

Cylchlythyr | Circular

Fee planning proposals– consultation outcomes

Date: 10 April 2013
Reference: W13/10HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education colleges in Wales
Response by: No response required
Contact: Name: Leanne Holborn
Telephone: 029 2068 2259
Email: leanne.holborn@hefcw.ac.uk

This circular provides the outcomes of the fee planning 2014/15 consultation (W13/01HE) and provides a set of agreed principles as a result of those outcomes.

The circular informs the sector that the new fee planning process will be effective from 2015/16, not 2014/15 as previously anticipated.

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



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

Introduction

- 1 This circular provides the outcomes of the fee planning 2014/15 consultation circular W13/01HE -*Consultation – high level proposals for fee planning from 2014/15*. Eleven responses were received in total and the summary of those responses is included at Annex A.

Background

2. Since 2007/08 institutions in Wales have been allowed to charge variable fees capped at a level per student in the region of £3,000 per annum. This level matched that charged in both England and Northern Ireland. In Wales, only institutions which submitted an acceptable five year fee plan to HEFCW were permitted to charge this higher fee level.
3. The Browne Review of Higher Education, published in October 2010, advocated an end to capping of fees at this level in England. Subsequently in December 2010 the decision was taken in England to allow institutions to raise fees to a maximum of £9,000 per annum subject to approval of a satisfactory access agreement by OFFA.
4. In November 2010 the then Minister for Children, Education and Lifelong Learning in Wales, in responding to the Browne Review of Higher Education in England, announced that from 2012/13 Welsh institutions would be allowed to charge fees up to a maximum of £9,000 for full time undergraduate or PGCE courses. In February 2011 the Minister confirmed that the basic rate of fees that could be charged in Wales would be £4,000. Any institution wishing to charge above this basic rate would be required to submit an acceptable Fee Plan to HEFCW.
5. As a result fee legislation was put in place and HEFCW issued “Fee Plan Guidance” circulars in 2011 ([W11/14HE](#)) and in 2012 ([W12/15HE](#)), which provided guidance to Welsh institutions who wished to charge above the basic fee rate of £4,000 in 2012/13 and 2013/14 respectively, for UK and EU full time undergraduate courses and those postgraduate courses, such as PGCEs, that were subject to regulated undergraduate fees. Those institutions were required to submit a one year fee plan detailing the additional investment they would make in support of equality of opportunity and the promotion of higher education, and the objectives they would set to secure those outcomes. Fee plan monitoring would take place retrospectively.

The Consultation

6. Reflecting on the fee plan process for 2012/13 and 2013/14, we became aware of some issues that needed to be addressed, and improvements to be made, moving forward into the 14/15 fee plans. Although the list was not exhaustive, we identified these as –

- The need for better alignment of the fee planning process with the new HEFCW Corporate Strategy to 2016;
 - Given the decreasing HEFCW funding available to support Welsh Government policy, the need to maximise the use of the fee plan as a lever for the delivery of policy;
 - The need to address the time gap between agreement of the plan and the assessment of its effectiveness, in order to improve its role as a lever for delivery;
 - The need to align the fee plan with the institutional sub-strategies (and associated targets) covering the fee plan areas;
 - Given the reduction in funding available for those strategies, a requirement for a more direct link to the fee plan, providing a lever for policy and to help to give the fee plan a strategic context;
 - The need to build in the work HEFCW officers do in assessing institutional forecasts against corporate strategy targets, and monitoring performance (which feeds in to the fee planning process).
7. As a result of the identification of these issues, we compiled a set of proposals for fee planning from 2014/15 and published a consultation circular, taking account of additional discussion with Welsh Government officials and NUS Wales.
8. As part of those discussions both the WG and NUS endorsed our direction of travel and the WG suggested that we seek legal advice on the precise nature of the corporate strategy targets that could be included in the fee plan process.

Recommendations

9. As noted above, a summary of the responses to the consultation is attached at Annex A. A number of the responses, including that from Higher Education Wales on behalf of the sector, asked that we delay the implementation of the new arrangements until 2015/16 to allow further time for consideration and the process of implementation. In response to these concerns, and the need for additional time to obtain the necessary legal advice, as well as to take account of specific advice from Welsh Government officials on the content of fee plans (eg in relation to the mental health strategy, *Together for Health* and other steers), **it has been decided that the new fee plan process, based on the corporate strategy targets as a framework, will be delayed until 2015/16.** However when the new fee plan process does come into operation in 2015/16 there are a number of principles which have now been agreed. These are listed below-

- A new fee plan process will be in place from 15/16, using HEFCW corporate strategy targets as a framework to secure national outcomes and to ensure consistency, but also recognising the diversity and uniqueness of individual institutions.
- Targets will be set in conjunction with individual institutions, recognising their diverse missions and their different contributions to the overall sector outcomes.
- Negotiation will take place with individual institutions should the targets proposed be perceived as unambitious, and a rationale provided should HEFCW feel individual targets could be adjusted.
- Fee plans may also include other institutional performance measures as the institutions wish. These measures will be used to provide context in the plans and will be included in the feedback but their success will not contribute to the overall assessment of the plan achievement.
- Higher Education Students Early Statistics (HESES) will be used to provide early indicators of success where appropriate, robust and reliable, but will not be redesigned in order to fit the fee plan process more fully.
- HEFCW will conduct early and on-going dialogue with institutions as appropriate, during the duration of the plan.
- Assessment of a plan will be based on a number of criteria that will be published in the fee plan guidance, prior to fee plan submission.
- These criteria will need to be developed but may involve –
 - Setting a level of achievement in the full range of targets included (e.g. 80%) above which an institution would be deemed to have succeeded in its plan;
 - Recognising that where a sector target is met, individual institutions' contribution to that target would not be part of the assessment;
 - Identifying those targets which are noted as more challenging for a particular institution and weighting its performance to take account of this;
 - Taking account of areas where targets are exceeded and allowing that to inform the assessment of individual institutions' overall performance;
 - Allowing a tolerance level for each institution's performance against each target;
 - Where a target is not met, taking account of the direction of the trajectory of performance

Next steps

10. In terms of the process to be followed for 2014/15, a fee plan guidance circular will be issued, as planned, in April. As the Welsh Government has confirmed that there are no changes to their HEFCW guidance document, we expect the fee plan guidance to be broadly the same as issued for 2013/14 plans. The timetable for consideration of those plans will be laid out in that circular.
11. The new fee planning process for 15/16 will be finalised on receipt of acceptable legal advice and confirmation of corporate strategy targets by the Welsh Government as well as further consultation with the sector. We would expect that the 2015/16 guidance (to be issued in April 2014) will be based on the new framework.

Further information

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

Assessing the impact of our policies

- 13 We will be carrying out an equality impact assessment of the new fee plan process to help safeguard against discrimination and promote equality. We will also consider the impact of policies on the Welsh language, Welsh language provision within the HE sector in Wales, and the contribution to sustainable development (economic, social, and environmental) together with any specific contribution to Education for Sustainable Development and Global Citizenship. Contact equality@hefcw.ac.uk for more information about EIAs.

W13/01HE Consultation – High Level Proposal for Fee Planning from 2014/15

11 responses were received – 7 from individual HEIs, 1 joint for HEIs, 1 from a FEI and 2 from “other” bodies.

Question 1 – *Are there any other high level issues with the current process that need to be addressed as we move into fee planning for 2014/15?*

The responses generally supported the proposed alignment of HEFCW processes but there was much mention of the scope of HEFCW’s legal powers to move in the proposed fee plan direction. Linked to this it was recognised that there was still a more general discussion to take place about the future role of HEFCW. *(The sector have been informed that we have checked our statutory position with WG who are comfortable, and legal advice is being sought regarding the scope of targets to be used in the fee planning process)*

Responses displayed a greater need for clarity about how the corporate strategy targets would be used with adequate recognition of the diversity in the sector and the individual institutions’ missions.

It was clear that the sector were also anxious that any developments considered the economic and political climate, recognising that any new strategy for HE would have implications for the corporate strategy and associated targets. This associated with concern at the length of time and level of consultation with the sector, has prompted some call for delay in introducing the new fee plan process until 2015/16, which would be expected, given HEFCW’s intention to use the fee plan as a stronger strategic driver. However, the sector does recognise the time pressures and accepted all the identified issues with the “old” fee planning process.

Question 2 - *Do you think that the fee plan should cover a two year period or can you see any unintended consequences from such a move?*

There was universal support for moving to a longer term fee plan as long as institutions had the potential to update their targets annually. It was noted that this move will avoid the undue focus on annual progress.

It was cautioned however, that the 14/15 and 15/16 process will end as the current government term ends and we should ensure that there is no hiatus in planning processes during that time.

In the future, much of the sector would welcome a move to a three year fee planning cycle.

Question 3 - *Can you see any problems or unintended consequences from focussing the fee plan and approvals process only on the student-focussed corporate strategy targets as opposed to developing new measures for each institution?*

The responses to this question centred on the need for HEFCW to recognise and factor in the diversity of the sector and the differing contributions that each institution could make to every target. There was also concern that moving in this direction lost sight of the original intention of fee plans to provide confidence to the student body of worthwhile investment in the additional fee income.

Many of the responses registered that the fear of having a subsequent plan rejected, could result in setting very unambitious targets to ensure success.

In terms of the use of the targets to be included, there was concern that some of the “student-focussed” targets were still inappropriate for inclusion (e.g. PT and overseas targets) as the additional fee income was not attributable to those groups of students.

There was a clear preference to include other “indicators” in the plan, not necessarily for overall approval or rejection but in order to provide additional context during those processes. The public-facing nature of the plans was also noted and it was clear that the plans would have to be presented in a meaningful way to all audiences without fear of misinterpretation of the data.

The point was also made that fee plans cannot be devised with corporate strategy targets until those targets have been endorsed by the WG.

Question 4 - *Can you see any problems or unintended consequences of using HESES to collect early data against the fee plan targets, or can you suggest any alternative way of giving an early indication of progress?*

The overwhelming majority of the respondents were content to use early data to aid dialogue as long as it was robust and reliable. There were reservations about the value of HESES estimation in its current form, which would only cover a sub-set of the target areas, but it was also clear that major changes to HESES would not be welcomed given the perceived burden on the sector workload.

There was one suggestion to use IRIS data as an early indicator, but it also noted during the seminar that this data would be retrospective and not current year information.

Question 5 - *What would be an appropriate mechanism for assessing the balance of institutional performance against the fee plan (corporate strategy) targets?*

There was complete agreement that any assessment process would need to recognise a range of factors –

- diversity of mission,
- geography,
- institutional contextual information,
- changes in wider educational environment,
- economic climate

No respondent felt that failure of one target should mean failure of plan and it was agreed that there was a need for a comprehensive approach which looked at the overall performance of institution.

Any criteria set to measure success should be published with the fee plan guidance to ensure transparency and HEFCW may wish to develop some kind of grouping or weighting of targets to assist in determining overall success or otherwise.

Some institutions were concerned about year on year fluctuations in performance and were keen that contextual information be included to explain this volatility.

Some suggestions for the criteria for assessment were provided:

- Set a margin for assessment of delivery against target.
- Institutions failing a small number by a small amount should not need assessment.
- If a sector target is being met overall, the failure of an individual institution to meet their target in that area should not need to be assessed unless HEFCW has significant concerns about overall performance or if a significant number of their targets are not being met.
- HEFCW needs to consider the general trajectory and not focus on a one year “blip.”

- HEFCW should consider a transparent scoring method for initial assessment and assessing performance, which would allow for comparability across sector.

Fee Plan Structure suggestions

There was very limited response in this area although there was an endorsement for Section 3 (Description of bursaries or other expenditure of the fee income) be divided in Corporate Strategy themes to ensure greater alignment and another respondent suggested that the structure should mirror Section 4 of the statutory instrument.