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Current and Proposed Higher Education Student Finance Arrangements in the UK Regions

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This paper examines the existing Higher Education finance arrangements for the four UK Regions and the current proposed changes to these systems.

Key Points:

- Higher Education Finance in Northern Ireland (NI) is administered by the Department for Employment and Learning;
- Regional maintenance and tuition fee loans for NI in 2008/09 (new borrowers) amounted to £164.4m with Higher Education Institution (HEI) recurrent income for the same period coming to £511.3m;
- In each of the GB countries Higher Education finance is delivered by two Non-Departmental Public Bodies in each jurisdiction, with one responsible for administering funding to students and the other for Higher Education Institutions;
- Maintenance and tuition loans for English domiciled students amounted to £4,204.1m in 2008/09, with English HEI's having recurrent income of £20,993.6m in 2008/09;
- Student funding for Scottish domiciled students amounted to £191.3m in 2008/09, with HEI recurrent funding amounting to £2,663.2m in the same period;
- Student funding for Welsh domiciled students amounted to £204.4m in 2008/09 with total recurrent funding for Welsh HEI's amounting to £1,171.5m in 2008/09;
- The cost of funding students and Universities continues to rise for the four jurisdictions;
- The reform of HE financing in Northern Ireland has not yet been finalised, with the Minister for Employment and Learning awaiting the outcome of a Public Consultation;
- England is undergoing significant reforms, with changes to both student and HEI financing, including the rising of tuition fees to a maximum of £9,000 per annum and a cut in teaching funding to Universities;
- Scotland has developed a Green Paper for consultation by the General Public and stakeholders which outlines a number of potential reforms to HE financing, including adopting a similar repayment threshold as England, developing a Scotland based student loan system and increasing support from business; and
- The Welsh Government has announced that Universities will be able to charge between £6,000 and £9,000 pa for an Undergraduate Degree. However, Welsh students will continue to pay only £3,290 pa with the Welsh Government paying the difference. The Welsh Minister for Education, Children and Lifelong Learning has also instructed officials to examine ways to increase efficiencies within the system.

1 Executive Summary

1.1 Introduction

Higher Education in the UK is a devolved matter, with each of the regional governments operating a different system. With the release of the Browne Review in England and the Comprehensive Spending Review there is a recognised need in each of the UK regions for reform of the existing systems.

This paper examines the existing Higher Education finance arrangements in each UK jurisdiction and considers the proposed revised systems.

1.2 Higher Education Finance in the UK Regions

All four regions operate a similar system of HE finance, with some variations in order to take into consideration local requirements and political will. In Northern Ireland, responsibility for the administration of funds lies with the Department for Employment and Learning. In Great Britain, this role is taken up by Non-Departmental Public Bodies.

In England, Wales and Northern Ireland, students currently pay variable fees amounting to £3,290 per annum for an undergraduate degree¹. In Scotland, tuition fees for Scottish domiciled students are paid for by the regional Government.

Government funding for Universities is delivered through Teaching and Research grants. The Universities have additional income from external research grants, endowments and investment income.

The amount of funding provided by Government to both students and Universities has continued to rise over the last few years.

1.3 Proposed Changes to Higher Education Finance in the UK Regions

Each of the four UK jurisdictions are currently considering, or introducing, alternatives to their existing higher Education funding systems.

Northern Ireland is awaiting the outcome of a consultation on Higher education funding reform. A date for announcing the changes to HE is currently not known but it is expected to occur sometime after the May 5th Assembly elections, when the new Minister for Employment and Learning is appointed.

The proposed changes in England have been well documented, including an increase in tuition fees from between £6,000 to £9,000 per annum and a large reduction in the funding made available to Universities. It should be noted that at the time of writing a

¹ Please note, this paper will primarily discuss standard undergraduate degrees. For further information regarding funding for Medical degrees, please see NI Assembly Research Paper NIAR 190 - 2010

large number of English Universities have opted for the maximum fee levels (59 of 85 who have released information on the fee levels), resulting in an average tuition fee of £8,679.20. This is significantly higher than the £7,500 that was expected by the Coalition government and as such will have a higher cost to government.

Scotland has produced a Green Paper for consultation by the general public and stakeholders, although it has been announced that non-Scottish domiciled students will pay full fees if attending University there. The Green Paper considers a wide variety of potential changes to the system including student support, funding and the shape and structure of the system.

It includes consideration of a number of the changes being introduced to England, including the £21,000 repayment threshold and increasing the interest rate on student loans.

Wales has announced that it is increasing tuition fees to the same level as England. However, the rise in fees will be paid for by the Welsh Assembly Government, with Welsh students continuing to pay the current amount. In addition, the income repayment threshold for student loans will be increased to match that of England, there will be a variable progressive rate of interest charged based on graduate income and part time students will be able to access tuition fee funding.

Contents

Key Points:	1
1 Executive Summary	3
1.1 Introduction	3
1.2 Higher Education Finance in the UK Regions	3
1.3 Proposed Changes to Higher Education Finance in the UK Regions	3
Contents	5
2 Introduction	7
3 Higher Education Finance in Northern Ireland	7
3.1 Student Finance	8
3.2 Higher Education Finance	9
4 Higher Education Finance in England	10
4.1 Student Finance	10
4.2 Higher Education Finance	11
5 Higher Education Finance in Scotland	13
5.1 Student Finance	13
5.2 Higher Education Finance	14
6 Higher Education Finance in Wales	15
6.1 Student Finance	15
6.2 Higher Education Finance	16
7 Summary of Existing Finance Arrangements	17
8 Proposed Changes to the HE Finance System in Northern Ireland	19
9 Proposed Changes to the HE Finance System in England	23
10 Proposed Changes to the HE Finance System in Scotland	25
11 Proposed Changes to the HE Finance System in Wales	28
12 Summary	30

2 Introduction

Higher Education (HE) in the UK is a devolved matter with different systems operating in each of the four UK jurisdictions, although it is worth noting that in most cases they operate under similar guidelines.

With the release of the Browne Review and the recently announced changes to the HE system in England there have been some profound changes to HE funding. Both Wales and Scotland have announced changes to their existing systems with the Department for Employment and Learning (DEL) stating that higher fees may be introduced in Northern Ireland².

This Research Paper examines the existing government funding structures for students and Higher Education Institutions (HEIs) in each of the UK jurisdictions and provides information on the systems currently proposed by the regions, including financial implications (where such information is available).

3 Higher Education Finance in Northern Ireland

As with the other devolved administrations in the UK, the Northern Ireland Government is responsible for the dissemination of centrally received funds for higher education. These funds are received in two tranches – Departmental Expenditure Limits, otherwise known as DEL (although for the purposes of this paper it will be referred to as the DE Limit) and Annual Managed Expenditure (AME).

The DE Limit is set via the Barnett Formula. It is used for set and budgeted costs such as administration fees, capital projects and salaries.

AME, on the other hand, is used to cover the costs of student tuition loans and maintenance loans. As a result, it is subject to change due to a number of variables including:

- The number of students applying for third level places;
- The number of students applying for tuition and maintenance loans; and
- The Maximum Student Number (MaSN) - the cap placed on the number of students allowed to enter third level education, set by government and enforced by the funding of places.

Unlike the rest of the UK, NI does not use Non-Departmental Public Bodies (NDPB's) in order to disseminate funding. Rather, The Department for Employment and Learning provides for the functions of both a HE council and a government department.

² Department for Employment and Learning, DEL Draft Budget 2011-2015 <http://www.delni.gov.uk/index/consultation-zone/delbudget.htm> (first accessed 12th January 2011)

The HE division within DEL has four branches which administer and set policy for HE³:

- **Student Finance:** responsible for student support loans, grants, post graduate awards, further education bursaries and Education Maintenance Allowance (EMA);
- **Higher Education Finance:** responsible for the financial support of the sector and the promotion of good financial practice;
- **Higher Education Policy:** formulates and implements policies relating to learning and teaching, widening participation, international Higher Education and Higher Education in Further Education (including foundation degrees). This branch is also responsible for the administration of initial teacher education; and
- **Higher Education Research Policy:** administers funding and formulates policy for research and knowledge transfer activities.

3.1 Student Finance

In Northern Ireland, the processing of applications for student support is carried out by the Education and Library Boards, with the payment of loans to students administered by the Student Loans Company (SLC).

In NI, students have the following financial help available to them⁴ for the 2010/11 academic year:

- Tuition Loan: up to £3,290 pa;
- Maintenance Grant: up to £3,475 pa; and
- Maintenance Loan: this varies from £3,750 for students living with their parents, £4,840 for students living away from home and up to £6,780 if living in London.

Additional support is also available through a Special Support Grant and bursaries from HEIs.

Table 1 following provides details on SLC loans to NI domiciled students since 2006/07. The table provides details on the loans made to students for each year. It includes income contingent loans (the standard student loan) and mortgage style loans.

The table highlights that within Northern Ireland the amount of money loaned to NI domiciled students to cover tuition loans rose in the three years shown. This is notable as the number of new NI domiciled students actually fell between 2007/08 and 2008/09 (from 13,650 to 13,620, please see Table 11 on page 18).

³ Department of Employment and Learning Role and Structure of the Higher Education Division
<http://www.delni.gov.uk/index/further-and-higher-education/higher-education/role-structure-he-division.htm> (first accessed 31st August 2010)

⁴ Student Finance NI, What Support is Available in 2010/11
http://www.studentfinancenl.co.uk/portal/page?_pageid=54,1266217&_dad=portal&_schema=PORTAL (first accessed 5 January 2011)

Table 1: New loans made to NI domiciled students between 2006/07 to 2008/09⁵

	2006/07 (£000)	2007/08 (£000)	2008/09 (£000)
Maintenance Loan	105,407	123,824	96,735
Tuition Loan	16,881	46,291	67,021
Tuition Loan (EU domiciled ⁶)	152	508	736
Total	122,440	170,624	164,492

3.2 Higher Education Finance

DEL provides funding in HE for a variety of purposes including:

- Infrastructure Development;
- Recurrent funding for learning; and.
- Teaching and research.

Table 2 provides Higher Education Statistics Agency (HESA) data on the recurrent income of NI HEIs. The funding council grant reflects income provided by the government and includes teaching and research grants.

As can be seen on Table 3, direct government funding through the council grant for 2008/09 provides 41.8% of the income received by the HEI's. Indirect Government funding is provided through tuition fees (by way of the SLC). For 2008/09 funding council grants and tuition fees provided 63.6% of HEI funding in comparison to 58.5% in 2005/06.

Table 2: Recurrent Income of NI HEI's from 2005/06 to 2008/09⁷

	2005/06 (£m)	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Funding Council Grant	191.2	200.8	198.2	213.8
Tuition Fees	46.4	60.7	74.6	111.3
Other Fees and Support Grants	19.2	19.1	20.2	0
Endowment and Investment Income	3.9	5.2	10.1	9.0
Research Grants and Contracts	70.1	69.7	75.2	80.3
Other Income	75.4	79.1	87.4	97
Total	406.3	434.6	465.7	511.3

⁵ Student Loans Company, Statistical First Releases, Student Loans for Higher Education in Northern Ireland. Please note, figures do not include Tuition Fee Loans to EU Students and are based on the Income Contingent Loan Figures

⁶ Please note, tuition fee loans became available to EU students studying in Northern Ireland in 2006/07

⁷ Higher Education Statistics Agency, Higher Education: Statistics for the United Kingdom 2005/06, 2006/07, 2007/08 and 2008/09, Table 15 and Table 17 (2008/09) Please note, due to rounding errors some totals do not add up – the figures shown are those provided in the original HESA tables.

Table 3 below provides details on the DEL 2008 – 2011 budget for Higher Education in October 2010.

Table 3⁸: DEL Higher Education Expenditure Totals 2008 - 2011⁹

Spend Area	Outturn 31 March 2008 (£'000)	Outturn 31 March 2009 (£'000)	Outturn 31 March 2010 (£'000)	Forecast Outturn 31 March 2011 (£'000)
Higher Education (Including Teacher Training)	201,594	204,138	219,773	230,651
Student Support and Postgraduate Awards	203,941	223,919	260,092	280,820
Capital Investment (HE)	31,589	21,405	20,852	21,429
Total	437,123	449,462	500,717	532,900

The table shows DEL spend by financial year (April to March) and again shows that there is a continuing rise in HE spend in Northern Ireland. It should be noted that following the recent draft budget announced by the Minister for Employment and Learning the forecast outturn will be subject to change.

4 Higher Education Finance in England

4.1 Student Finance

As with Northern Ireland, the main sources of funding for full time under graduate students in England are student loans, grants and bursaries. For the 2010/11 academic year, the main types of financial help available to England domiciled students are¹⁰:

- A maintenance grant or special support grant – worth up to £2,906;
- A tuition fee loan to cover fees in full (up to £3,290 for 2010/11);
- A maintenance loan worth up to £4,950 if living away from home, or more if studying in London (although the maximum received is reduced if help is being received via the maintenance grant); and
- A bursary available through University or College.

All eligible students are entitled to a minimum level of support, with some types of support means tested, based on household income and factors such as where the place of study is located (for example, a higher maintenance loan is available if attending University in London).

⁸ Expenditure totals provided by the Department of Employment and Learning in October 2010.

⁹ Notes: (1) the 2010/11 position is a forecast outturn position; (2) The figures do not include any administration figures, they are programme costs only; (3) Notional costs have been removed from the student support figures; (4) The EMA totals have been removed from the student support figures as it relates to 16-19 year olds.

¹⁰ Direct Gov, Student Finance,

<http://www.direct.gov.uk/en/EducationAndLearning/UniversityAndHigherEducation/StudentFinance/index.htm> (first accessed 5th January 2011)

Applications for funding are made through a Non-Departmental Public Body (NDPB), in this case Student Finance England, with payments sourced through the SLC.

The table below details the cost of student loans for England for 2006/07 to 2008/09.

Table 4: New loans made to England domiciled students between 2006/07 to 2008/09¹¹

	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Maintenance Loan	2,567.6	2,835.5	2,496.9
Tuition Loan	376.9	1,037.5	1,652.9
Tuition Loan (EU domiciled ¹²)	9.7	32.0	54.3
Total	2,954.1	3,905.0	4,204.1

As with Northern Ireland, England has a continuing rise in the cost of student loans to Government. The cost of tuition loans has, of course, risen as a result of the introduction of variable fees in 2006 but it is worth noting that the number of new entrant students has also risen for this period, with the cost of maintenance loans falling.

4.2 Higher Education Finance

The Higher Education Finance Council for England (HEFCE), as with the Councils in Scotland and Wales, is a NDPB and works within a policy framework set by the Secretary of State for Business, Innovation and Skills. As an NDPB it has statutory duties that are free from direct political control.

HEFCE has a number of roles in administering HEI:

- Distributing money to Universities and Colleges for HE teaching, research and related activities;
- Funding programmes to support the development of HE;
- Monitor the financial and managerial health of Universities and Colleges;
- Ensuring the quality of teaching is assessed;
- Providing money to FE Colleges for their HE programmes; and
- Providing guidance on good practice.

HEFCE distributes Government funding to HEI's through three tranches:

- **Funds for Learning and Teaching and for Widening Participation:** Each year's main teaching grant is based on the previous year's grant (adjusted for inflation) and any changes in student numbers. Additional costs, such as operating in London,

¹¹ Student Loans Company, Statistical First Releases, Student Loans for Higher Education in Northern Ireland. Please note, the data shown is taken directly from SLC data and may have rounding errors.

¹² Please note, tuition fee loans became available to EU students studying in England in 2006/07

teaching courses with expensive technology and the cost of laboratory equipment are also applied.

Additional grants are provided for widening participation, improving student retention and enhancing teaching and learning.

- **Funds for Research:** Research is publicly funded through a ‘dual support’ system in England. HEFCE funding covers salaries, staff development, postgraduate research students, premises, libraries and Blue Sky research. The funding is provided in a block grant. The second half of the system is grants for specific projects which are provided by the Research Councils, charities, industry, the European Union and Government Departments.

The funding is distributed based on Excellence as defined by the Research Assessment Exercise (RAE)¹³.

- **Other Funding:** This includes the Capital Infrastructure Fund for investment in buildings and equipment, Special Funding which helps support national facilities such as the electronic network linking all universities and colleges and the Strategic Development Fund which supports projects such as significant mergers and other forms of collaborations which support HEFCE strategic goals.

The table below provides data on the funding distributed to English HEI’s for 2005/06 to 2008/09.

Table 5: Recurrent Income of England’s HEI’s from 2005/06 to 2008/09¹⁴

	2005/06 (£m)	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Funding Council Grant	6,121.0	6,454.4	6,861.1	7,097.2
Tuition Fees	1,852.3	2,352.2	2,873.4	3,376.3
Other Fees and Support Grants	2,088.9	2,296.9	2,500.9	2,867.7 ¹⁵
Endowment and Investment Income	288.9	326.5	421.3	295.2
Research Grants and Contracts	2,540.0	2,744.9	3,011.2	3,333.6
Other Income	3,223.8	3,416.8	3,732.3	4,023.7
Total	16,115.0	17,591.6	19,400.2	20,993.6

As with Northern Ireland, the majority of funding for English HEI’s is sourced through the Government, either directly via funding council grants or indirectly through tuition fees. In 2008/09, this amounts to 49.8% of income. In 2005/06 (prior to the introduction of variable fees), Government funding was only slightly lower at 49.4%.

¹³ The Research Assessment Exercise is a peer review exercise to evaluate the quality of research in UK HEIs. This assessment informs the selective distribution of funds by the UK higher education funding bodies.

¹⁴ Higher Education Statistics Agency, Higher Education: Statistics for the United Kingdom 2005/06, 2006/07, 2007/08 and 2008/09, Table 15 and Table 17 (2008/09) Please note, due to rounding errors some totals do not add up – the figures shown are those provided in the original HESA tables.

¹⁵ It should be noted that the calculation of this figure has been changed for 2008/09 – in previous years part time fees were included in “Other Fees and Support Grants”, with no separate figure for part time fees, non-EU domicile and non-credit bearing course fees. In 2008/09 these items were separated out. For comparison purposes the 2008/09 figures have been presented in a similar manner to the previous years.

5 Higher Education Finance in Scotland

Higher Education Funding in Scotland is, as in Northern Ireland, the responsibility of the devolved administration. In order to administer to University and student funding, the Scottish government has two separate NDPB's:

- The Student Awards Agency for Scotland (SAAS) which is responsible for providing funding to students; and
- The Scottish Further and Higher Education Funding Council (SFC) which is responsible for disseminating funds to the Universities.

5.1 Student Finance

In Scotland, eligible Scottish domiciled and EU students are entitled to free tuition fees. SAAS pays tuition fees directly to the institution of study¹⁶ with the amount paid varying depending on the course:

- HNC, HND, or equivalent - £1,285;
- Degree or equivalent - £1,820; and
- Medicine course - £2,895.

Under this system, Scottish students only have to pay fees if they are studying at a UK institution outside of Scotland and they started their course in 2006-07 or later. In these circumstances the student will have to pay £3,290 in tuition fees for the 2010-11 academic year.

A maintenance loan is also available, with a maximum payment of £5,067 if living away from home and a maximum of £4,107 if living at home. Final year students will receive a slightly reduced loan. Additional support is available through bursaries and an 'Additional' loan available if a student is in receipt of the bursaries.

If a Scottish domiciled student is attending university outside of Scotland, additional help with tuition fees is available through a non-income assessed loan. This is the only form of public funded support available. The table following details the cost of student loans for Scotland for this same period:

The cost of tuition loans rises significantly between 2006/07 and 2007/08, although the level is significantly lower as a result of the lower cost of a year's tuition in Scotland. Graduate Endowment loans have been abolished in Scotland (in February 2008), with the remaining figure of £2.8 million a result of these loans having been carried over from the previous year.

¹⁶ Student Awards Agency for Scotland Tuition Fees http://www.saas.gov.uk/student_support/fees.htm (first accessed 2nd September 2010)

Table 6: New loans made to Scotland domiciled students between 2006/07 to 2008/09¹⁷

	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Maintenance Loan	183.0	192.8	179.8
Tuition Loan ¹⁸	2.6	5.5	8.7
Graduate Endowment Loans ¹⁹	12.1	14.4	2.8
Total²⁰	197.6	212.8	191.3

The total cost of student loans to the Scottish Government falls by £21.5m, between 2007/08 and 2008/09, a result of the cut in graduate endowment loans and a fall in maintenance loans.

5.2 Higher Education Finance

The SFC is the strategic body responsible for funding teaching and learning provision, research and other activities in Scotland's 43 colleges and 20 universities²¹.

Its main duties include:

- Allocating public funding to colleges and universities for the provision of further and higher education, research, staff and building costs and equipment;
- Holding Colleges and Universities accountable for delivery, quality and relevance of further and higher education and research sought by Scottish Ministers.

Funding for Universities through the SFC has been divided into two tranches:

- **The Horizon Fund:** For 2009/10 this totalled approximately £126.2m and was designed to support strategic initiatives within Universities;
- **The General Fund:** This is a significantly larger fund with £1,013.8m of funding used to support Universities core activities such as teaching, research and knowledge transfer.

Table 7 on the page following details the recurrent income of Scottish HEI's. The funding council grant section relates to the funding provided by the SFC, with the remaining funding generated through tuition fees and other sources of self-financing²².

¹⁷ Student Loans Company, Statistical First Releases, Student Loans for Higher Education in Scotland. Please note, the data shown is taken directly from SLC data and may have rounding errors.

¹⁸ For Scottish domiciled students in University/College outside Scotland

¹⁹ The Graduate Endowment was abolished in 2008 for all those who would become liable on 1 April 2008 or later, with the exception of some postgraduate students who had previously deferred payment. Loans for such students have carried over into financial year 2008-09

²⁰ Please note, total figures reflect the totals in Table 1 in SLC document and may include rounding errors

²¹ Scottish Funding Council, Facts and Figures August 2010

http://www.sfc.ac.uk/web/FILES/ReportsandPublications/Facts_and_Figures_2010.pdf (first accessed 7th January 2011)

²² Higher Education Statistics Agency, Higher Education: Statistics for the United Kingdom 2005/06, 2006/07, 2007/08 and 2008/09, Table 15 and Table 17 (2008/09) Please note, due to rounding errors some totals do not add up – the figures shown are those provided in the original HESA tables.

As can be seen the funding provided by the Government through the funding council grant has increased significantly since the 2006/07 academic year (AY).

A small amount of income is generated through endowments and investment, but the majority is derived through government funding.

Table 7: Recurrent Income of Scotland's HEI's from 2005/06 to 2008/09

	2005/06 (£m)	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Funding Council Grant	855.0	942.7	1,029.5	1,067.9
Tuition Fees	218.5	222.9	221	235.9
Other Fees and Support Grants	216.1	247.2	277.4	320.3 ²³
Endowment and Investment Income	35.2	43.1	57.4	39.1
Research Grants and Contracts	389.2	431.1	492.4	574.1
Other Income	350.3	371.5	404.2	425.9
Total	2,064.3	2,258.6	2,481.9	2,663.2

6 Higher Education Finance in Wales

6.1 Student Finance

Financial support for Welsh domiciled students is administered through Student Finance Wales in a similar manner to the system in operation in England.

An additional level of funding is available to existing students through a tuition fees grant²⁴:

From September 2010 a grant of up to £1,980 will be available to continuing students only who normally live in Wales and who started a higher education course at a Welsh college from academic year 2006/07 to 2009/10. This tuition fee grant is available regardless of family income, and is paid directly to the place of study

For new students, however, this grant is no longer available.

Table 8 details SLC data on the amount of maintenance and tuition loans paid to Welsh domiciled students.

²³ It should be noted that the calculation of this figure has been changed for 2008/09 – in previous years part time fees were included in “Other Fees and Support Grants”, with no separate figure for part time fees, non-EU domicile and non-credit bearing course fees. In 2008/09 these items were separated out. For comparison purposes the 2008/09 figures have been presented in a similar manner to the previous years.

²⁴ Student Finance Wales Changes to Student Finance in 2010
http://www.studentfinancewales.co.uk/portal/page?_pageid=56.1274440&_dad=portal&_schema=PORTAL (first accessed 3rd September 2010)

Table 8: New loans made to Welsh domiciled students between 2006/07 to 2008/09²⁵

	2006/07 (£000's)	2007/08 (£000's)	2008/09 (£000's)
Maintenance Loan	148,493	152,947	146,310
Tuition Loan	15,154	39,561	56,953
Tuition Loan (EU domiciled ²⁶)	205	734	1,177
Total	163,852	193,242	204,440

As can be seen above, the value of tuition loans has risen consistently from 2006/07, reflecting the continuing increase in the number of Welsh domiciled students (which rises from 18,650 in 2005/06 to 19,965 in 2008/09). However, as with Scotland, Northern Ireland and England, the cost of new maintenance loans has fallen, with a rise in the number of maintenance loans being taken out by students (14,200 in 2006/07 to 15,400 in 2008/09)²⁷.

6.2 Higher Education Finance

The Higher Education Funding Council for Wales (HEFCW) provides funding to HEI's in Wales through three methods²⁸:

- **Teaching Funding:** This is determined through a formula and via specific issues and policy objectives of the Government. Around 98% to 99% of teaching funding is determined via the formula;
- **Research Funding:** Research funding is allocated selectively, based on quality of research, volume (i.e. the full time equivalent number of research active staff), and subject cost. Quality is based on a scale of 1-4 with 1 being nationally recognised and 4 being world leading. Anything below 1 is identified as unclassified. Weightings are subsequently applied to each of the selection variables and then processed through a formula.

Level 1 quality research is not funded, although an additional £6.1 million is made available for level 4 research. A further £3.1 million is provided to help institutions meet the full economic cost of research funded by charities. This is allocated in proportion to research income from charities in units which meet the volume threshold; and

- **Postgraduate Research (PGR) Funding:** Funding is made available for postgraduate research, with grants for individual HEIs calculated by applying the

²⁵ Student Loans Company, Statistical First Releases, Student Loans for Higher Education in Wales. Please note, the data shown is taken directly from SLC data and may have rounding errors.

²⁶ Please note, tuition fee loans became available to EU students studying in Wales in 2006/07

²⁷ Student Loans Company, Statistical First Releases, Student Loans for Higher Education in Wales, table 2 (iii)

²⁸ HEFCW Our Funding Method – Teaching Funding, Research Funding and Postgraduate Research (PGR) Funding http://www.hefcw.ac.uk/about_he_in_wales/funding_he_in_wales/funding_he_in_wales.aspx (first accessed 10th January 2011)

standard rate of PGR funding for the relevant academic studies category to the previous year's qualifying PGR enrolments.

Capital and special funding is also allocated through the HEFCW. Capital funding is administered to support learning and teaching infrastructure. It also supports research infrastructure. Special funding is used for a wide range of purposes including widening access, strategic development and Welsh medium provision.

Table 9 details the recurrent income received by Welsh HEI's from AY 2005/06 to 2008/09²⁹.

As with the other three UK regions Wales has had a continuous total growth in the income of Universities, with a large part of this growth sourced through tuition fees (income which is linked to student numbers, which are also rising – see Table 11 on page 20) and in research income.

Table 9: Recurrent Income of Welsh HEI's from 2005/06 to 2008/09

	2005/06 (£m)	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Funding Council Grant	376.8	432.8	419.2	440.4
Tuition Fees	120.2	123.0	188.3	226.3
Other Fees and Support Grants	79.2	92.0	98.3	111.3 ³⁰
Endowment and Investment Income	15.0	16.0	19.0	13.6
Research Grants and Contracts	121.3	131.3	143.0	156.7
Other Income	205.0	210.0	224.0	223.2
Total	917.5	1,005.0	1,091.8	1,171.5

7 Summary of Existing Finance Arrangements

A review of Government spend on higher education in the UK regions highlights that it has increased significantly over the last few years. Table 10 draws together the total student loan costs for each of the regions.

²⁹ Higher Education Statistics Agency, Higher Education: Statistics for the United Kingdom 2005/06, 2006/07, 2007/08 and 2008/09, Table 15 and Table 17 (2008/09) Please note, due to rounding errors some totals do not add up – the figures shown are those provided in the original HESA tables.

³⁰ It should be noted that the calculation of this figure has been changed for 2008/09 – in previous years part time fees were included in "Other Fees and Support Grants", with no separate figure for part time fees, non-EU domicile and non-credit bearing course fees. In 2008/09 these items were separated out. For comparison purposes the 2008/09 figures have been presented in a similar manner to the previous years.

Table 10: Totals of Maintenance and Tuition Loans for the UK Regions

	2006/07 (£m)	2007/08 (£m)	2008/09 (£m)
Northern Ireland	122.4	170.6	164.4
England	2,954.10	3,905	4,204.10
Scotland	197.6	212.8	191.3
Wales	163.8	193.2	204.4
Total	3,437.90	4,481.60	4,764.20

As can be seen there was a substantial rise for Northern Ireland between 2006/07 and 2007/08 suggesting a larger number of students attending University. This rise is reflected in Table 11 which shows an increase in NI domiciled students of 585 people (a 4.2% increase in the student population from the previous year). The slight drop in the loan level between 2007/08 and 2008/09 is reflected by a slightly smaller first year undergraduate population.

Table 11: First year first degree entrants to HEI's by region of domicile from 2005/06 to 2008/09³¹

	2005/06	2006/07	2007/08	2008/09
Northern Ireland	14,055	13,065	13,650	13,620
England	325,820	309,060	326,750	351,745
Wales	18,650	19,080	19,135	19,965
Scotland	33,300	33,175	32,395	33,345
Channel Islands/Isle of Man	1,270	1,190	1,215	1,145
Total	393,560	376,605	394,310	420,590

Of the four UK regions, England and Wales have increasing costs. In NI and Scotland there is a reduction in costs. It is worth noting that of the four regions Northern Ireland is the only one which has a fall (albeit of only 30 places) in first year undergraduate population, with Scotland having an increase in first year undergraduate population but a decrease in maintenance and tuition loan costs.

It is of note that the cost for maintenance loans falls for all UK regions between 2007/08 and 2008/09. This fall in the cost of maintenance loans is not reflected in the number of students receiving them, with an increase in Northern Ireland, Wales and England. Scotland has a slight fall in the number of new maintenance loan borrowers (from 25,900 to 25,600).

The tables below detail SLC data and show the total public debt accrued by the UK regions from new loan borrowing in a specific year (this includes maintenance and

³¹ Higher Education Statistical Agency, Higher Education: Statistics for the United Kingdom Table 6 2005/06, 2006/07, 2007/08 and Table 5 2008/09 Please note, in the data provided by HESA 0, 1 and 2 are rounded to 0. All other numbers are rounded up or down to the nearest multiple of 5. As such there is a discrepancy in the total figure provided in the HESA table (393,560) and if you add the regional figures (393,095).

tuition fee loans). Also included in the table is the number of new loans for that year and the average level of loan³².

Table 12: Total Public Debt for 2006/07 per region and average loan

	New Public Debt (£)	Total Number of New Loans in 2008/09	Average Total Loan (£)
Northern Ireland	122,440,000.00	28,500	4,296.14
England	2,954,100,000.00	611,500	4,830.91
Scotland	197,600,000.00	33,500	5,898.51
Wales	163,852,000.00	35,200	4,654.89

Table 13: Total Public Debt for 2007/08 per region and average loan

	New Public Debt (£)	Total Number of New Loans in 2008/09	Average Total Loan (£)
Northern Ireland	170,624,000.00	24,700	6,907.85
England	3,905,000,000.00	539,400	7,239.53
Scotland	212,800,000.00	34,200	6,222.22
Wales	193,242,000.00	30,900	6,253.79

Table 14: Total Public Debt for 2008/09 per region and average loan

	New Public Debt (£)	Total Number of New Loans in 2008/09	Average Total Loan (£)
Northern Ireland	164,492,000.00	23,700	6,940.59
England	4,204,100,000.00	572,900	7,338.28
Scotland	191,300,000.00	28,600	6,688.81
Wales	204,440,000.00	32,000	6,388.75

For 2007/08 and 2008/09 England has the highest level of average loan with Northern Ireland having the second highest rate. In 2006/07 Northern Ireland has the lowest average total loan of the UK regions, with the highest number of new loan loans for the region in the three academic years presented.

8 Proposed Changes to the HE Finance System in Northern Ireland

In October 2010, the Department for Employment and Learning released the Independent Review of Variable Fees and Student Finance Arrangements (the Stuart Review).

³² Total Public Debt and Total New Borrower figures sourced from the Student Loans Company Student Loans for Higher Education in England, Scotland, Wales and Northern Ireland, Financial Year 2008/09 Revised 22nd October 2009 http://www.slc.co.uk/statistics/officialarchive_page.html (first accessed 6th January 2011) Average total loan is calculated by dividing new public debt by total number of new loans.

The Review examined a number of areas within NI's HE financial arrangement and considered the implications of a rise in tuition fees for the region but ultimately recommended that there was:

...limited evidence to fundamentally change the system, and there is no evidence of an adverse impact on participation or in subject areas as a direct result of the introduction of variable fees. The recommendation, therefore, is to maintain student fees at the current levels in real terms.

A revised draft of the Stuart Review was produced following the publication of the Browne Review in order to take into consideration its proposals.

The revised report recommended that as a result of the changes instituted in England:

- The basic fee should be retained at its current level (£1,310);
- The current tuition fee cap of £3,290 should rise to between £5,000 and £5,750;
- Maintenance grant thresholds should be aligned with those in England and the higher maximum grant should be maintained at £3,475;
- The repayment threshold should rise from £15,000 to £21,000, with this change taking effect from 2016;
- Northern Ireland should adopt the UK government fee structure for non-NI domiciled students studying at NI HEIs, with a basic fee of £6,000 and a maximum of £9,000; and
- An increased risk that costs will be higher for Government due to the increasing levels of graduate unemployment, with it taking longer for graduates to pay back loans.

Following the publication of the revised Stuart Review, a consultation on HE tuition fee reform was launched by DEL (March 2011). The consultation asks the public to consider five different options for tuition fee funding³³:

- **The abolition of fees:** Whilst students would benefit initially from this, the abolition of fees would result in the government having to source an additional £120 million to cover the loss of funds to Universities, with that cost having to be potentially met by the tax payer;
- **Maintain the fee level at the current rate, subject to annual increases for inflation:** The current arrangements have allowed Northern Ireland to deliver the best participation rates in Higher Education in the UK, including those from low income backgrounds and enabled our Universities to sustain and enhance the quality of their academic offering and research capability. However, given the financial challenges faced by the Executive, this option would either require the

³³ Department for Employment and Learning, 2011, Future policy on higher education tuition fees and student finance arrangements in Northern Ireland <http://www.delni.gov.uk/future-policy-on-higher-education-tuition-fees-and-student-finance-arrangements-in-northern-ireland.pdf>

Higher Education Institutions to reduce their services by the equivalent of £40 million per year or require DEL to reduce other programmes by a similar amount;

- **Raise fees to £4,500 per annum, subject to annual inflationary increases:** For this option the teaching grant for NI HEIs would be reduced by 20%, with additional revenue from the fee increase of £30 million used to meet the financial pressures generated by the budget settlement. The impact of this option would be generally neutral with NI able to retain its position of having the highest participation rate in the UK ;
- **Raise fees to between £5,000 and £5,750:** This option would provide for slightly more generous rates of grant support than the previous option and would create additional income of £40-60 million. Whilst this option would be broadly neutral in its impact on HEI funding, it would create additional pressures for graduates making repayments, with fees of up to £17,250 for three years of tuition; and
- **Raise fees to between £6,000 to £9,000 as in England and Wales:** This would create additional income of £100 million per annum, with HEI's losing 80% of the teaching grant. This may have a negative impact on low income participation, although the higher fees may be used to help fund an increased student support package.

The consultation also considers five options regarding maintenance support:

- **Option 1:** Reduce the level of maximum maintenance grant from £3,475 to £3,250 to align the support available to that which will apply in England;
- **Option 2:** No change in the current arrangements;
- **Option 3:** As Option 2, but increase the income threshold at which students are eligible for grant support from £19,000 to £25,000;
- **Option 4:** Increase the income threshold for full grant support to £25,000 and increase the maximum level of grant to £3,750 per annum; and
- **Option 5:** As Option 4 but increasing the maximum total maintenance loan support from £4,840 to £5,500 (living away from home rate).

Whilst the various options for changes to tuition and maintenance loans may have an impact on the costs to students and government, one area which will have a significant impact is around loan repayments.

The suggested changes have one major benefit to students – an increase in the repayment threshold, from £15,000 per annum to £21,000 per annum. This will bring the changes in NI into line with those proposed in England. Loans will also be written off after thirty years if payments are not made.

The table following details the repayments which would be made under the current and proposed system of charges. The table shows that graduates will pay less under the proposed system than under the existing one. At £22,000 per annum under the existing system a graduate would pay approximately £52 per month, under the proposed system this would be £7.50.

Table 16: Current and proposed loan repayments³⁴

Gross taxable income	Current monthly repayment	Repayment as a percentage of income	Proposed monthly Repayment	Repayment as a percentage of income
up to £15,000	NIL	0%	NIL	0%
£16,000	£ 7.50	0.6%	NIL	0%
£17,000	£ 15.00	1.1%	NIL	0%
£18,000	£ 22.50	1.5%	NIL	0%
£19,000	£ 30.00	1.9%	NIL	0%
£20,000	£ 37.50	2.3%	NIL	0%
£21,000	£ 45.00	2.6%	NIL	0%
£22,000	£ 52.50	2.9%	£ 7.50	0.4%
£23,000	£ 60.00	3.1%	£ 15.00	0.8%
£24,000	£ 67.50	3.4%	£ 22.50	1.1%
£25,000	£ 75.00	3.6%	£ 30.00	1.4%
£30,000	£112.50	4.5%	£ 67.50	2.7%
£35,000	£150.00	5.1%	£ 105.00	3.6%
£40,000	£187.50	5.6%	£ 142.50	4.3%
£45,000	£225.00	6%	£180.00	4.8%
£50,000	£262.50	6.3%	£217.50	5.2%
£55,000	£300.00	6.5%	£255.00	5.6%
£60,000	£337.50	6.75%	£292.50	5.8%

However, there is a proposed change to the rate of interest charged on the tuition and maintenance loans. Rather than the interest rate being selected yearly by government (currently graduates are paying a 1.5% interest rate on student loans), the rate of interest will be based on the RPI (Retail Price Index rate of inflation), with a series of milestones applied to each individual graduates working life to ascertain how much and when interest will be paid.

Table 15 shows the proposed change to the system and the various points at which the interest alters.

³⁴ Ibid

Table 15: Rate of Interest by graduate income

Graduate Income	Rate of Interest charged yearly
Whilst studying	RPI + 3%
After leaving college but earning less than £21,000pa	RPI
Earning between £21,000 and £41,000 pa	RPI and up to 3% (based on a sliding scale of income ³⁵)
Earning over £41,000 pa	RPI + 3%

It should be noted that RPI is prone to variation, with a UK government target of 2%. The March 2011 rate is 5.3%.

The consultation on Tuition Fees is currently on-going, with a closing date of 10 June 2011. Sometime following this, a Ministerial decision is expected on the future of tuition fees in Northern Ireland.

9 Proposed Changes to the HE Finance System in England

The previous Labour Government commissioned a review of Higher Education funding in England. Headed up by Lord Browne, the review was completed in October 2010 and published its findings to the Coalition Government.

The Browne Review recommended sweeping changes to the HE system, including the introduction of market forces to the sector via the abolition of a cap on student tuition fees. The Coalition Government took the Browne Recommendations and developed a series of changes to the HE system in England based around them.

In the introduction of these changes³⁶, the UK Government has three goals³⁶:

- To rebalance the power and influence into the hands of those who use Higher Education;
- Enable a long-term sustainable HE sector with incentives for efficiency and quality; and

³⁵ Please note, working methodology for the sliding scale is still under development by the Department for Business, Innovation and Skills

³⁶ Department for Business, Innovation and Skills, Interim Impact Assessment, Urgent Reforms to Higher Education Funding and Student Finance, November 2010

- Manage the announced reduction to the overall resource budget for HE, excluding research funding, from £7.1 billion to £4.2 billion by 2014-15.

The changes proposed by the Department for Business, Innovation and Skills have been well documented. The most significant changes to the system are:³⁷

- **Graduate contribution:**

- Any university or college will be able to charge a graduate contribution of up to £6,000;
- In exceptional cases, universities will be able to charge higher contributions, up to a limit of £9,000, subject to meeting much tougher conditions on widening participation and fair access. It will be up to the university or college to decide what it charges, including whether it charges at different levels for different courses; and
- Any university or college will be able to charge below £6,000. Universities and colleges wanting to charge above £6,000 a year will have to show how they will spend some of the additional income making progress in widening participation and fair access.

- **Loans and maintenance grants:**

- The Government will lend any eligible student the money to pay the university or college for tuition costs. For the first time, part-time students will be entitled to a loan;
- A new £150m National Scholarships Programme will be targeted at bright students from economically disadvantaged backgrounds;
- Students from families with incomes of up to £25,000 will be entitled to a more generous student maintenance grant of up to £3,250 and those from families with incomes up to £42,000 will be entitled to a partial grant; and
- Maintenance loans will be available to all, irrespective of income.

- **Repayment system:**

The system will allow graduates who have completed their studies to make a higher contribution towards the cost of their education. As earnings increase, so will contributions. Graduates will begin making contributions to their student loans once earnings are over £21,000 (up from the current £15,000). The repayment will be on 9% of income above £21,000, and all outstanding repayments will be written off after 30 years.

In order to make the system financially sustainable, a real rate of interest will be charged on loan repayments, but with a progressive taper:

- For graduates earning below £21,000, there will be no real rate of interest applied to their loan;

³⁷ Department for Business, Innovation and Skills, Reform for higher education and student finance, November 2010
<http://www.bis.gov.uk/news/topstories/2010/Nov/student-finance> (first accessed 9th January 2011)

- For graduates earning between £21,000 and around £41,000, a real rate of interest will start to be charged, reaching a maximum of RPI plus 3%; and
- Above £41,000, graduates will repay at the full rate of RPI plus 3%.

The Coalition Government argues that under the new repayment system around a quarter of graduates, those with the lowest lifetime earnings will pay less than under the current system.

The Government will also consult on potential early repayment mechanisms so that people on high incomes are not able to buy themselves out of this progressive system. The mechanisms will be designed with the intention to ensure that graduates on modest incomes who pay their contribution early through regular payments are not penalised as a result.

It should be noted that the BBC News has collated data from a number of Universities across England regarding the level at which they intend to set Tuition Fees. Of the 85 listed, 59 have stated they intend charging fees of £9,000 pa. This is almost half of all English HEIs and could have implications for the costs to Government for the introduction of higher fees³⁸.

A white paper providing further details on the reform of HE in England is due out however, no release date has yet been supplied. The paper has been delayed in order to see how "price-setting works this spring."³⁹

10 Proposed Changes to the HE Finance System in Scotland

The Scottish Assembly has introduced a Green Paper to consider alternatives to the existing HE finance system in the region. This is a response to the reforms currently being introduced in England.

The Green Paper, entitled "Building a Smarter Future"⁴⁰, documents the historical and current context of Higher Education in Scotland, including a large increase in spending over the last 10 years (in 2000-01 this was £581m with an increase to £1,034m in 2010-11, a 37% real increase in spending).

The Scottish Government has carried out extensive consultations with stakeholders over the nine months leading up to the paper's publication and has agreed a number of key principles, including:

- **Open to all:** the system should give all those who can benefit the opportunity to do so, removing barriers to access where they exist;

³⁸ BBC News Education and Family 5th May 2011 University tuition fees: full list www.bbc.co.uk/news/education-12880840 (first accessed 09 May 2011)

³⁹ BBC News Government Announces Delay to Higher Education Plans 25th February 2011 <http://www.bbc.co.uk/news/education-12577227>

⁴⁰ Scottish Government, December 2010, Building a Smarter Future Towards a Sustainable Scottish Solution for the Future of Higher Education <http://www.scotland.gov.uk/Resource/Doc/335256/0109656.pdf> (first accessed 17 December 2010)

- **Flexible:** the sector should offer a wide range of provision in different ways to meet the diverse needs of students and businesses; and
- **Learner centred:** funding systems and provision should be designed around the needs of learners and should be simple, transparent and accessible.

The ideas presented in the paper are intended to stimulate debate and identify priorities for 2012-13 and cover a variety of areas within the HE sector. These include:

- Student Support;
- Funding;
- Research and Knowledge Exchange;
- International Contribution; and
- Shape and Structure.

For the purposes of this Research Paper, Student Support and Funding will be discussed, with the most relevant areas of the Green Paper considered.

Student Support

The student support section of the paper discusses a large number of areas, including:

- **Part-time provision:** The paper considers whether the current part-time provision should be expanded to include, in a similar manner to England's new system, loans for tuition fees for this group of students. It also suggests that businesses may have a role in supporting part-time study for their staff either through incentives or via closer links with Universities.
- **Student loan interest rates:** The main suggestion from the Scottish Government is to remove the subsidy on interest paid by the public purse, thereby reducing the cost of borrowing. The freed up funds would then be used to offer higher levels of support to existing students. It is also suggested that the interest rate could be raised to a commercial level to cover more of the cost.

The paper acknowledges that this would result in a significant rise in a student's level of loan debt before they reach the repayment rate of pay. It may also have an impact on widening access.

- **Student loan thresholds:** In line with the proposals for England, the Green Paper considers raising the repayment threshold to £21,000. However, it states that as a result of the increased costs to government this change would not be introduced in isolation. As such it would be considered as part of a package of support and potentially introduced with some of the other changes discussed above.

Funding

The paper discusses two objectives around funding and a number of options. The objectives are:

- How more funding may be brought to the sector; and

- Whether undergraduate funding could be more effectively allocated to achieve the Government's aims.

The options considered include:

The State retains the prime responsibility but requires some form of graduate contribution:

In this option, the Government retains the main responsibility for providing funding but allows for additional income via contributions from graduates. This follows the model being proposed in the reforms introduced by the Coalition Government in England. However, the Scottish Government argues that the state is the main beneficiary of higher education, not the individual graduate and the Scottish Parliament has rejected the introduction of such fees twice in 2010 as a result.

The Green Paper states that:

There are a number of ways that such a contribution might work, but any contribution should be fair for graduates, recognising the benefits they have gained from their education while neither placing an unfair burden on them nor creating any barriers to participation in higher education.

Increasing Support from Business:

The Scottish Government, like the NI Executive, does not have the necessary powers to provide incentives through the tax system for businesses to invest in HE. As such it must use alternative methods in order to encourage these behaviours. Suggestions to encourage business contributions include scholarships and support for part time study by employees. Wider engagement between business and universities could also be promoted by the development of a framework similar to the Innovation Alliance in Ireland.⁴¹

Income could also be generated via a graduate recruitment service for employers, with University career services potentially expanding their current role.

Increasing efficiency:

Potential ways of delivering efficiencies include:

- The adoption of the Pensions Plus and similar salary sacrifice schemes at universities that have not already implemented such measures; and
- Investment in IT infrastructure, smart energy management and virtualisation or outsourcing approaches to deliver savings through lengthening replacement cycles, reducing energy consumption and securing more favourable contractual arrangements.

⁴¹ A collaboration between HE, government and business to provide innovative solutions to the economic crisis.

In March 2011, the Scottish Government issues a statement in Higher Education, outlining a number of measures based on the green paper. These were⁴²:

- A commitment from the State to close any funding gap;
- Fee increase for students from the rest of the UK (up to £62 million);
- Exploring possibilities to generate additional income from EU students with the UK (approximately £22 million);
- Efficiency savings within the University Sector (£26 million);
- Private sector investment and philanthropy;
- Work with the NUS towards a minimum entitlement of £7,000 starting with the poorest students; and
- Intention to legislate on wider sector reform.

11 Proposed Changes to the HE Finance System in Wales

The most recent review of Higher Education in Wales was produced in 2009, prior to the completion of the Browne Review in England and the subsequent shake up of the HE sector in the UK.

The 2009 policy document “For Our Future” laid out the Welsh Assembly Government’s plans for the future of the HE system in the country⁴³. The policy identified a number of actions, including:

- Developing a regional dimension to planning and delivery of HE;
- Increasing collaboration among HE providers and between HE and other providers;
- Renewing the approach to widening access to HE;
- Targeting financial support to promote and sustain access to HE; and
- Strengthening the contribution of HE to workforce development.

The policy largely retains the current financial and funding system, although there are some changes listed under ‘Target financial support to promote and sustain access to Higher Education’, including:

- The introduction in March 2009 of fairer arrangements for student financial support;
- A single write-off of up to £1,500 to ease the graduate debt burden⁴⁴;
- A new national bursary and scholarship framework with financial support targeted at full time and part time learners with the greatest financial need⁴⁵; and

⁴² Scottish Government Press Release 16 March 2011 No Return to Fees in Scotland
<http://www.scotland.gov.uk/News/Releases/2011/03/16153420>

⁴³ Welsh Assembly Government, For Our Future – The 21st Century Higher Education Strategy and Plan for Wales, November 2009 <http://wales.gov.uk/docs/dcells/publications/091125hedocen.pdf> (first accessed 10th January 2011)

⁴⁴ Information on this scheme can be found at:

http://www.studentfinancewales.co.uk/portal/page?_pageid=56.1274440&_dad=portal&_schema=PORTAL

⁴⁵ Ibid

- The Framework will also make provision for targeted support in the form of scholarships to incentivise study of particular priority subjects.

In November 2010, in response to the Browne Review and the Coalition Government changes to the HE system, the Welsh Assembly Government announced that basic tuition fees would rise to £6,000, with HEIs able to charge up to £9,000 providing it can be demonstrated that they are committed to widening access⁴⁶.

In addition:

- The income repayment threshold for student loans will increase from £15,000 to £21,000;
- There will be a variable progressive rate of interest charged depending on income;
- Part time students will be able to access a tuition fee loan depending on the level of intensity of their course.

These changes follow those announced by the UK Government for England. However, the Welsh Government goes on to state:

To support Welsh students the Welsh Assembly Government is announcing that Welsh domiciled students will not have to find either £6,000 or £9,000 to study. The increase in fees for Welsh domiciled students, whether they study in England or Wales or Scotland or Northern Ireland, will be paid by the Welsh Assembly Government.

Tuition fees in Wales are currently at £3,290, meaning if HEI's raise fees to the minimum amount (£6,000), the Welsh Assembly Government will pay £2,710 per student. At the maximum level of fees (£9,000), the Welsh Assembly Government will make a contribution of £5,710.

It should be noted that in the 2008/09 academic year (the most recent figures available) there were 19,965 first year, first degree Welsh domiciled students⁴⁷. If, for example, this yearly intake figure were to remain static and there was a minimum increase in fees, the Welsh Government would have to provide an additional £54,105,150 of tuition fee funding for Year 1 of the new fees regime⁴⁸. This would represent a significant increase in the outlay for the Government.

In the case of England, this increase in costs is offset by a large fall in the teaching grant to Universities, in some cases up to an 80% reduction. It is not known yet if a similar change will be proposed by the Welsh Assembly Government.

⁴⁶ Welsh Assembly Government, Wales Unveils the Future of Fees 30th November 2010 <http://wales.gov.uk/newsroom/educationandskills/2010/101130fees/?lang=en> (first accessed 10th January 2011)

⁴⁷ HESA, Higher Education: Statistics for the United Kingdom 2008/09, Table 5

⁴⁸ Based on 19,965 students multiplied by £2,710

In addition to the announced changes to the system, the Welsh Minister for Education, Children and Lifelong Learning has requested officials look into ways to deliver efficiencies through⁴⁹:

- the development of consortia or partnership arrangements for the delivery of student finance from 2013/2014;
- potential models for a shared service in Wales;
- the move away from a paper based system to a service that is provided predominately on line; and
- the provision of more consistent information, advice and guidance.

12 Summary

Significant changes are currently underway in Higher Education across the UK. Whilst England is undergoing the most extensive changes it will have an impact on the devolved administrations.

Both Wales and Scotland have laid out their initial positions, with Wales's increasing fees but with the Government taking on this increased cost. Scotland has held its fees at its current prices but has made it clear that students from other UK regions will be expected to pay the full amount for fees. Both of these regions are undertaking debates regarding the future of HE, with the Scottish Government producing a Green Paper to enable discussion around a number of issues, including funding and future financial arrangements.

Northern Ireland's position regarding fees is currently unclear with a consultation currently on-going. A final decision regarding higher education funding is expected following the appointment of a new Minister for Employment and Learning and the close of the Consultation on Higher Education finance.

It should be noted, however, that the recently published DEL Draft Budget 2011-2015 has stated that increased fees may have to be introduced in order to offset the cuts being made in the HE budget.

In a meeting with the Employment and Learning Committee of the 12th of January 2011, Danny Kennedy, the then Minister for Employment and Learning stated⁵⁰:

Based on the economic harsh realities before us...it seems inevitable that student tuition fees will rise. At this point...final decisions have not yet been taken and we are still considering various options and of course we

⁴⁹ Leighton Andrews. Minister for Children, Education and Lifelong Learning, Written Statement – The Review of Student Finance Delivery in Wales – Received from Welsh Assembly Officials

⁵⁰ Minister for Employment and Learning response to Committee Chairperson question, Committee for Employment and Learning 12th January 2011, http://news.bbc.co.uk/1/hi/northern_ireland/newsid_9357000/9357889.stm at 15 minutes 45 seconds (first accessed 17th January 2011)

will continue to base our decisions on the firm principle of ability to learn not ability to pay and we will seek to bring forward an Northern Ireland based solution, that is fair and equitable, but realistic in maintaining the status of our Universities.