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Cylchlythyr

Circular

Consultation on the principles to manage full-time undergraduate student numbers from 2011/12

Date: 22 July 2010
Reference: W10/26HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education colleges in Wales
Copy to: Principals of other further education colleges in Wales
Response by: **2 September 2010**
Responses to: Leanne Holborn, leanne.holborn@hefcw.ac.uk
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This circular sets out for consultation the principles to manage full-time undergraduate student numbers from 2011/12.

The proposals respond to the Welsh Assembly's remit requirement that the Council should take the necessary measures to ensure that institutions minimise the recruitment of students beyond agreed numbers.

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Introduction

1. This circular sets out for consultation principles to manage full-time undergraduate (UG) student numbers from 2011/12, following the 2010-11 Remit Letter request that the Council should take the necessary measures to ensure that institutions minimise the recruitment of students beyond agreed numbers.
2. Responses are invited by 2 September 2010. Any responses received after this deadline will not be considered.

Background

3. Institutions will be aware that the prospect of establishing a ceiling on full-time UG student numbers was first identified in the 2005/06 institutions' *Financial Memorandum part 2: Annual schedule for the financial period 1 August 2005 to 31 July 2006* which outlined the funding and associated funded numbers for the academic year 2005/2006.
4. This alerted institutions that the demand led nature of the student finance budget could well result in financial implications for the Assembly Government budget arising from recruitment of full-time students over and above HEFCW funded places. At this point, the Assembly Government sought to explore how to move towards an agreed mechanism by which there might be collective management of the risks, and asked us to discuss the issue with Higher Education Wales and prepare advice on the matter. In advance of any conclusions being reached, institutions were asked to bear these developments in mind when recruiting students and act with appropriate prudence.
5. These initial discussions led to Circular W06/26HE (Annex A) which informed the sector that, although there would be no specific ceiling on recruitment for FT UG students, there was an expectation that institutions would continue to act prudently in respect of future recruitment patterns. This expectation has been reiterated annually in the institutions' *Financial Memorandum part 2* and in the Recurrent Grant circular.
6. Where individual institutions have appeared not to be heeding this advice in their recruitment, or in their forecasting, we have raised this in our feedback on strategic plans since 2005/06.

Remit Letter 2010-11 and Ministerial Statement

7. From 2010-11 the Council has been remitted to take the necessary measures to ensure that institutions minimise the recruitment of students beyond agreed numbers. In the light of that remit letter request, and pending discussions with Welsh Assembly Government officials to determine a

suitable mechanism to apply from 2011/12, we issued circular W10/11HE, *Establishment of a ceiling in full-time undergraduate student numbers from 2011/12*. This stated our intention to consult the sector and seek views on a proposed mechanism for managing numbers.

8. On 14 July 2010, the Minister for Children, Education and Lifelong Learning announced that he had approved the introduction of measures to manage full time UG student numbers from the 2011/12 academic year. His officials have written to HEFCW's Chief Executive indicating that Ministers will need to pass on any additional pressure on the Student Finance budget incurred as a result of the over recruitment of students in any given year, by a readjustment to HEFCW's grant in future years. It has also been clarified that the Minister wishes us to use 2008/09 data as the baseline and to continue to introduce positive interventions to promote national strategic priorities.
9. Working closely with WAG colleagues we have now established proposed principles surrounding the operation of the control, in terms of the baseline information to be used, the level of tolerance that will be applied and the level of penalty.

Baseline

10. The first element of proposing a method to manage student numbers requires us to establish a baseline for 2011/12 numbers against which actual numbers can be compared.
11. We propose that any control is based on:
 - full-time student numbers (not credit values),
 - fundable students,
 - undergraduate level only,
 - new entrants only (i.e. student year=1, not necessarily course year=1)
12. As recalled above, institutions were first alerted to the possible need to control numbers in 2005/06. Although there has been no general funded growth in the sector since then we recognise that there has, in fact, been limited fees-only growth. We propose, therefore, to use full-time UG student numbers in 2008/09 (the most up to date HESA figures available) as the baseline for the sector as a whole. In order to translate that into student number targets for individual institutions we propose to take into account the growth of **fees only** new entrants for each institution relative to the trajectory of growth for the sector as a whole. This will mean that the consequences of the control will be felt most acutely by those institutions which were least careful to heed the warnings to be cautious in recruitment.

Level of tolerance

13. We recognise that the admissions process lacks precise predictability. Within any institutional ceiling set, therefore, we consider it reasonable to have an element of tolerance. Given the need for tight control of the financial impact of over-recruitment, the scope for such tolerance is, however, limited. We envisage, therefore, setting this level at 1%, which would be consistent with existing practice over under-recruitment.

Level of penalty

14. Although the financial demands placed on the Student Finance budget vary with each individual student, it is impractical to reflect this variability in setting a penalty for over-recruitment. We will, instead, establish a standard penalty which will apply uniformly. The level of penalty for recruitment beyond agreed levels by individual institutions will be set in the light of guidance from the Welsh Assembly Government. This has not yet been finalised, and is likely to vary year on year, but is expected to be between £3k and £5k per student recruited in excess of the agreed level by each institution. It is expected that this figure will be based on the average cost to government of the student support arrangements, i.e. the cost of fee support and loan subsidies. The level will take into account the proportion of the full-time UG student population which is Welsh domiciled.

Sector consultation

15. As set out in paragraph 1 above, the purpose of this circular is to seek sector views on the principles set out in paragraphs 11 to 14. We invite comments, which will inform the final mechanisms to manage student numbers from 2011/12, to be returned to us by 2 September 2010. We are conscious that the admissions cycle for 2011 entry commences imminently and that a swift resolution to these developments is imperative. Given the extremely tight timescales in developing this mechanism, we cannot agree any consultation extensions. Any responses received after the return date will not be taken into account.
16. We expect to issue final guidance by 30 September, 2010.

Involving our stakeholders

17. We are committed to making equality a core issue in developing and implementing policies and services, and evaluating and refining those approaches to advance the equality agenda. We have a legal responsibility to assess the impact of our policies on equality groups, and to set out how we will monitor or address any possible negative impact. An equality impact assessment (EIA) should improve HEFCW's work by

making sure we do not discriminate in our services, functions, policies and employment and ensuring, where possible, we do all we can to promote equality and good relations between different groups. It also helps us when drafting policies to carefully consider the likely impact of our work and take action to improve it and ensure that, as far as possible, we eliminate any negative consequences.

18. We recognise that the involvement of disabled people is critical to the success of our work and that the Disability Discrimination Act specifically requires us to go beyond merely consulting disabled stakeholders. If you are disabled or have experience working with disabled people in the sector and would like to be more actively involved in our policy making process – from providing feedback or contributing to equality impact assessments – please contact us at equality@hefcw.ac.uk to be added to our stakeholder database. Any information is stored safely and confidentially and will not be shared with institutions or third parties.

Further information

19. For further information, contact Leanne Holborn (tel. 029 2068 2259; email leanne.holborn@hefcw.ac.uk).