



Northern Ireland
Assembly

**COMMITTEE
FOR EMPLOYMENT
AND LEARNING**

**OFFICIAL REPORT
(Hansard)**

**Departmental Briefing on Responses to
the Consultation on Student Finance**

29 June 2011

NORTHERN IRELAND ASSEMBLY

**COMMITTEE
FOR EMPLOYMENT
AND LEARNING**

**Departmental Briefing on Responses to the Consultation on
Student Finance**

29 June 2011

Members present for all or part of the proceedings:

Mr Basil McCrea (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Sammy Douglas
Mr Barry McElduff
Mr David McIlveen
Mrs Sandra Overend
Mr Pat Ramsey
Mr Alastair Ross

Witnesses:

Mr Fergus Devitt)
Mr Andrew Hamilton) Department for Employment and Learning
Ms Claire Thompson)

The Chairperson:

I welcome the departmental officials, Andrew Hamilton, Fergus Devitt and Claire Thompson. Andrew, you may have heard me say that, because we have debated the issue and run through things, we are happy for you to proceed with some alacrity.

Mr Andrew Hamilton (Department for Employment and Learning):

I imagined that, and you will be glad to hear that I am not going to say very much. We received

40 responses to the consultation process, and we have shared those with you and given you a summary. As you might expect, a wide variety of views were expressed, from those that were against any fee increases to the other end of the spectrum of those who would tolerate some increase in fees. Across the spectrum, the broad position is that people would prefer some other way of covering the £40 million gap, rather than increasing fees. That is our understanding of the overall position.

The Chairperson:

It strikes me that there are some potential unknowns that could go either way. If we maintain the fees at the current level, depending on what other decisions are made, we could have an influx of students from other parts of the British Isles. Conversely, it might go the other way. I am concerned that the majority of universities in England will charge the full £9,000 a year. At the moment, there is an estimation that we will contribute to paying the fees of people who want to go over there to study. Universities in England will be better resourced than our local universities. I do not know whether the figure is sustainable, but, if the average cost of providing a course is around £7,000 a student and 80% of universities in England charge £9,000 a student, those universities will be able to offer better courses and better environments. There is a danger that our educational establishments may be perceived as the poor relations.

Those are two diametrically opposed positions, but I am not sure which is likely to happen. Does the Department have a view on those positions?

Mr A Hamilton:

You have touched on some important points. Most important of all is that there is a level of uncertainty, and we will not know what the position is until people make up their own minds and express their choices. If there is to be a significant differential between the fees that are charged here and those charged in England, that will impact on student flows. It may mean that people from GB will look to Northern Ireland more than they have done in the past, and it will also mean that our students who might think of going to Britain may be put off by the high fees. The inescapable conclusion is that an associated issue with the fees is that of trying to identify additional resources so that we can relax the maximum student number (MaSN) cap so that we can provide for some additionality. Based on our discussions with you in the past, I think that that reflects the Committee's view. We see that becoming more of an issue and, as part of a package, we will have to look at that overall.

The other issue that you touched on was that the fee levels that are being talked about in England will allow the universities in GB make a surplus, which will be available for investment. Fee levels of around £7,500 would allow a 10% surplus for investment. By maintaining fees at the same level or even by implementing a modest increase, we would not be providing for that.

That is an issue that, over time, we would have to address through other budgeting rounds and all the rest of it. However, it is important that our universities are able to compete globally, which means that they need to be able to attract the best staff and retain them. We have had some success over the past few years and want to see that continue. We would not be addressing that just now.

The Chairperson:

I will put a marker down because, having said that I want to go through this quickly, I am now in danger of opening the debate. We will undoubtedly want to establish whether our local universities have been overfunded in the past in comparison with other universities in Great Britain and, therefore, whether they are able to take up the slack when it comes to efficiencies. It was certainly the tenor of some contributions in the debate that that is the case.

The second point is about how we get the real story across to make sure that our universities and higher and further education colleges are able to lead the way in economic development. I am not sure that the status quo is where we need to be, given that everybody else is putting more investment into the area, so we will look at that.

There are three particular questions that we will need to have answered. We will need to know what the position is with funding students who choose to go to universities outside Northern Ireland — that is to say, within Great Britain — given that the fees for 80% of the universities in England are at the £9,000 mark. Are we going to fund the full differential? We need to know when that decision will be taken.

We need to have clarity on the MaSN number, what it can be increased to and whether the universities have got the capacity to accept that. There has been some suggestion that there might be a little bit of slack in the system.

Finally, it seems to me that the student experience is in danger of being diluted, because the number of classes that people are being asked to go to is fairly modest. We need reassurance that the standard of teaching and the student experience is maintained at a level at least equal to that of other jurisdictions.

Mr A Hamilton:

Do you want us to respond to those points?

The Chairperson:

I do not need you to do that now, but that is my analysis of the key points that have come across.

Mr Ross:

My concern is that, if universities in GB are able to make substantially more money from fees than the universities in Northern Ireland, you may end up with a situation where some of the subjects that are more expensive for universities to teach or to deliver might be dropped in favour of cheaper options. That is an economic reality. If they do not have the money, they will look at the courses that they can afford to provide. My concern is that our universities could be placed at a significant disadvantage to the ones in GB.

The Chairperson:

Yes, absolutely.

Mr P Ramsey:

I recall evidence from Queen's University that stated that, over recent years, particularly in the CSR period, there has been underinvestment here but there has been an increased investment in universities in Wales, Scotland and England.

I raised previously the point that we know there has been increased demand for student places in the universities in Northern Ireland over recent years, but we have never been able to quantify how many students have not secured a place. That information is relevant to what we are talking about, and I say it deliberately and appropriately again. There is a business case to increase the MaSN at the Magee campus. There will be circumstances in which families may resist sending their children or young people to England because the fees are £9,000. A greater number of young people will want to remain in Northern Ireland, so it would be good to have in front of us

the evidence of how many did not secure a place.

The Chairperson:

Are there any other comments? I remind members that, with your approval, the Hansard report will form our consultation response. If you have issues that you want dealt with, now is the time to put them on the record.

Mr McElduff:

The debate during the week indicated that all of the political parties are opposed to increasing tuition fees. If the £40 million gap had to be plugged by reconfiguring the Department for Employment and Learning (DEL) budget, how would that be achieved? This is the benefit of having the deputy secretary here. I would like you to at least explore going beyond the training programmes for young people. It is very emotive to say that they will be hit. Can it be done some other way?

The Chairperson:

Will you give an initial response now?

Mr A Hamilton:

If you look at our business areas, you will see that we provide further education, the employment service and the skills service. If the funding is not taken from the higher education sector, it will have to be taken from those other services. We are not being emotive when we say that we would have to look at the education maintenance allowance (EMA), the level of investment in the further education sector and the quality of the service that is available to the unemployed. Those are the real issues, at the end of the day, if we are asked to find another £40 million. That is on top of savings, as you know. By the end of year 4, we have to make savings of £150 million, which includes the £40 million gap. If we strip out that gap, we have to make savings of £110 million across the services. If we have to find another £40 million, it significantly impacts on the level of quality of other services that we can afford to deliver. That is the straight answer; it is not shroud-waving at all.

The Chairperson:

I think that Barry's question might be whether there are different ways of configuring services in higher and further education. I have no doubt that the further education (FE) colleges, when they

talk to us later today, will say that they have the ability to deliver higher education (HE) courses at a lower cost. You could be looking at enhancing the number of foundation courses in the FE colleges, for example, and perhaps something creative, such as one-year university courses. Where is the creative, out-of-the-box thinking coming from? I think that that is what Barry is talking about.

Mr A Hamilton:

We will have to consider all of those issues, but we are not starting from scratch. The university sector is being asked to find £28 million cash savings over the next two years. On top of that, it is dealing with pay and price inflation, VAT increases, and increases in earning and superannuation costs. We reckon that, by the end of the four-year period, that is probably another £20 million or £25 million —

The Chairperson:

Andrew, the argument about the costs has been won. The argument was made about the £40 million and the inflationary increases, and the Committee and Assembly took those on board. We are all in a very tight financial set-up. You will know that from dealing with the Department of Finance and Personnel (DFP) and others. When does the Department start to look at other creative funding ideas? I am not saying that you have an answer. I am just saying that that is the question. When do we look at other creative ideas about how we could reconfigure the service without stripping out the EMA or other areas?

Mr A Hamilton:

The point I am trying to make is that some of those ideas may already be factored into thinking by our institutions. Our FE sector may well be thinking of shared services and doing things on a more collective basis. However, those proposals all have to be worked through. You talked about different pathways, and that is certainly part of the thinking behind our strategy.

Fergus, you might want to say something about that and the proposals for part-time access.

Mr Fergus Devitt (Department for Employment and Learning):

Chair, you will be aware that there is a broader strategy for higher education. Sir Graeme Davies gave evidence to the Committee recently on that. Some of the thinking coming out of that is that there needs to be more flexibility of approach in how higher education is delivered across

Northern Ireland. That might be through more part-time access or, as you heard this morning, more online courses. It may be that the regional colleges have a greater role to play in that type of delivery and access. Certainly, if Northern Ireland is to hit its skills targets, we need to look at greater access to part-time courses, not just for people entering into higher education for the first time but for people in employment. We are looking at how that might be delivered. However, you will be aware that the further education colleges and the universities have very different mandates and are funded in very different ways. Therefore, there is not a pure substitutability between them. However, we are looking at how broader access to higher education could maybe be enhanced.

Mr Douglas:

In the negotiations and research that you carried out, what were the linkages with other Departments? For example, in the Department for Social Development (DSD) there is the social investment fund, which is £80 million for the next four years. Also in DSD is neighbourhood renewal. I am not saying that you should take all that money and put it into this, but one key focus of DSD and the social investment fund is targeting low educational attainment among low-income families in disadvantaged communities. So, there may be opportunities there. It is not about raiding the budget. It is about saying that maybe we could take a number of part-time students from some of those disadvantaged and depressed areas. Has that been the case? Have you had discussions with other Departments?

Mr Devitt:

That is a very good point. We will be giving evidence later this morning about widening participation. However, to answer that specific question, our colleagues from neighbourhood renewal have been working very closely with us on our widening participation strategy and how they can link in to that. For example, for areas of multiple deprivation, a package of measures could go into determining how people can get pathways into further and higher education.

The Chairperson:

We understand the issue about research for higher education facilities. We have talked about maximising framework 7 and getting more from Europe. It is generally agreed that we would like to do that. However, I close by reiterating our emerging concern — sorry, I should have said it is my concern; my colleagues can decide whether they agree with me — that, as the debate moves on, the student experience and teaching experience and the provision of skills to

participate in our employment sector should not suffer. That is an area that we are beginning to get a bit concerned about. We need to make sure that we do not end up as the poor relations to anybody and that whatever money we have available is used appropriately to make sure that our young people have the skills that our industry requires.

Mr Devitt:

Let me give the Committee some reassurance on that point. The Quality Assurance Agency for Higher Education is the body that examines the quality of higher education across the United Kingdom. Recently, it put forward proposals for the development of what are called key information sets. Those will be a series of metrics around the student experience, such as what salary levels graduates can expect, how many contact hours there will be and other things of relevance. Northern Ireland is going to be part of that. Our students will get the same level of information as students in other parts of the United Kingdom. That may help to alleviate some of the concerns around the possibility of any dilution of the student experience.

The Chairperson:

It seems to me that we may need to look at some form of contract of relationship between students and those who provide services to them. I note that some of our institutions have slipped down the scale over a number of years in ‘The Guardian’ review of student experience. That is regrettable and a trend that we want to see reversed. The Department may consider how we can ensure that — for those who depend on them — our institutions are not just research orientated. Our employers and students should be happy. I am sure that you will take on board those comments. There are no other comments, so thank you very much.

Are members agreed that the Hansard report of this briefing will be our submission to the consultation?

Members indicated assent.