

[National Assembly for Wales](#)

[Finance Committee](#)

Fin(4)-HEF05

[Inquiry into Higher Education Funding](#)

Evidence from The National Union of Students

# Response to the Finance Committee's inquiry into Higher Education Funding in Wales

# Overview

The National Union of Students (NUS) Wales welcomes the opportunity to respond to the Finance Committee's inquiry into Higher Education Funding in Wales. NUS Wales is a confederation of students' unions representing more than 300,000 students in the nation. As the only representative voice for students in Wales, NUS Wales represents students from all affiliated students' unions in both HE and FE sectors, this includes 8 HE institutions and all Welsh FE Colleges.

NUS Wales exists to promote, defend and extend the rights of students and develop and champion strong students' unions. We fight barriers to education; empower students to shape both a quality learning experience and the world around them; as well as supporting influential, democratic and well-resourced students' unions.

As well as campaigning on behalf of our members, NUS Wales provides a range of training to students' unions including training for full-time offices, part-time officers and staff. We provide support to students' unions to ensure they are able to engage positively with the latest policy developments that affect them.

We provide resources and staff support to students' unions to help strengthen them and enable them to become ever-more effective in their operation. We work with partners across Wales including DfES, HEFCW, HEA and QAA to develop efficient and productive representation structures for students.

In further education, NUS Wales has engaged and trained student governors in every single Welsh FE College and trained class representatives from the majority of FE Colleges. Furthermore, we are developing a National Society of Apprentices to provide representation for those who study in this setting; this endeavour has the backing of the Welsh Government.

The core values of NUS Wales are democracy, equality and collectivism. We believe that student organisations should be student-led and that education is a benefit to the individual and to society.

**NUS Wales would be very keen to expand upon the details of this response in an oral evidence session with the committee where we hope that the impact of fees and student funding, our research into these issues, and our priorities of widening access and flexible learning, could be explored further.**

## Tuition fee income and support

1. What has been the financial effect of the new tuition fee policy, introduced in the 2012/13 academic year, which allows Higher Education Institutions to charge students up to £9,000 per annum for HE courses? What future financial effect is this policy likely to have?

For students and students' unions, there have been a number of financial effects of the new tuition fee policy, many of them not directly related to tuition fees. The introduction of fee plans, in an effort to lever the funding that is now following the student rather than being allocated through HEFCW, has meant that students' unions have had to become adept at negotiating with their institutions to ensure that student priorities are funded through the fee plan. Those providers that have a significant amount of part-time provision have also seen their income from part-time provision negatively impacted by the new funding as there has been a net transfer of resource from part-time to full-time study.

We believe that the future financial effect of this policy would be an increasing focus of finance and resource around one mode of study in Wales. We feel this would have a detrimental effect on the skills agenda in Wales by hampering the provision of flexible learning opportunities, for example for those who wish to study while they work or retrain.

2. Does the new tuition fee policy create a greater or lesser level of financial uncertainty for Higher Education Institutions? Please explain your answer.

We believe that the tuition fee policy does create a greater level of financial uncertainty for higher education institutions as a significant amount of higher education funding is now student-led rather than allocated. This, coupled with the increasing importance of cross-border flow and the potential impact of Westminster policies such as ABB recruitment, makes it difficult for institutions to predict what their future finances will be.

From a wider perspective, the delay in an introduction of an updated funding regime for part-time students means that there is a considerable amount of uncertainty over the current financial sustainability of flexible and part-time provision. We welcome the planned introduction of part-time loans in 2014/15, but it is worth noting that this policy can only be seen as a temporary measure as it does nothing to counteract the way that providers are not currently incentivised to prioritise or promote part-time provision.

We also feel that it is important to recognise that the tuition fee policy does not just create uncertainty for higher education institutions but also for further education institutions. In many ways FEIs are at the forefront of widening access, often having geographically accessible provision and smaller class sizes. Further education institutions also have a higher proportion of part-time learners and as such are disproportionately affected by the way that part-time funding was not taken into account in the development of the current tuition fee policy.

The uncertainty of the current higher education funding environment has also impacted students' unions in Wales with the elected officers of our members highlighting recruitment and university budgets as being areas of notable concern at their institutions. This has impacted their own efforts to secure the

improvement of the student learning experience and other student opportunities at their institutions.

3. What has been, and is likely to be in the future, the financial implications of the Welsh Government's tuition fee grant?

Now that funding follows the student, including cross-border, there has been difficulty in ensuring that policy priorities are funded and implemented as there is little resource left with which HEFCW can centrally fund projects and initiatives, including those associated with improving the student experience and widening access. This has already been demonstrated through reductions to various funding lines and the predicted further reductions.

The expectation is that fee plans provide a means by which institutions can be directed to fund these activities with their additional fee income, but the effectiveness of this measure is currently unknown. It is also worth considering that, although early indications suggest there have been some really positive developments directly attributable to fee plans<sup>1</sup>, there is now a significant challenge in utilising funding to encourage joined up, strategic developments **across** the sector. Also challenging is that institutions' fee plans are not, currently, underpinned with any effective means of redress by HEFCW should institutions fail to adhere to their targets and spending commitments<sup>2</sup>.

We are also very concerned about the impact that the tuition fee grant and the current fee policy has on part-time provision. The current fee policy simply does not take part-time provision into account. There are some indirect positive aspects to this, for example whereas English part-time students pay £9k fees, Welsh part-time students are not paying higher fees. However, it also means that there is no incentive for higher education providers to prioritise part-time provision given that part-time provision is not as lucrative.

HEFCW has not only missed its target around part-time student numbers but that the number of part-time students in Wales has actually dropped<sup>3</sup>. This suggests Wales is not effectively providing flexible learning opportunities and that consideration must be given to how to ensure we are meeting the needs of all learners in Wales.

4. Does the current funding regime provide effective financial support to students from the lowest income households and is this the most cost effective way of financially supporting this cohort of students?

We do not believe that the current funding regime provides effective financial support to students from the lowest income households. Recent NUS research has found that a third of students have considered leaving their course because of financial worries<sup>4</sup>. If we want to provide effective financial support to students from the lowest income households, it is important to not only consider fee

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<sup>1</sup> For example, Bangor University has agreed to use fee plan income to make all clubs and societies at Bangor free to access for all students.

<sup>2</sup> The only option currently available to HEFCW would be to withdraw a fee plan, this is seen as a 'nuclear option'

<sup>3</sup>

[www.hefcw.ac.uk/documents/publications/circulars/circulars\\_2013/W13%2012HE%20Consultation%20Developing%20the%20HEFCW%20part%20time%20HE%20Action%20Plan.pdf](http://www.hefcw.ac.uk/documents/publications/circulars/circulars_2013/W13%2012HE%20Consultation%20Developing%20the%20HEFCW%20part%20time%20HE%20Action%20Plan.pdf)

<sup>4</sup> [http://www.poundinyourpocket.org.uk/downloads/PIYP\\_Summary\\_Report.pdf](http://www.poundinyourpocket.org.uk/downloads/PIYP_Summary_Report.pdf)

support (and indeed, there is evidence to suggest that tuition fees have a negative impact on participation<sup>5</sup>) but also how a student is enabled to fund living costs.

The current fee policy has created a funding system that leaves limited room for centrally targeting policy priorities through funding, supporting flexible provision or improving maintenance support for students. Therefore, we are concerned that the current funding policy is not one that is well-placed to meet the needs of all Welsh students.

5. What are the financial implications for Wales of subsidising Welsh students who study in Higher Education Institutions outside of Wales?

We recognise that there are of course financial implications for Welsh institutions and the Welsh economy of over £50million leaving Wales through the tuition fee grant, and that this provides an additional pressure on HEFCW's funding lines. We also note that there has been a steady downward trend in the proportion of Welsh students choosing to study in Wales. This is a cause of concern as we believe there is a need to encourage talented Welsh graduates to live in Wales and contribute to the Welsh economy and civic society.

However, higher education funding should be principally concerned with meeting the needs of Welsh students and providing them with the opportunities that they need. We are concerned that limiting the fee grant to those who study in Wales could potentially limit the availability of some opportunities, such as access to subjects not delivered in Wales or institutions with a prominent profile in a particular area, to those students who are willing to take on the additional debt burden.

Limiting the fee grant to students who study in Wales could also potentially lead to there being further caps on Welsh student numbers while institutions were free to recruit an almost unlimited number of English students, thus creating a two-tiered system. In many ways, a less pronounced version of this structure is already in place with the fee grant cap that does effectively limit how many Welsh students universities can recruit. A similar competition for places amongst home students already takes place in Scotland.

We feel strongly that the decision to restrict the current fee policy to students studying in Wales is not a long-term solution but rather a temporary fix for the current policy. If we truly want to meet the needs of Welsh students and the Welsh economy, the entire package needs to be reviewed including, but not limited to, maintenance support and other modes of study such as part-time.

6. How important is the income stream to Welsh Higher Education Institutions from tuition fees received from students domiciled outside Wales including the rest of the UK, European students and overseas students?

The income streams provided by students domiciled outside Wales are becoming increasingly important to Welsh higher education institutions. It is reassuring that amount of English students studying in Wales has been steadily increasing over the past few years. We firmly believe that a diverse student body brings a great range of benefits to Wales and helps promote Welsh higher education across the UK and wider.

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<sup>5</sup> <http://www.ifs.org.uk/wps/wp1117.pdf>

That said, and in reference to our points in the previous question, we must ensure that students are never viewed as 'cash-cows' and are given the same opportunities, access and services as Welsh-domiciled students. Similarly, we must avoid a potentially two-tier recruitment system whereby institutions actively recruit lucrative students domiciled outside Wales to the detriment of important priorities such as widening access.

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