

HEFCE consultation on student number controls and teaching funding arrangements for 2013-14 and beyond: Russell Group response

The Russell Group welcomes the opportunity to respond to HEFCE's consultation on teaching funding and student number controls to be implemented in 2013-14 and beyond. Our response has been prepared primarily in consultation with our member institutions in England. While the comments below focus on the impact of the proposals on those institutions receiving HEFCE funding, we would also encourage BIS and HEFCE to discuss the impact of their proposals with the Devolved Administrations.

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?

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Neither agree nor disagree. In addition to the principles listed at paragraph 94, we also propose that 'supporting excellence in teaching and learning' and 'respecting the autonomy of higher education institutions' should be included as principles. These two additional principles are closely related as autonomy is a characteristic which enables excellence to flourish in UK higher education. Excellence and autonomy are mentioned in the preamble (paragraph 93) as informing HEFCE's overall current strategy, but we believe they should be explicitly included in the principles guiding the Council's approach to teaching funding and student number controls in particular.

We support the principle to 'endeavour to minimise administrative burden...' Wherever possible complexity should be minimised. Arrangements have become increasingly complex over the years; it is recognised that a degree of complexity is sometimes necessary in order to achieve a policy aim, and/or allocate funds fairly, but it should be kept at a minimum. A risk-based approach could be useful when determining what information to request from institutions. In particular a request for information should not be disproportionately burdensome in comparison with the funding it attracts.

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?

We agree with HEFCE's own impact assessment that, in many respects, it is difficult to predict the impact of these changes on the diversity of the student body. The proposed increase in funding allocations for disabled students by £2m to £15m will help universities meet specific costs that arise as they continue to support students with disabilities.

The provision of a minimum 'core' in the student number control mechanism, introduced in 2012/13, should be continued. Otherwise institutions with a very small core would be limited in the changes they could make to their intake, compared to previous years. For example, if the number of students with qualifications not on the equivalence list increases, the university might not have sufficient core places available to consider accepting more of these students. The groups affected could include mature students, students from disadvantaged backgrounds, and EU students.

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?

We recognise that the high cost of the student support package requires some controls in student numbers and believe that maintaining quality is more important than increasing overall student numbers. Controls are also necessary to ensure appropriate units of funding per student are provided: in particular, the rate of teaching funding should not be reduced in response to total recruitment nationally.

Continuing to control the entrant population appears the most practical and least complicated of the options available. Universities are already dealing with considerable complexities as the new funding arrangements are introduced. Further complexities and uncertainties should be avoided where possible. As the consultation notes, the option of an 'all-years control' would be complicated to establish during the transition period, and it would not fit well with year-on-year changes in the controlled population. A finance control, rather than a student number control, would also make managing student recruitment even more difficult than at present, and it could act as a counter to fair access, depending on how the control was implemented. Compared to these other options, an entrant control is relatively manageable.

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?

The rationale for excluding this group of students, rather than any other groups of students, from student number control is not clear. The number of students who could take 'topping up' qualifications is potentially large, so uncapping these courses would pose a risk to the cost of the student support budget, as providers might respond by introducing new courses and increasing their marketing of this type of provision in order to increase student numbers.

At a national level, it might be thought that topping-up routes are, at present, a relatively small part of the higher education system. But if this view is taken, it is unclear why this small group of students are being given preferential treatment over other students who happen to be part of larger groups.

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?

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Disagree. Many of the longest courses are already subject to separate student number controls (i.e. medical and dental numbers). Four-year courses include integrated masters in STEM subjects, and MFL undergraduate courses which have a year abroad. Adjustments to student number control for average course length could create the unintended consequence of discouraging provision in these Strategically Important and Vulnerable Subjects. Instead supply of places in these subjects should be encouraged.

Universities should have the flexibility to determine the length of their courses in response to the academic and employer needs of the subject. Many professional accrediting bodies require courses that last at least four years. Four-year programmes provide excellent opportunities for students to engage with their subject in depth, often featuring extended research projects in the final year. Through these programmes students gain experience of 'deep learning' and develop higher-level cognitive skills, including in the areas of critical thinking and problem solving, that employers greatly value. Longer programmes can also include those with an integrated foundation year or special entry routes which can provide a valuable alternative way into oversubscribed professional areas for applicants with potential who may not meet the usual grade requirements for standard routes. Longer undergraduate programmes are a key strength within the diversity of provision available to students in the UK higher education system, and this provision should not be discouraged. In other areas, HEFCE, like the Government, seeks to promote student choice. If students choose to study longer courses, then universities should be able to respond to that demand.

However, it will continue to be important to manage the costs of the generous student support arrangements. For this reason, we understand HEFCE may monitor the average length of degree courses to see if any change in recruitment patterns does occur.

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

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Neither agree nor disagree. The Russell Group welcomed the lowering of the threshold for unrestricted recruitment to ABB, but it will be vital to ensure that the minimum core policy, introduced in 2012/13 is maintained in later years. Whilst it may be necessary to make a very limited number of additions to the list of equivalent qualifications, it will be important that it should not become excessively long and complicated. It will also be important to look at the minimum core and the equivalent qualification list together, as the two are related. This applies both to 2013/14, where the threshold for unrestricted recruitment has been set (at ABB), and later years, where the level has yet to be determined.

We recognise the need to define tightly the qualification and grade combinations that are equivalent to any grades specified for exclusion from the core, in a way which allows for the size of the excluded population to be reliably predicted and the potential cost to be managed. We agree that equivalences should avoid excluding from the controlled numbers categories of students that could leave the student support budget exposed to large populations that do not currently participate in HE in England, and we understand therefore why European qualifications cannot be included in the equivalences.

However we note that the current list of equivalences excludes the Cambridge Pre-U qualification which is considered by our universities to provide good preparation for

undergraduate study. We note that the current equivalences also exclude students taking combinations of qualifications, such as A levels plus Pre-U principal subjects, or A levels plus components of the IB diploma. As a result, where institutions have a particularly small core allocation, applicants holding these qualifications could be at a disadvantage in future. As the uncontrolled population expands, and controlled numbers are consequently reduced, this could become more significant. Universities will be very reluctant to discourage potential applicants from taking level 3 qualifications that they consider provide good preparation for undergraduate study, but if it becomes clear that taking some qualifications may disadvantage candidates, in the interests of fairness they will need to communicate this to those making choices about post-16 qualifications.

HEFCE considers the list of equivalences to be too restrictive and inappropriate to use for other purposes such as determining suitability for admission. However, where institutions have a small core there may be little alternative but for it to be a factor in admissions decisions if they are to avoid exceeding their controlled numbers and incurring sanctions as a result. We are not clear on what basis HEFCE has concluded that all providers will retain a sufficient core number for this to never be a consideration, in 2013/14, and in later years.

HEFCE states that one of the key requirements of any control system is that it should 'allow providers to make recruitment decisions aware of the possible financial consequences and based on their assessment of students' aptitude and potential to successfully complete a higher education course'. There is a possibility that institutions' ability to do this could be constrained, if some of the qualifications that in their view indicate such aptitude and potential are not included in the equivalences. Similarly, a minimum core provides an essential element of flexibility for institutions as they plan their recruitment.

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?

Whilst graduate contributions are important, it is also vital that HEFCE continues to allocate teaching grant for high-cost subjects, if our world-class universities are to continue to perform their vital role as the engine room of economic recovery. The strategic value of STEM provision has not altered because of changes to the funding or economic environment. For undergraduate courses, it is important that the requirement to spend an increased amount of tuition fee income on OFFA access agreement activities is taken into account when estimating the resource available to universities for teaching.

Subjects such as medicine, engineering, chemistry and physics are extremely important to the future success of the UK's economy and cannot be sustained on tuition fee income alone. Their teaching costs are significantly higher than other subjects because of the requirement for expensive laboratories and equipment. There are also particular cost pressures associated with maintaining such provision in a world-class research-intensive university. We are gravely concerned that the proposed funding arrangements for subjects in Band B in 2013-14 and beyond are not sufficient to enable universities to sustain high quality research-led provision in these subjects in the medium to long-term. The funding premium over other subjects has been reduced in comparison with the old regime arrangements. It is therefore essential that the rate of teaching grant in band B is increased above the 2012-13 level of £1,483, so that more of HEFCE's remaining funding is targeted at

high-cost and strategically important subjects in order to secure their financial sustainability. Band B funding of £1,483 is not adequate to achieve the policy intent of protecting provision of STEM subjects in research intensive universities. We are also concerned that TRAC(T) may not fully reflect the high costs of some courses, for example the costs of laboratory consumables associated with some courses in the life sciences.

However, we would emphasise that any additional funding for Band B should be not come at the expense of a reduced rate of funding for Band A subjects, which is also critically important.

We strongly support the continuation of additional funding for the four very high-cost and vulnerable subject areas (chemistry; physics; chemical engineering; mineral, metallurgy and materials engineering). As the consultation notes, this allocation is removed from the TRAC(T) costs, and therefore TRAC(T) will understate the total costs of providing these subjects. Such courses are of considerable strategic importance to the economy, but are vulnerable due to low or fluctuating student demand. The additional funding provided by this targeted allocation has proved essential to ensuring the sustainability of taught provision in these subjects in recent years. It will be important to continue supporting the additional costs associated with these subjects in 2013-14 and beyond. It would seem sensible that this is ultimately incorporated into the main per FTE funding allocation rather than allocated separately, in order to minimise complexity and reflect current student numbers in these areas.

The proposal to split price group C, and provide a very small element of grant to a few subjects adds further complexity to the overall funding system. It may be worth considering whether it is worthwhile to add this to an already complicated package of proposals.

The cap on tuition fees means that some institutions make a deficit on their Home/EU undergraduate teaching. As the upper tuition fee cap is not being up-rated with inflation for 2013-14 entry the real terms rate of resource will begin to erode for all institutions setting fees at the level of the cap, and this will affect all subjects including those with high costs.

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?

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Strongly agree. HEFCE funding for higher-cost postgraduate taught courses is essential to the financial sustainability of this provision. Graduates from these courses develop high-level skills in subjects that are very valuable to the UK economy and society. In particular the new allocation for taught postgraduates is a welcome recognition of the lack of funding for postgraduate education. We want the brightest graduates to be able to realise their full potential while maintaining and enhancing the country's strengths in research and innovation. The new funding stream is an important interim step, because it replaces teaching grant that would otherwise have been lost in the overall reforms of HEFCE teaching funding. It should be continued in 2013-14 and beyond, because removing it would result in a cut in funding for highly-valued postgraduate provision.

The Russell Group would like to see the Government address growing concerns about financial support for postgraduate students, and we are pleased that HEFCE is also planning to investigate postgraduate provision in the context of changes to undergraduate fees and funding arrangements. We would like to know more about the work that HEFCE is planning to undertake, and encourage HEFCE to seek input from the higher education sector in this work.

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?

TRAC has been, and continues to be, a very important source of information on activity costs in higher education. However, it is also important to acknowledge that TRAC, like any single analytical tool, has some limitations inherent in its methodology.

The risk inherent in over-emphasising a single source can be mitigated by considering evidence from a range of sources. TRAC should inform HEFCE teaching funding. But where other evidence is also available, this should be considered by the Funding Council as well.

The historic cost data provided by TRAC will reflect resource that has been available to universities in the past. It does not necessarily indicate how much it should cost to deliver high-quality teaching and learning in the future, and it does not detail any compromises or coping strategies that were deployed in order to continue providing the highest possible quality of experience for students. For the future development of the teaching funding method, a wider range of evidence should be considered by HEFCE.

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?

We agree that it is not necessary to provide an allocation for part-time undergraduates in price group D, given the level of income that can potentially be raised from tuition fees.

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?

We welcome the commitment to continue some financial support from HEFCE for student mobility and to widen this to exchanges outside of Europe. It is important that leading universities can support student mobility sustainably, and we will take a keen interest in the details as they develop.

We do not support dilution of HEFCE teaching funding across additional priorities. Funding for high-cost subjects should be regarded as a central priority for HEFCE funding, and additional complexity should be avoided in the teaching funding method.

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?

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Neither agree or disagree.

This funding is important for the institutions that receive it in helping them to meet the additional costs of operating in London. Any decision to review this funding in future should be undertaken in the normal way, i.e. informed by the evidence and arrived at as the outcome of a consultation process.

Institutions from outside London also face costs related to the location in which they are operating. If London weighting is to be revisited in future, it will be important also to investigate the proposals made by institutions in other parts of England about the costs that they incur due to their location.

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?

HEFCE should continue to support universities in their work to widen participation in higher education. This might include spending on both outreach and retention. However, it is important that HEFCE works closely with OFFA, and develops a clearer rationale than that found in the consultation document for Student Opportunity funding.

However, considering the proposals as presented, there does seem clear potential for overlap with spending commitments made in OFFA Access Agreements. As the consultation notes, more fee income is spent on financial support for students than on outreach. But a significant element of access agreement spending goes on outreach, and this could increase in future depending on OFFA's guidance. In 2013-14, for example, institutions are required to give more information on collaborative outreach, and the guidance encourages spending on 'general' outreach, alongside activity more closely aimed at recruitment to the individual institution. OFFA Access Agreements can also include spending on retention. In the case of both outreach and retention, it does appear that there is an overlap between HEFCE funding and OFFA access agreement spending. This area should be looked at more closely so that the respective roles of HEFCE Student Opportunity funding and OFFA Access Agreement activity are clearly established. However, we would not want any reduction in this funding to raise expectations that an even higher proportion of tuition fee income could be directed to access measures.

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?

Where Student Opportunity funding is intended to be spent on helping students complete their studies, it seems reasonable that the allocation is calculated on the basis of the number of students likely to need such help that each university has recruited. However, Student Opportunity funding is also intended to be spent on outreach activities, and here it is not clear why the allocation would be based on either of the elements proposed in the consultation (i.e. one part based on the number of students from low participation neighbourhoods, and the other part based on the entry qualifications and age of students). The result is that a university with more disadvantaged and under-represented students is rewarded with more funding to undertake outreach; meanwhile a university with fewer such students receives less funding to spend on outreach. Alternative methodologies should be explored, perhaps including a simple pro-rata allocation for outreach activity, based on the total size of the university's home undergraduate student population.

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?

Strongly agree / Agree / Neither agree nor disagree / Disagree / Strongly disagree

Neither agree nor disagree. This funding is important for the institutions that receive it because it helps them to cover the particular costs they incur in the delivery of teaching and learning opportunities to students. It should be continued unless the Review finds that the case for such funding no longer applies. It will be important that the criteria for the review are stated clearly.

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

No.

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?

We strongly agree with HEFCE's commitment to continue supporting subjects that are currently identified as SIVS. The strategic value of this provision has not altered because of changes to the funding or economic environment. Strategic importance should be the primary determinant, followed by vulnerability. Russell Group universities make a significant contribution to national provision in SIVS subjects including Physics, Chemistry, Mathematics, and Modern Foreign Languages. Our students benefit from studying in a research-intensive environment with access to excellent learning facilities, where they are taught by expert academic staff: these subjects are necessarily expensive to teach, and it is vital to ensure that these particular costs are fully recognised.

We have warmly welcomed the protection of SIVS from the student number control top-slice.

We have significant concerns about the proposed level of funding for laboratory subjects, as set out in answer to question 7.

Minimising administrative burden

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

The arrangements for teaching funding and student number controls have undoubtedly become more complicated. Some aspects should become less complicated when the transition from old-regime to new-regime is complete. However, as noted above, this consultation proposes some additional complications. It is recognised that a certain amount of complexity is necessary in order to design a system that is fair and to achieve policy objectives. However this complexity should be kept to a minimum where possible.

Further examination of the requirements of the HESES and HESA returns, with a view to simplifying requirements would be welcome. For example the definition of student

completion does appear unnecessarily complicated at present. This includes the requirements for forecasting PGR completion in the HESES return, when PGR students are not funded via this route. Advance notice of changes in data requirements is important so institutions can make the necessary preparations, including changes to internal reporting systems where these are needed.

We have some concern about the suggestion that controlled numbers could be cut in future years if recruitment is more than 5% below the student number control maximum. Greater flexibility would be welcome, especially in the context of such far-reaching changes to funding and student number controls being implemented simultaneously.