

Education and Lifelong Learning Committee

Date: 27th March 2003

Venue: Committee Room 3, National Assembly for Wales

Title: Devolving Elements of Student Support

Purpose

1. This paper sets out the key elements related to the devolution of student support to the National Assembly for Wales.

Background

2. Most functions affecting higher education in Wales have been devolved to the Welsh Assembly. One exception is mandatory support for higher education students which is administered by the Department for Education and Skills both for England and Wales.
3. In answer to a question after his Statement to the House of Commons on 22 January, on his strategy for higher education, the Secretary of State for Education and Skills, Charles Clarke, said that he had discussed the possibility of devolving student finance to Wales with the Secretary of State for Wales and the First Minister and the Education and Lifelong Learning Minister of the Welsh Assembly Government.
4. Mr Clarke acknowledged that the devolution of student support was a complex and difficult matter, and that there were pros and cons to the devolution of student support to the Assembly which needed to be worked through.
5. Following discussions between the Secretary of State for Wales, the Secretary of State for Education and Skills and myself on 10th March, Charles Clarke has written to me to confirm that he has asked his officials to work with Assembly officials on the detailed work needed to fully scope the financial and other implications of the Assembly taking responsibility for student support, including the key issue of variable fees. This work will be completed by mid May.
6. Recent correspondence between Charles Clarke and myself is at Annex A to this paper.

DfES Proposals and Possible Implications for Wales

Student Loans

7. The system of means-tested loans is administered by the Students Loan Company (SLC), which is owned 50:50 by the Secretaries of State for Scotland and for Education and Skills. The Company maintains comprehensive records of individual loans and repayments, and flags students by country of domicile. I am

exploring with DfES the practicalities of Assembly representation on the Board on the SLC.

8. As part of its scheme of incentives for teachers, DfES also meets the cost of repaying the loans of teachers starting work in priority subject areas, for English and Welsh teachers. I am exploring the devolution of this element of support with DfES, but there seems no obvious reason why it could not be transferred to the Assembly. It is estimated that this might cost some £6 million per annum, rising to £7/8 million after 2006/07 because of increased student debt.

Targeted Grants

9. Various targeted grants (eg disabled students allowance, childcare grant) are paid by the SLC or the relevant local authority, which also carries out the assessments. I am exploring with DfES transfer of budgetary and policy responsibility to the Assembly for Welsh-domiciled students.
10. DfES forward baseline, up to the next CSR, for the new Higher Education Grant of up to £1,000 a year from AY 2004/05 includes provision for Welsh students for low-income families. I will be seeking a baseline transfer and forward provision allowing for growth and different demographics in Wales, and to deal with the matter through Annually Managed Expenditure (AME) in the first instance. DfES's proposals for the new Higher Education Grant to some extent cut across the Assembly Learning Grant. I will need to explore fully how best to use the baseline transfer to meet the Assembly's objectives of widening access to HE and modernising the sector.

Tuition Fees

11. The SLC pays the waived element of tuition fee to the relevant HE institution and is reimbursed by DfES. The maximum tuition fee that an institution may charge UK and EU students is currently £1,100. The Company's database flags students by county of domicile. There are over 50,000 Welsh-domiciled, full-time students attending HE institutions in Wales and England. Of these, we would expect approximately 50% to pay nothing towards tuition fees and a further 20% to pay less than the full contribution (average £800). The total cost to DfES of making up the difference between the fees paid by Welsh-domiciled students and the current £1,100 limit is estimated to be of the order of £31 million a year.

Graduate Contributions Scheme (Variable fees, sometimes called top-up fees)

12. Subject to primary legislation, from AY 2006/07, institutions in England will be allowed to charge different tuition fees for different courses, between £ nil and £3,000, for new entrants (existing students will remain with the current fee regime).
13. The Assembly Government's position is not to introduce variable fees during the lifetime of the next Assembly – up to May 2007. This gives us time for

consultation with learners, HE institutions, unions, and with all interested parties and also recognises the practical realities of the Assembly's own legislative procedures. I have made clear that the Assembly Government's view is that up-front tuition fees may well cut against encouraging more students from the most disadvantaged backgrounds into higher education, and we want to be sure that the introduction of variable fees does not exacerbate this.

14. I am not necessarily ruling out variable fees for the longer term. As well as having an obligation to students, I have an obligation to ensure that our institutions are well funded and can compete on the world stage. The emphasis of the Assembly Government will continue to be on the importance of widening access to higher education, and I want to take the proper time to consider fully the impact of variable fees on our very ambitious access agenda for learners in Wales.

Access Regulator

15. In England an Access Regulator is proposed to ensure that HEIs introducing variable fees have admissions policies which promote access of student from lower income backgrounds. We are already taking steps to establish, within HEFCW, a national widening access co-ordinator. Amongst other things, the co-ordinator will be responsible for ensuring that there is an integrated approach to widening access across Wales, and will maximise access to, and contact with, HEIs for young people across Wales. I envisage that position developing to provide a role equivalent to that of the proposed Access Regulator in England. As part of its *Reaching Higher* strategy, the Welsh Assembly Government aims to increase the proportion of young people accessing higher education from the lower socio-economic groups.

Conclusion

16. Any final Assembly decisions on the devolution of student support will be subject to the financial package being right – I am adamant that appropriate resources must accompany any transfer of responsibility. The detailed work to be undertaken over the next two months will focus on the detail of this package.

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Annexes

ELL Minister letter to Charles Clarke, Secretary of State for Education and Skills
Charles Clarke, Secretary of State for Education and Skills reply to ELL Minister