

## UWTSD response to the Children, Young People and Education Committee's request for information (12 March 2025)

An overview of your assessment of the financial challenges facing University of Wales Trinity Saint David, with reference to key data that underpins this assessment (e.g. current and projected student numbers, take-up rates, levels of reserves, etc) for both the coming financial year and the longer-term picture

### (a) Challenges faced by the sector

1. The Higher Education sector in Wales, and across the wider UK, continues to face an uncertain financial operating environment due to challenges including: changes to funding support brought about by financial shortfalls; rising costs, and reduced recruitment due to tighter restrictions around international student visas.
2. Inevitably, the majority of universities in Wales and more widely across the UK have announced cost-saving measures in a bid to tackle financial pressures.
3. In 2024 the maximum permitted tuition fee in Wales for full-time undergraduates rose for the first time since 2011 by 2.8%, from £9000 to £9250. In a submission to the Senedd on the Welsh Government draft budget, Universities Wales noted how fees and funding no longer cover the cost of delivery in domestic undergraduate teaching or research<sup>1</sup>.
4. In 2025, Welsh Government announced a further uplift in the maximum permitted tuition fee for full-time undergraduate students, to £9,535. The increase in National Insurance employer contributions have negatively impacted upon the benefits of fee increases.

### (b) Challenges specifically faced by the University

#### *Financial challenge*

5. From 2021/22 cash reserves were negatively impacted due to a significant commitment of capital expenditure. In its 2022/23 Financial Accounts the University posted an underlying deficit of £11.7m. Significant work has been undertaken to reverse this deficit, including through postponing the 2024/25 pay award, a targeted voluntary severance programme, and review of all areas of spend. In 2023/24 the University posted a small surplus, however its reserves have been exhausted.

#### *Student numbers*

6. Since 2010 there has been a steady decline in applications and enrolments for Humanities subjects in the UK at A Level and consequently at undergraduate degree level. In 2021, Humanities comprised just 18% of all A levels. This is the result of a long-term focus upon STEM subjects; a focus on overt, direct skills and employability subjects following the introduction of fees alongside Government initiatives, and a

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<sup>1</sup> Universities UK Tuition fee rise: What does it mean?

focus favouring applied practical and science-based subjects. The net result has been a steady decline in the attractiveness of Humanities degrees programmes to prospective students. This has particularly impacted student numbers on UWTSD's Lampeter campus, and has led to the University's decision to cease taught provision in Lampeter. There has also been a significant decline in the number of part-time students, historically a large percentage of the University's student body. For example, 30% of students on the Carmarthen campus are studying part-time.

7. Changes in policy towards grade and admissions criteria (lifting of the cap on student numbers, greater flexibility towards admissions criteria) have resulted in increased competition within the sector. Since 2023, some Russell Group universities and other historically higher-tariff institutions have turned to the home market to address financial challenges created by falling international recruitment. This has resulted in a significant growth of student numbers into those universities. Their numbers have accordingly grown both as a proportion of the sector and in real terms.

#### *University estate*

8. A review of the University estate indicated significant indicative costs relating to backlog and compliance maintenance.

Details of any specific policies at Welsh- or UK-government level that have significantly impacted on University of Wales Trinity Saint David's ability to operate sustainably

#### *Cost of not raising tuition fees in line with England*

9. Prior to increases to the maximum chargeable fee announced by the Welsh Education Minister in 2024/2025, undergraduate fees for full-time Home and EU students had not risen since 2012/13. Taken with the impact of inflation and a policy of Welsh-domiciled students receiving Student Finance Wales funding support wherever they choose to study, this has impacted the sector and economy in Wales.

#### *Immigration*

10. Changes to UK immigration policy have reduced the accessibility of UK study for international students, which has led directly to the current financial challenge.

#### *National Insurance*

11. The 1.2% increase in employer National Insurance Contributions, coupled with the lowered threshold for National Insurance liability, has led to increased institutional costs, estimated at £8.4m and £9-13m respectively for universities in Wales. Note also that increases to employer national insurance contribution disproportionately affect universities such as UWTSD who are required to offer the Teachers' Pension Scheme.

#### *Underfunding of Research and Innovation*

12. The loss of European Structural and Investment Funds, and their subsequent replacement through the UK Shared Prosperity Fund (SPF), has had a damaging impact on the capacity of Welsh research and innovation. Historically, UWTSD has been a significant beneficiary of EU Structural Funds. Our EU grant-funded projects have now come to an end. The SPF projects that we have since been awarded are significantly smaller in size and ambit compared with the EU projects that we have previously run, meaning that the University's overall grant income is reduced.

#### *Not raising P/T fees*

13. The funding support levels for part-time students studying at Welsh institutions, unchanged since 2014, is in contrast to the maximum available for students studying at other providers in the UK, with increases in support levels due in 2025/26. This

places students who study in this way (often for reasons relating to employment and/or caring commitments) at a disadvantage.

*Seren*

14. The Seren programme has a role to play in encouraging participation in Higher Education but is a draw on Welsh Government financial resources. It has been seen to disadvantage the sector in terms of its retention of Welsh school leavers within Wales.

*Not increasing school leaving age to 18*

15. In Wales it is not compulsory for pupils to stay in school after the age of 16. This has consequent impacts on the numbers of pupils going on to study at A-Level and, as a result, on the numbers of Welsh pupils choosing to apply to university, thereby exacerbating the participation gap. (In England, school leavers up to 18 must continue in education or training.)

The changes that have already been made in recent years by you or your predecessors to mitigate the impact of the financial challenges facing University of Wales Trinity Saint David

16. In early 2024, the Vice-Chancellor and her senior leadership team commenced a University-wide review of its activities, delivery and campuses as part of a focused response to the pressures impacting upon the HE sector and the University in the preceding months. Key to this review has been the objective of addressing financial sustainability, enhancing the student experience and strengthening programme delivery and quality.
17. The University's Business Plan 2024/25 focuses on key priorities including:
  - Review of institutional curricular offer
  - Focused pay and non-pay cost savings
  - Supported growth of expansion areas
  - Transfer of taught provision from the Lampeter to Carmarthen campus
  - Relocation of Swansea Business Campus to the SA1 Waterfront campus
  - Defined digital developments
  - Review of the University estate, associated costs and liabilities
18. The UWTSD Group structure, which includes two Further Education colleges, means that the University is well-placed to help shape post-16 education in South West Wales. Review and simplification of the structure is a Business Plan priority for the year ahead, with the aim of increasing efficiencies and strategic benefits.