

[Inquiry into Higher Education Funding](#)
Evidence from Aberystwyth University

A - Questions for organisations to consider

The Committee would welcome your views on any or all of the following points:

Research

- How successful are Welsh Higher Education Institutions in securing research income from all sources?

In answering the above question you may also want to consider:

- Which factors lead to some Welsh Higher Education Institutions receiving more research funding than others?

The Committee can gather data about the relative success of Welsh Institutions from other sources, such as the HE Information Database for Institutions (HEIDI). Influences which affect success rates are:

- Ability to access networks and partnerships, such as the GW4 (Bath, Bristol, Cardiff, Exeter)
- Presence of clinical medical schools and other research high cost research areas receiving large capital grants. This has the capacity to inflate research funding indicators, even though the research activity and outputs may be the same as for less capital-intensive research areas. Funding is therefore an imperfect proxy indicator for research activity or quality.
- Long-standing relationships of specific institutes within HEIs with research councils.
- RAE 2008 rankings.
- Prestigious research groups.
- Time and money to network, attend conferences etc.

- How can Welsh Higher Education Institutions improve their performance to meet the Welsh Government's ambition that they receive at least 5 per cent of UK Research Council funding?

- Deliver excellence in REF2014.
- HEIs should align research areas and priorities with strategic aims of RCUK.

- Ensure that Welsh researchers are in positions of influence in research councils across the UK, and that Welsh HEIs/researchers are networking at the highest level across the UK. Initiatives such as Welsh Crucible are critical to this activity.
- Ensure compliance with increasing research funder requirements e.g. TRAC, Concordats, equality and diversity, including schemes such as Athena Swan.
- Increase the number of successful grant applications, and in particular in partnership with other excellent universities.
- Invest in high quality research facilities.
Ensure research groups are of sufficient size and depth to respond to interdisciplinary Global challenges.
Develop strategic alliances with other universities in the UK, as well as in Wales.

- In which areas do Welsh Higher Education Institutions successfully collaborate to bid for research funding, and how could improvements be made in other areas where greater collaboration is required to increase research income?

Collaboration is historically in the science disciplines, but to successfully respond to Global Challenges, inter, multi and trans disciplinary is required across the Arts, Social Sciences and Sciences. However, Welsh HE policy, while needing to foster collaboration between Welsh institutions, must support and not disincentivise those institutions collaborating with other universities in the UK. For several institutions, universities in England may well be considerably nearer neighbours than universities in Wales. The emphasis must be on collaborating with the best partners where there is mutual benefit, and of course a benefit for Wales.

Tuition fee income and support

- What has been the financial effect of the new **tuition fee policy**, introduced in the 2012/13 academic year, which allows Higher Education Institutions to charge students up to £9,000 per annum for HE courses? What future financial effect is this policy likely to have?

The effect to date has been broadly neutral, with the increased fees offset by the fall in teaching grant as long as student numbers hold.

This is somewhat distorted by HEFCW's strategic redistribution of numbers in 2012/13, however, which has had the potential to have a significant effect on the ability of some institutions to maintain/expand their recruitment of Welsh/EU students due to the restrictions imposed on them.

The effect of the £9k fee level to date has been less on Welsh HE, than the effect of the marketization of HE per se in England. The AAB/ABB exemptions to the Student Number Control in England has meant that Russell Group universities have been able to recruit more students, therefore forcing other English universities to recruit up to their student number control in UK on sub-AAB/ABB numbers. The Russell Group and other upper tier English universities now operate aggressively in Clearing – a new development, and they are occasionally dropping entry requirements with a knock-on effect for all. In Wales, where there is no control on numbers of English students recruited, the natural flow of rejected students from upper-tier English universities as they fail to meet offer has not happened, leading to more lenient approaches in Clearing across Wales.

In the short term, this has had an initial effect on numbers at middle ranked universities in the initial stages of the new regime. In the longer term there could be negative implications for universities which expand too quickly, have not traditionally been focused on teaching quality, and may be unable to maintain student satisfaction and academic quality. There is also a possible perception of falling quality of Welsh HEIs if fewer English students with ABB+ cross the border, because of greater high quality capacity in England.

In the medium and long-term there are financial implications of the 'student as customer', with greater expectations in terms of contact hours, quality of infrastructure and accommodation. Wales is, perhaps, more affected because of significant underfunding of its HE Estate compared with England. Welsh universities also receive lower funding per FT UG under the new regime than English universities charging £9k because of the high cost subject premium.

- Does the new tuition fee policy create a greater or lesser level of financial uncertainty for Higher Education Institutions? Please explain your answer.

On the whole the policy is likely to create greater uncertainty given the demographic changes projected for the UK and Wales in particular, and as universities adapt to operating in a more marketised environment.

There is some uncertainty with the phasing out of the recurrent grant, requiring greater accuracy of student number planning. There is also greater uncertainty than when the system was highly controlled and no institutions could recruit over a certain number – ensuring that there were “enough students to go round”.

Also, the new tuition fee policy is being introduced at a time of other increasing uncertainties in the sector, for example the ability to recruit overseas students through UKBA changes, pension issues, and the

reduction in the availability of research funding, capital grant and innovation funding.

- What has been, and is likely to be in the future, the financial implications of the Welsh Government's **tuition fee grant**?

The tuition fee grant is likely to have a number of effects on the UK HEI sector, including :

- Distortions in recruiting cross-border students – although the messaging has been positive, there is still a perception among English students that Welsh students are getting free Higher Education which may be affecting their (English) students desire to study in Wales as a first choice. It is vitally important that all advisors, including bodies such as the SLC, of English students coming to Wales are clear that the policy does not differentiate between Welsh or English universities.
- Significant uncertainty in being able to plan ahead more than one year in advance due to changing rules and conditions appertaining to the tuition fee grant system. As a result of this, financial forecasts cannot be produced with a high level of confidence over their validity.
- Doubts over the sustainability of this policy post 2016. As it currently stands, there is a significant uncertainty on the level of Welsh domiciled students who will decide to study outside Wales. The consequences of which are borne from the HE budget and this represents a financial risk to Welsh HEIs, thereby potentially jeopardizing the sustainability of QR, part-time funding and PGR.
- The fact that the Maximum Fee Grant was set at institutional level based on the financial equivalent of Strategic Reallocation has meant disproportionate effects on recruitment behaviour at certain institutions.

- Does the current funding regime provide effective financial support to students from the lowest income households and is this the most cost effective way of financially supporting this cohort of students?

The current funding regime is supported by Fee Plan requirements in Wales. This requires universities to spend a certain amount of new fee income on bursaries. Research undertaken by UCAS and used in England to encourage universities to spend their new income in targeted ways has shown that bursaries are not effective in drawing low participation groups into HE. With grants and loans still in place to support living costs, and repayment of the £3.5K loans not required until an income of £21k is reached, it is our belief that Welsh students

from the lowest income households are effectively supported. Given the reliance on cross-border flow of students for the sustainability of Welsh HE, both in financial and quality terms, it may be important to address accessibility for students from the rest of the UK, if Welsh HE starts to look more expensive as a package than rest of UK to non-Welsh students. Research in England supports the fact that students do not regard fee waivers as helping access to HE, but would rather receive cash support. This lack of efficacy of fee waivers has, in part, contributed to the end of the National Scholarship Programme in England.

- What are the financial implications for Wales of subsidising Welsh students who study in Higher Education Institutions outside of Wales?

As noted earlier, the level of funding required to subsidise Welsh students studying outside of Wales cannot be predicted with a high degree of certainty and the implications are borne directly upon the HE budget, thereby placing in jeopardy the future of QR, part-time and PGR funding. The amount of funding is also affected by the fact that nearly all universities in the UK, regardless of quality or mission, are charging £9K for a standard three year full time honours degree. However, there could be equal or greater financial consequences if there was more perception from English students about apparent discrepancies in funding for English students as opposed to Welsh students at application – a key factor behind the WG decision to allow Welsh students to access the fee grant for attending English universities. The flow of cash across the border does not make sense intrinsically – however, the impact of the decision more widely on making the Fee Grant available to Welsh students studying at home needs to be properly modelled.

- What are the financial implications of more expensive subjects (e.g. medicine and engineering) being funded under the new tuition fee regime given that some courses may cost in excess of the maximum £9,000 per annum for Higher Education Institutions to deliver?

This depends upon the continuation of HEFCW's PIF, from which an 'expensive subject' premium is paid to institutions offering high cost courses. This is linked to the previous point regarding the sustainability of continuing to subsidise Welsh students who study in Higher Education Institutions outside of Wales, since the premium mitigates higher costs.

The premium funding for expensive subjects taught at Welsh universities is being discontinued in line with old fee regime students leaving the system. so there is no extra subsidy for high cost subjects. These subjects at Aberystwyth, for example, are science (ASC 3) and

engineering and Technology (ASC 4).

Initially, there was an understanding that there would be cross subsidy from less expensive subjects but:

- This depends on the subject mix and student profile at each institution;
- There has been no increase in the maximum fee from 12/13 to 14/15 (and neither in England).
- A more fully marketised HE environment may mean in future that less expensive subjects are vulnerable to competition from private/alternative providers (Pearson, BPP) which may force HEIs to set differential fees, charging less for lower cost subjects such as accounting. This will mean that the option of cross-subsidy for high-cost but strategically important subjects will no longer be open, and that universities may find it uneconomic to teach high cost subjects.

For Welsh institutions there is a direct impact of fee grant policies and there is concern that there may be a double impact for HEIs development of Welsh-medium education as more students opting to study in England will lead to less funding being available for Welsh HEIs to support Welsh-medium teaching in their HEIs.

- How important is the income stream to Welsh Higher Education Institutions from tuition fees received from students domiciled outside Wales including the rest of the UK, European students and overseas students?

Tuition fee income is now the largest single income category in HEIs' finances, and fees from students from outside Wales, at both undergraduate and postgraduate levels, are essential in order to maintain sustainable institutions. The income stream is essential to the future sustainability and growth of Welsh HE.

Welsh Higher Education, unlike perhaps Scottish HE except for 2 or 3 high-end institutions, stands or falls by its ability to attract students from England, with several institutions attracting more than 50% of their Home/EU students from across the border. Wales cannot afford to be isolationist in its approach, and any policy changes must be fully modelled against their possible impact on cross border flows. EU students also provide an important income stream, while attracting fee grant. A steady flow of EU students reaffirms Wales as a country which is fully integrated into Europe culturally and economically, and which has benefited from the EU in terms of funding, exchange and research opportunities. And in terms of capitalizing on the general high reputation of UK HE and the still very strong marketable factor of offering English medium education, Wales must be seen to be punching far above its population weight in terms of attracting

international students from beyond the EU. Income from overseas students has the added advantage that neither fee levels nor student numbers are regulated; however, they are subject to market forces.

Other income and financial issues

- What opportunities do Welsh HEIs have to increase income from recruiting additional students?

HEIs are subject to a maximum fee grant allocation which governs the level of Welsh/EU students they may recruit to at current fee levels. This does theoretically allow unrestricted ability to recruit from England. However, ability to recruit from England is also affected by Westminster policies; not only the lack of restrictions on English universities to recruit students with grades of ABB+ or more (and from 14/15 this will affect an even larger pool of students because combinations of qualifications are also being allowed to count), but increasing numbers of private providers who will be allowed to access student support. However, institutions have to manage recruitment very carefully to avoid having to give a message that places are available to English but not to Welsh students if capacity for Welsh students has been reached; and Welsh Government/HEFCW should consider supporting institutionally a well understood policy that there may be occasions where Welsh students will no longer have places at Welsh institutions due to a limit on the availability of maximum fee grant.

The Maximum Fee Grant for Welsh HEIs should be reviewed and decoupled from the Strategic Reallocation, undertaken in 2011, which has proved inaccurate in determining where student demand would be.

HEIs can seek to increase postgraduate and international numbers without compromising their tuition fee grant allocations. However, it is important also that WG/HEFCW and institutions maintain a steady message that by recruiting additional international students, this is in no way taking places away from Welsh students.

- What progress is being made in relation to the Welsh Government's Programme for Government indicator that 'at least 75% of Welsh Higher Education Institutions will have an annual income in excess of the UK median', and how can this be improved in the future?

The merger of the Universities of Glamorgan and Newport, plus the impending merger of Trinity St. David's and Swansea Met will mean an increase in the proportion of institutions with an annual income in excess of the UK median, but this will still be short of the 75% target. If to "improve" means to closer approximate to it, either fewer institutions will be necessary, or the existing HEIs will need to increase their

annual income levels. However, any future merger proposals must first demonstrate a robust business case.

We believe that the whole premise of this statement needs to be reexamined. Some very successful institutions in England and Scotland are relatively small, while some institutions in England, by their location in major conurbations linked by efficient transport links, bigger than anything Wales, are enormous by Welsh standards. Setting standards by a UK median, where no account is taken of geography, local demographics or the diverse mission of different institutions is misguided and can lead to crude decisions which could lead to lack of diversity and loss of identity of the Welsh sector. As the English sector moves to greater concentration of student numbers and resources in “successful” universities, the “median”, as it slides into a large tail of struggling universities, may be in any case a misleading figure.

The public consultation period ends 27 September 2013.