

# The Review of Higher Education Funding and Student Finance Arrangements in Wales

## Final Report - Executive Summary

September 2016

# **Review of Higher Education Funding and Student Finance Arrangements in Wales**

## **Final report – executive summary**

### **Overview**

This document presents the executive summary of the final report from the Review of Higher Education Funding and Student Finance Arrangements in Wales.

### **Further information**

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### **Related documents**

*The Independent Review of Higher Education Funding and Student Finance Arrangements in Wales: Final Report (2016)*

*Independent Review of Higher Education Funding and Student Finance Arrangements in Wales: Interim report (2015)*

# **The Review of Higher Education Funding and Student Finance Arrangements in Wales**

## **Final report – executive summary**

1. This report presents the final recommendations of the Review of Higher Education Funding in Wales that was established by the then Minister for Education and Skills in February 2014. The then Minister announced a set of Terms of Reference and particularly asked the Panel to ensure the report addressed the following areas: widening access; supporting the skill needs of Wales; strengthening part-time and postgraduate provision in Wales; and long-term financial sustainability. The Review Panel proposes a costed package of recommendations for the future funding of higher education in Wales. The package of recommendations comprises interlocking elements that should be seen in their entirety and that require action by each of the Welsh Government, the Higher Education Funding Council for Wales (HEFCW), universities, and other stakeholders.

### **Full-time and part-time undergraduates**

2. At the heart of these recommendations is a re-working of the student support package to move towards a simple system that recognises the holistic costs of higher education (HE) study to students, namely fees and maintenance. The recommendations respond to consistent representations from students that it is maintenance assistance that gives them the flexibility to manage their finances and, for some students, to overcome the real financial challenges associated with a period of higher education study.
3. In contrast to the system in England, in which maintenance support is based on loans, we propose a system consistent with the principle of progressive universalism that has guided policy-making in Wales since devolution. This principle is reflected in a proposed £1,000 non-means-tested Maintenance Grant being made available to all full-time Welsh domiciled undergraduates, together with an income-related Maintenance Grant, that at its maximum level covers fully the term-time living costs of eligible students from the lowest income households. In addition, loans to the level of the maximum grant would be made available to those not eligible for the maximum grant.
4. The Review Panel recommends that maintenance support through a mix of grants and loans be provided to cover the living costs for full-time undergraduate students and that part-time undergraduate students receive support that secures a broader equivalence of support across the two modes of study. Given the context of austerity and fiscal retrenchment in the UK, the recommended improvements to the overall student support package can only be achieved by releasing funds currently used to provide Tuition Fee Grants to full-time undergraduates.
5. The focus of undergraduate support for those studying on a full-time basis therefore moves from the Tuition Fee Grant towards improved maintenance

support arrangements for all full-time and part-time undergraduate students, with the highest level of grant support covering the full cost of maintenance for those who are most in need, with income contingent loans to cover tuition fees. This will support widening access and retention of students from all backgrounds, including those from poorer backgrounds, 'squeezed middle' income families and those either estranged from their parents or whose parents choose not to contribute to their higher education.

6. The Review Panel believes that tuition fees should be paid for via a publicly supported loan system with repayments made only after graduation and contingent on the level of earnings (and at less than the market rate of interest). For those subjects where the cost of teaching is greater than £9,000, it is recommended that Welsh universities receive sufficient income from HEFCW to support the cost of delivering these expensive subjects and that the tuition fee loan should cover current fee levels which are to a maximum of £9,000 and which should apply to all subjects.
7. The Review Panel recommends that the holistic funding system described above should be available for study in Wales, across the UK, and across Europe (subject in the latter case to any implications of the result of the recent referendum on membership of the European Union).
8. The UK Government has announced plans, subject to parliamentary approval, to allow tuition fees at English universities to rise above the current £9,000 level, linked to quality of teaching. We believe that Tuition Fee Loan available to Welsh full-time undergraduates studying in England should be increased to continue to cover the cost of tuition, if fees rise from 2017/18. The same arrangements should apply to Welsh full-time undergraduates studying in Wales, subject to any arrangements being put in place by the Welsh Government and HEFCW regarding fees above £9,000 at institutions in Wales.
9. The Panel believes strongly in the importance of incentivising students to bring or retain their skills to the benefit of Wales. However, there was recognition of the administrative and legal complexities of designing and operating a partial loan cancellation and so the Panel recommends that the Welsh Government consider these complexities and bring forward proposals to incentivise students to work in Wales in the medium term.
10. Part-time HE study is a positive choice that best suits the circumstances of many students. The Review Panel believes that this route to HE should be encouraged, not least as longer working lives and demand for ever higher skills and changing career patterns for individuals have become the norm. The Review Panel recognises the positive aspects of the current part-time funding system in Wales for part-time study and aims to build on them. To promote improved uptake of part-time study in a way that encourages widening access the Review Panel recommends that:
  - Support for living costs for part-time students should be made available. The modest means-tested Course Grant currently available should be

- replaced with maintenance support similar to that recommended for full-time undergraduate students.
- Reflecting the clear evidence that students demand for part-time provision is price sensitive part-time undergraduate student fees will in most cases continue to be charged at a more moderate level of fees so as to ensure that part-time study is not dis-incentivised by prohibitive fee costs.
  - Fee loans should remain available to those studying part-time.
  - The more moderate fee for part-time students should be topped-up with institutional learning and teaching grants for universities and higher education providers, based upon the lower costs to the public purse of fee loans to these students overall given that most are already working.
  - Universities and higher education providers should receive pro-rata top-up payments for high cost subjects for part-time students, as they would do under proposals in respect of full-time students.
  - The overall funding system for part-time students should not be restricted by credit thresholds or prior study.

## **Postgraduate study and postgraduate research**

11. Knowledge-based societies require highly educated employees and it is important that, as with undergraduate education, entry into postgraduate education is based solely on aspiration and ability. In order to remove the financial barrier to taught postgraduate education programmes for Welsh domiciled students and provide a parity of investment across different modes of HE, the Review Panel recommends that postgraduate taught Masters students receive the same level of maintenance and tuition fee support as undergraduate students. The Review Panel also recommends that assessment for support for postgraduate programmes should be undertaken at the time of the start of the programme.
12. To develop a new cadre of researchers in Wales, the Review Panel recommends that Welsh Government funding should be made available to support programmes for postgraduate researchers. We propose scholarships of up to three years duration for 150 research students each year, initially for three years. These scholarships, for both fees and maintenance, should be funded in a three way equal partnership between the Welsh Government, the university in which the research student will be based, and another funder either from the private, public or third sector. The scholarship should, therefore, be free to the individual student and would be in addition to current HEFCW funding for postgraduate research.

## **Students with particular challenges and needs**

13. Our proposals thus far recognise the challenges that many people face in undertaking successfully a course of higher education. We believe that there are three groups of people for whom, by dint of their background or circumstance, the challenges are multiplied, and for these people we propose additional support so that both they, and Wales, can benefit from higher education study. These are those students with experience of care, or who

have received support from social care services; those with a disability; and those who are parents.

14. For those prospective students with experience of care as children we propose that further and higher education providers provide personalised support packages, be prepared both to transfer credits and have the flexibility to permit multiple starts in the academic year. We support the recognition already given to those with experience of care by 'The Children Act 1989 (Higher Education Bursary) (Wales) Regulations 2011' and believe that the funding system we have proposed, together with this HE Bursary, provides a sound basis to support care leavers. Notwithstanding this, the Review Panel proposes that those with experience of care should receive the maximum Maintenance Grant proposed in this report.
15. The Review Panel recognises that students with a disability have particular challenges in successfully completing a course of higher education. We also recognise that great strides have been made across Wales over the past years to assist students with disabilities to be able to benefit from higher education. The Welsh Government should work with HM Treasury to consider what further assistance can be offered.
16. Students who are parents face particular challenges if their children are below or at school age. The Review Panel notes the social and financial challenges for students who are parents and we recommend that the Welsh Government, via HEFCW, work with universities and the National Union of Students (NUS) to ensure appropriate financial support to help student parents to combine their study with their family responsibilities.

## **Higher education through the medium of Welsh and Welsh studies**

17. The Review Panel received considerable evidence on both the desirability and the need for higher education to be delivered through the medium of Welsh. The Review has also received evidence that supports the work of Coleg Cymraeg Cenedlaethol, and recognises the important progress made in Welsh medium HE since the establishment of the Coleg. The Review Panel recommends that the Coleg, as a separate body established jointly by all universities in Wales, should continue to be the lead body in planning and supporting the provision of Welsh medium provision on a strategic basis across Welsh HE. To support a sustainable funding model in HE through the medium of Welsh, annual investment from HEFCW in the Coleg Cymraeg Cenedlaethol and its scholarship programme should be maintained at least at the level for academic year 2016/17 (£5.8m).
18. The Review believes that the Coleg and universities have a collective responsibility to work with other bodies and organisations to enhance the delivery of higher education through the medium of Welsh. We therefore recommend that the Welsh Government work with the Coleg Cymraeg Cenedlaethol, HEFCW, universities and organisations such as FE colleges, schools, the National Centre for Learning Welsh, and employers to secure

maximum impact and greatest value from public investment in, and support for, Welsh-medium higher education.

19. The Review Panel supports the principle of public investment, alongside commercial approaches, for an academic publishing house in Wales. We believe that the timing of the independent review of Welsh Government support for publishing and literature in Wales should permit all stakeholders to develop a sustainable business plan for University of Wales Press.

## **Research funding and Knowledge transfer**

20. At the heart of the success of the higher education research endeavour across the United Kingdom has been the 'dual support' system. Quality related research (QR) funding is provided to Welsh universities by the Welsh Government, through HEFCW, based on a periodic assessment of research quality through the Research Excellence Framework. Universities also source and compete for research/project funding from a variety of public and non-public sources.
21. QR funding is crucial in providing the baseline investment that enables the long-term strategic development of research and the creation of a critical mass of research capability. The certainty and predictability of QR funding is important given the long planning horizons that university research strategies have to address. For this and other reasons the Review Panel believes that QR funding remains essential and that it should be maintained at least at the current level of £71m per annum in real terms over the next five years.
22. A similar dual support system is proposed by the Review Panel to support knowledge transfer. This investment is required to ensure that the research and knowledge generated in universities provides maximum benefit to the economy and society of Wales. The Welsh Government, through HEFCW, should first fund two knowledge transfer hubs; and second instigate an agile, flexible project-based funding stream aimed at projects that will impact on the Welsh economy. These should be administered, by HEFCW, with a minimum level of bureaucracy. In addition, the Welsh Institute for Social and Economic Research and Development should receive core funding from the Welsh Government to impact on social policy, on a five year basis, against the majority of its funding coming from projects.

## **Higher Vocational and Technical Education**

23. The Review Panel, assisted by a specialist sub-panel, considered how best to enhance opportunities for students pursuing work-based or occupationally-related higher education programmes. This followed an extension to the Remit of the Review announced in March 2016. The Review Panel saw an opportunity for Wales to develop degree apprenticeships or employer-sponsored provision in a way that makes the slogan 'learn while you earn' a reality.
24. Effective models of partnership working already exist between colleges, universities and training providers to ensure that students progress between

level 4 and 5 HE programmes (such as Foundation degrees or HNDs) and undergraduate degrees. Recommendations made by the Review Panel in this area are intended to enhance partnership working; and the pivotal role of employers should not be understated. The proposals in this area include better processes for the approval of advanced apprenticeship frameworks and some developmental funding for FE colleges aiming to make a distinctive offer to students and employers in the field of higher technical education, subject to the usual requirements on quality assurance.

### **The Learned Society of Wales**

25. In the course of this Review we have received submissions from the relatively new Learned Society of Wales (LSW). The LSW is a very welcome addition to the Welsh intellectual landscape, particularly given its multidisciplinary and multi-sectoral fellowship. We believe it has the potential to develop into a real resource for improving the public understanding of science and research, contributing to the development of Wales' 'soft power' by promoting international networks of interest in Wales, and by providing independent advice and horizon scanning across a wide range of areas by ensuring that Wales' policy makers have access to the best national (and global) expertise.
26. For it to function effectively the Review Panel recommends the quantum of core funding for the LSW that similar such bodies receive in other jurisdictions.

### **The Higher Education Funding Council for Wales**

27. The Review Panel believes that HEFCW needs to be equipped with an amount of unhypothecated funding to drive change in areas associated with Welsh Government priorities; including projects to impact on the social aspects of widening access; university efficiencies or interventions to simplify the learner journey. The Review Panel therefore recommends financial provision for HEFCW's strategic development fund, though it expects that projects financed through this funding stream would be jointly sponsored with universities.

### **The Student Loans Company**

28. The Review Panel recommends the UK Joint Ministerial Committee, at the highest levels, should consider the better coordination of student finance policy between the administrations of the UK, without prejudice to devolved decision-making. We welcome the SLC's willingness actively to explore with the Welsh Government options for implementing the recommendations of this report without delay. Depending upon the outcome of that joint work, the Panel recommends that consideration be given to the scoping of a new system of student loan administration for Wales.