

## Cylchlythyr | Circular

# Strategic Reallocation of Student Numbers 2013/14 - Outcomes

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**To:** Heads of higher education institutions in Wales  
Principals of directly-funded further education colleges in Wales  
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This circular announces the outcomes of the Strategic Reallocation of Student Numbers 2013/14, and using the institutional responses to *W12/03HE Strategic Reallocation of Student Numbers 2013/14*, provides institutions with their maximum student numbers for FT UG and PGCE in 2013/14. It also provides confirmation of the final 2012/13 maximum student numbers.

If you require this document in an alternative accessible format, please telephone us on (029) 2068 2225 or email [info@hefcw.ac.uk](mailto:info@hefcw.ac.uk).



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## 1 Background

- 1.1 In January 2012, *W12/03HE Strategic Reallocation of Student Numbers 2013/14* explained that the new fees arrangements for FT UG and PGCE students in Wales would, on reasonable assumptions, increase the total funding available to higher education in Wales but that they were likely to result in a significant redistribution of resources across the sector. Unless adjustments were made, they would also result in a substantial proportion of HEFCW's budget being expended on fee grants for Welsh and EU domiciled students, with increasingly limited funding remaining for the Public Investment Fund (PIF) in AY 2013/14 and onwards. The consequence of these changes would be a seriously reduced capacity to respond to some key Welsh Government policy priorities for higher education.
- 1.2 This circular reports the outcomes of a two stage process of reallocation of student numbers in the sector in 2013/14, determined on the basis of contribution to *For our Future (FoF)* targets and the level of average fee, which has been designed to mitigate some of the unintended consequences of the new fees regime.

## 2 The Strategic Reallocation Process – Principles and Purposes

- 2.1 Circular W12/03HE outlined the purposes and principles of an approach to reallocate student numbers. In broad outline, these were as follows (in equal order of importance):
- Encouraging institutions to reduce the level of their fees, in order to reduce the overall fee grant obligation to HEFCW for Welsh domiciled and EU students studying in Wales, enabling HEFCW to retain a viable level of funding that can be used strategically to support *FoF* priorities. It should be noted that any savings may still not lead to any funding being available for PIF; it may simply manage the cost of the fee grant while retaining funding levels for other budget lines, such as Quality Research (QR).
  - Whilst supporting the reduction in fees of some institutions, ensuring no disadvantage to those institutions whose UK and international market position would imply retention of the highest rate of fees.
  - Ensuring that the “core and margin” approach does not enable some institutions to benefit substantially to the detriment of others, relative to the current situation. The intention is not reallocation of funding except insofar as it is necessary to re-balance the distribution of additional income available to the sector in order to

counteract the unintended consequences of the new tuition fees regime.

2.2 The parameters for the approach are restated below for ease of reference.

- 100% of new entrant FT UG and PGCE student numbers for non-STEM and non-priority subjects to be top-sliced for reallocation,
- 50% of top-sliced numbers to be allocated back to institutions on the basis of those *FoF* priorities not covered by fee plans, weighted 3:1 in favour of:

*M10 - The annual percentage growth in income from Research Councils, from its 2008/09 base of 4.8% of the UK total, will be equal to, or greater than, the comparable figure for UK higher education institutions (excluding the 'golden triangle' of Oxford, Cambridge and London); and*

*M11 - At least 75% of the Welsh higher education institutions will have an annual income in excess of the UK median (36% in 2008/09), with no institution to be in the lower quartile by 2012/13 (4 in 2008/09).*

- 50% of the top-sliced student numbers to be reallocated to those institutions which reduce their average fee to £7.5k or below,
- The maximum percentage of student numbers that can be recovered for each institution by reducing their average fee is 130%.

2.3 The circular, as well as outlining the purpose, principles and parameters, also provided institutions with the outcome of the first part of the process. This showed how many numbers were top-sliced and how many each institution would recover from the allocation against *FoF* targets. This provided institutions with as much information as possible to help inform their decision about whether they should reduce their fees and subsequently be awarded top-sliced numbers back through that part of the exercise.

2.4 The circular contained an expression of interest form for institutions to inform us of their intentions and to confirm their commitment to the approach for three years. Those expressions of interest have been received and the results collated, enabling sight of the overall outcome for the sector of the individual decisions.

### 3 Outcomes

- 3.1 Annex A summarises the outcome of the exercise. Five institutions gain student places from the exercise while 5 have had their numbers reduced. We estimate that the exercise will make around £66m available for Public Investment Fund (PIF) allocation in 2013/14.
- 3.2 Although the reallocations depend in part on the proposed fee levels at universities in Wales in 2013/14, (alongside performance against the specified *For our Future* targets) this circular does not pre-empt or pre-judge the submission and approval of institutional fee plans for 2013/14 or the publication of fee levels by institutions for 2013/14. It is for individual institutions to choose themselves whether or not to disclose their intentions now. HEFCW has statutory powers in relation to institutions being able to charge above the basic fee of £4,000 which will be subject to a separate process of fee plan approval for 2013/14.
- 3.3 The purpose of this process is to correct some unintended consequences of the new fees and funding arrangements. We have made clear that, in making those corrections, we wish to avoid any further unintended consequences. Accordingly, we have had extensive dialogue with several universities over the implications of this reallocation of student numbers. As a result, we have made the following adjustments:
- 3.4 Cardiff University, who were to be awarded an additional 130 places at £9k as part of this strategic reallocation process, have opted to relinquish 67 places as they do not wish to increase student numbers significantly.
- 3.5 Recognising the advanced state of the proposed merger between the University of Wales Trinity Saint David and Swansea Metropolitan University, the further establishment of the Dual Sector University with FE partners, the accord of the merger with Welsh Government and HEFCW policy, and the state already reached before our January circular over assumptions about the distribution of student numbers, we have allocated 200 additional new entrant student numbers to this emerging new university.
- 3.6 We will source these student places from the reduction in ITT (QTS) places in 2012/13 which we did not reallocate for 2012/13 but decided to use for more strategic purposes in 2013/14, and from numbers released by Cardiff. These additional places are conditional on the achievement of a range of measures associated with the reconfiguration in south west Wales.
- 3.7 Recognising the need to preserve the competitiveness of the only conservatoire level provision in Wales, and the high cost of such

provision, we have removed the conservatoire level numbers at the Royal Welsh College of Music and Drama from the calculation of average fees at the University of Glamorgan.

- 3.8 In the view of the Council, no other institution presented a sufficiently strong strategic case, taking into account both the *FoF* performance element and the fee level, as well as the overall purpose of this exercise, to support an adjustment. We are willing, though, to engage actively with any institution that sees further issues in order to explore the options available for addressing those issues, including facilitating any inter-institutional transfers of numbers that may be appropriate if any institution feels unable to recruit (or to recruit fast enough) to its new numbers, or does not wish to grow.
- 3.9 **Some of the institutions that have agreed to lower their fees have said that they reserve the right to reverse their decision. To protect other institutions from the consequences of any such change of mind, we wish to be clear that if any institution that has undertaken to lower its average fee to £7,500 or less were to reverse this decision, any numbers allocated to them through this strategic reallocation process would be taken back and reallocated elsewhere in the sector.**

#### **4 Maximum Student Numbers 2013/14**

- 4.1 For 2013/14, the maximum student number will be based on both new entrants in 2013/14 and students who were new entrants in 2012/13 and progress to their second year at the institution in 2013/14. This means that in 2013/14 the maximum number relates to both cohorts under the new fee regime in 2013/14.
- 4.2 For HEIs, the new entrant part of the 2013/14 maximum number has been calculated as a result of the strategic reallocation exercise. The expected number from the 2012/13 cohort in their second year at the institution in 2013/14 is calculated by applying a conversion rate to the 2012/13 final maximum number of new entrants. We confirm that the 2012/13 maximum number remains as published in W12/03HE and is shown in Annex A. The conversion rate for each HEI has been calculated using the ratio of numbers of students in their second year at the institution in 2010/11 to the number of new entrants in 2009/10. This takes into account courses that only last one year, such as PGCEs, and students who drop out between years. HEIs have had the opportunity to verify the conversion rates used and any changes made at verification have been included. The maximum student numbers for 2013/14, including both new entrants and students in their second year, are also shown at Annex A.

- 4.3 Further education institutions were not included in the strategic reallocation exercise, therefore, 2013/14 maximum student numbers will be notified to directly-funded FEIs at a later date.

*Monitoring recruitment and level of tolerance*

- 4.4 Monitoring will be done on an overall basis. That is, recruitment of completed HEFCW-fundable full-time undergraduate and PGCE students in their first and second year at the institution will be compared to the maximum student number to determine whether an institution has over-recruited. As for 2012/13 and 2011/12, there will be a 2% tolerance on recruitment to the maximum number, rounded to the nearest whole number, or one student, whichever is greater.
- 4.5 If recruitment above the maximum number is over the tolerance level, we will examine whether the institution has improved retention both within year and between years to see if this accounts for the over-recruitment. This is to acknowledge the fact that improved retention leads to additional completions without additional recruitment.
- 4.6 We will not take account of any changes in course length in determining over-recruitment against the maximum number. Any additional cohorts of students that result from course length changes will be included in the monitoring of the maximum student number and institutions will be expected to manage this accordingly. This is unlikely to have an impact for 2013/14 as only two cohorts of students are included, though institutions should bear this in mind for future years when further cohorts are added to the maximum number.
- 4.7 Final monitoring of recruitment against the maximum student number and investigation of retention rates will be carried out using Higher Education Statistics Agency (HESA) and WG's Lifelong Learning Wales Record (LLWR) data that are available at the end of the 2013/14 academic year. Initial monitoring will be carried out using Student Loans Company (SLC) and Higher Education Early Statistics (HESES) survey data, in early 2014. See also paragraph 4.13.
- 4.8 2013/14 HESA and LLWR data used in monitoring will be sent to institutions for verification, in early 2015. Institutions will be allowed to make amendments to the number used for monitoring, though details of any proposed amendments and the reasons why the data are incorrect, or why HEFCW's data extraction is incorrectly counting or not counting students, must be given to HEFCW and any changes made will have to be approved by HEFCW. Guidance on monitoring, including the criteria used to extract data can be found in Annex C of circular W11/41HE.

- 4.9 A change has been made to the criteria used to extract data used for monitoring recruitment against the maximum student number for 2012/13 onwards. The extraction will no longer include graduate diplomas where a first degree is a requirement for entry. These will be identified using a course aim of H61 on the HESA student record. The reason for this change is that this qualification is excluded from the list of designated courses for the purposes of student support. No adjustment will be made to the maximum number to take account of this change as there were very few enrolments on these courses in the baseline year of 2008/09.
- 4.10 Institutions are reminded that data used to monitor the maximum student number are subject to audit.
- 4.11 We are also still considering monitoring recruitment to certain subject areas separately within the maximum number (see circular W11/41HE, paragraph 18).

#### *Monitoring of average fee levels*

- 4.12 Where institutions have agreed that their average fee will be at or below £7,500 for 2013/14, we will monitor the average fee level to ensure that this is the case. This will be done using data from the Student Loans Company (SLC) and from the HESA student record or LLWR, using data for cohorts starting in both 2013/14 and 2012/13. In calculating the average fee, Conservatoire performance element students at University of Glamorgan will not be included.

#### *Penalty arrangements*

- 4.13 The penalty arrangements for 2013/14 will be the same as for 2012/13, as outlined in circular W11/41HE. Essentially, for 2012/13 onwards, any reduction to our grant by WG as a result of over-recruitment will be applied to the PIF allocations by reducing individual institutions' allocations pro rata to the level of over-recruitment. In addition to any financial penalty applied to PIF funding, penalties will also include a reduction in the following year's maximum student number, at an institutional level. This means that over-recruitment in 2012/13 could result in an adjustment to the 2013/14 maximum student numbers.
- 4.14 Penalties will be applied based on initial monitoring and adjusted if necessary at final monitoring when final recruitment figures and any improvements in retention rates will be known.
- 4.15 If monitoring shows that institutions that have agreed to an average fee of £7,500 or below for 2013/14 have not complied with this decision, then

numbers allocated through strategic reallocation will be taken back and reallocated to other HEIs in the sector. See paragraph 3.9.

- 4.16 Institutions are reminded that movements of maximum numbers can be made between institutions as outlined in paragraph 3.8. Any movements between institutions need to be discussed and approved by HEFCW prior to monitoring taking place. The movements must be on a cost neutral basis, e.g. if numbers at an institution with an average fee level of £7,500 moves numbers to an institution with a fee level of £9,000, then the numbers being moved would be reduced.
- 4.17 Institutions are also reminded that as fee plans contain commitments to operate within the maximum student number, ultimately sanctions for over-recruitment could result in a decision by HEFCW to not allow the institution to charge a fee over the basic amount because of its breach of the fee plan.

**Annex A**

**Outcome of strategic reallocation of student numbers**

**2013/14 maximum number of completed HEFCW fundable full-time undergraduate and PGCE students (new entrants and students in their second year at the institution)**

Institution	2012/13 maximum student number (HEFCW-fundable completed FT UG and PGCE new entrants)	Number topsliced	Number reallocated according to FoF priorities	Number reallocated for average fee level at or below £7,500	Additional numbers and numbers moved between institutions	2013/14 maximum student number - new entrants	Change in new entrants compared to 2012/13	2013/14 maximum number - students in their second year at the institution <sup>1</sup>	2013/14 total maximum student number
University of Glamorgan	4,121	2,146	572	2,385	0	4,932	811	3,144	8,076
Aberystwyth University	2,489	1,298	785	0	0	1,976	-513	2,077	4,053
Bangor University	2,111	782	581	0	0	1,910	-201	1,769	3,679
Cardiff University	4,486	2,234	2,364	0	-67	4,549	63	4,069	8,618
University of Wales Trinity Saint David	1,075	791	177	343	200	1,004	-71	853	1,857
Swansea University	2,548	1,180	906	0	0	2,274	-274	2,360	4,634
Cardiff Metropolitan University	2,818	1,632	356	1,432	0	2,975	157	1,966	4,941
University of Wales, Newport	1,520	1,052	176	565	0	1,209	-311	1,107	2,316
Glyndŵr University	1,118	621	133	600	0	1,230	112	734	1,964
Swansea Metropolitan University	1,794	951	293	1,018	0	2,154	360	999	3,153
Bridgend College <sup>2</sup>	18								
Coleg Sir Gâr <sup>2</sup>	101								
Coleg Llandrillo Cymru <sup>2</sup>	235								
Neath Port Talbot College <sup>2</sup>	11								
<b>Total</b>	<b>24,445</b>	<b>12,687</b>	<b>6,344</b>	<b>6,344</b>	<b>133</b>	<b>24,213</b>	<b>133</b>	<b>19,078</b>	<b>43,291</b>

Notes:

<sup>1</sup> Numbers of students progressing to a second year at the institution in 2013/14 have been calculated using a conversion rate applied to new entrants in 2012/13. This will reflect both students on one year courses (e.g. PGCE courses) who are not expected to progress to a second year and drop out between years.

<sup>2</sup> 2013/14 numbers for further education institutions are not shown here as they were not part of the reallocation process. 2013/14 numbers for FEIs will be notified at a later date.