We agree with the proposal in principle but would suggest that more support may be needed to enable institutions to set fees that are affordable and attractive to students particularly those who have already incurred significant debt during their undergraduate studies and may have limited access to, or willingness to incur, further loan support. It will be important to monitor the impact of the new fees regime on undergraduates' ambitions to study at postgraduate level. 2015 will be too late to start this monitoring. It could be helpful to monitor any changes in undergraduates' intentions whilst they are studying (2013-15) so that appropriate action can be taken to address any issues and further promote post-graduate study. Until adequate student support arrangements for postgraduate taught study are introduced, the affordability of postgraduate study is likely to be a major issue.
28. We are pleased that HEFCE are seeking to build an evidence base regarding PGT within the context of the new funding regime. We would emphasise the importance of developing a robust evidence base, which promotes understanding of the varying motivations of students in different parts of the postgraduate taught market – by subject, by region, between full time and part time (including the need for continuing professional development opportunities) - and the constraints which affect the decision to undertake postgraduate study.
29. Whatever system is eventually developed, it will need to take into account these different student markets to ensure that it is fit for purpose to appropriately support the full spectrum of postgraduates.

Question 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?

30. Given HEFCE's budgetary restraints and current uncertainty this proposal seems to be the fairest method. With the current limitations on public funding and the introduction of differential fees there may be value in exploring whether it might be possible to take the subject fee level into account when allocating high cost funding. The levels of funding laid out in the consultation document could therefore be the maximum additional funding received for subjects in each price band, but the amount received by institutions varying depending on the course fee level.
31. This would ensure that high cost subjects are sustainable and amply funded, help to create more of a level playing field and free up some funding that could be directed, for example, to other high cost teaching in the form of retention funding.

Flexible learning: part-time and alternative modes of study

Question 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?

32. We are pleased that the additional costs involved in flexible forms of provision are continuing to be supported and welcome the continuation of a part-time allocation. Monitoring the effects of changes to the funding regime and support for part-time provision has on part-time student numbers and provision will be important to determine whether any intervention will be needed in future.

Question 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?

33. We welcome the continued recognition of the increased financial costs of delivering accelerated courses and the decision to continue to provide additional support to meet these costs. However, our long-term concern is that HEFCE indicates a future reduction to the funding to support accelerated provision if there is a significant increase in uptake of this type of course. We will need to ensure this reduction does not put institutions at a financial disadvantage for delivering this type of course. This may create a disincentive for increasing the diversity of provision across the sector, and thus student choice. There may also be some scope for assessing the effect of economies of scale as this kind of provision expands.

34. Alliance universities have significant strengths in business engagement and have developed well-established relationships with multiple employers of all sizes. Universities have made considerable headway in this area over recent years; and in a system that encourages universities to distinguish their offer and diversify income streams these partnerships seem likely to become ever more important. Within this new system it will be critical to review the inclusion of employer or charity sponsored places in the student number control. The inclusion of student numbers that place no burden on public funds within an institution's number control would seem contrary to creating a flexible and market based system. Similarly the fee for such courses should not be included in the institutional average fee. At the moment the current closed programme arrangements do not help ensure the maximum numbers of students are able to take advantage of higher education opportunities or encourage innovation and dynamism in this area. We would like to work with HEFCE to enable more students to benefit from employer-funded or charity funded provision, at no cost to the tax-payer.

Allocation to recognise costs of London providers

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

35. Yes, we broadly agree with the proposed approach for funding London based providers. The new competitive landscape and with the likely entry of private providers into the system, many of which may be located within London with very specific provision, will have to be taken into account when determining the form of this kind of funding in future.

Student Opportunity

Question 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?

36. Alliance universities have a strong record in attracting and retaining talent from a diverse range of backgrounds and are, therefore, supportive of any measure that aims support the genuine additional cost of this activity. In particular we welcome the proposed broader approach to 'opportunity' which delivers long-term outcomes across the sector and local communities. We agree that student opportunity funding should be used to continue to support progress in providing opportunities to study in higher education, as well as student achievement and retention. We welcome HEFCE's recognition of the need for this support to continue and for the measure of retention to be broadened through an all years measure. We also support plans to increase understanding of the impact and outcomes achieved in these areas.

Question 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?

37. We agree the proposed funding method for the Student Opportunity allocations. We are pleased to note that students in all years of study will be counted for the purposes of the improving the retention calculation for full time undergraduates

Institution-specific allocation

Question 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?

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

Strategically important and vulnerable subjects

Question 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?

38. We understand the difficulty in trying to predict the impact of the new funding regime on student choice and institutional behaviour and welcome HEFCE's commitment to identifying and monitoring strategically important and vulnerable subjects.
39. We welcome the recognition that the monitoring of subject vulnerability is not just about the volume of activity at national level, but also about local study options, and the location and accessibility of provision.
40. In relation to our introductory comments, we do think HEFCE has an important role in considering the overall effect or balance of policies across the sector in relation to strategic subjects. To give an example, if ABB continued to 'free up' certain parts of the HE market whilst putting increasing levels of controls (including reducing student number controls) on other parts of the sector, HEFCE will have an important role to play in monitoring the availability of strategically important subjects – particularly in new growth industries. These are not necessarily 'vulnerable' in the sense of being very small numbers of provision but it is not in the interests of our economy or of a student-led system if this type of provision is allowed to decline at the expense of more traditional courses with ABB+ entry.

41. We are pleased to note that steps will be taken to try to ensure that the current levels of work/international placements and years abroad are maintained.
42. The process of monitoring and identifying SIVS must be transparent and any changes in funding should be made and communicated so that institutions have sufficient time to plan accordingly.

Minimising administrative burden

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

43. The support that HEFCE will provide to institutions during this time will be invaluable as will the communication of information about how the new system will work as soon as is feasibly possible. In particular, our members have requested information about how the new calculations will work in terms of setting the baseline for 2013/14.
44. The proposal to introduce a three-stage process for calculating the level of grant and the associated administrative burden is a concern although we understand the reasoning behind this approach in this first, exceptional year. We anticipate that HEFCE will be exploring all available options to minimise the burden of providing student number forecasts. In particular, it would be worth exploring whether HESES/HEIFES could be dispensed with a year earlier than proposed (paragraph 167). In the new funding landscape it is increasingly important that HEFCE, OFFA and the SLC co-ordinate their information requirements, in order to avoid an increase in the administrative burden on institutions. We look forward to the outcomes of the HE Information Landscape Project.