

National Assembly for Wales
Finance Committee

Inquiry into Higher Education Funding
Evidence from Cardiff Metropolitan University

RESPONSE TO THE NATIONAL ASSEMBLY FINANCE COMMITTEE'S INQUIRY INTO THE FUNDING OF HIGER EDUCATION FUNDING IN WALES

How successful are Welsh Higher Education Institutions in securing research income from all sources?

- HESA data indicate that the performance of universities is variable. Variability is to be expected – the level of performance in securing research income is determined by a number of factors including: mission; discipline mix/orientation; and the ability of the university to optimise opportunities.

How can Welsh Higher Education Institutions improve their performance to meet the Welsh Government's ambition that they receive at least 5 per cent of UK Research Council funding?

- Research pooling/collaboration/partnerships within Wales.
- Welsh universities adopting a strategic approach to partnering with other UK universities.
- The logic of the 5% should be questioned. It is premised on Wales' population equating to 5% of that of the UK. Perhaps a more sophisticated approach to target setting is merited, for example one that is premised on the research capacity of universities, and one which recognises the discipline mix of those organisations?

In which areas do Welsh Higher Education Institutions successfully collaborate to bid for research funding, and how could improvements be made in other areas where greater collaboration is required to increase research income?

- Some evidence is emerging that the research pooling/collaborations between Welsh universities may be facilitating access to research funding.
- The volume of research funding in science disciplines deserves attention. There are limitations to the extent to which collaborations between solely Welsh universities

can be expected to help grow research income. Wales' 'research-intensive' universities need to develop strategic partnership with similar universities elsewhere in the UK.

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?

- HEFCW has discontinued funding activities, passing costs to universities on the basis that these can be afforded as a consequence of expanding full-time undergraduate fee income. HEFCW's assumption that universities' fee income will necessarily grow is questionable.
- The maximum fee level is capped at £9,000 in each year, and no inflationary uplift is available to reflect the rising cost base.
- The new fee arrangements have been accompanied by changing patterns in student behaviour, in particular a higher incidence of early drop-out and non-payment of fees.
- The policy relates to full-time undergraduates; there are no corresponding policies for part-time undergraduates or postgraduate students, meaning that these activities generally operate at a loss and have to be cross subsidised.

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

- It should have helped to improve financial certainty, but this has been impeded as the policy has been accompanied by fluctuations in HEFCW's regulation of student numbers and allocations of 'fee grant'. In particular, HEFCW's process of 'strategic redistribution of student numbers' forced post-92 universities to commit to an average fee of £7,500 in 2013/14. Post-92 universities have therefore been prevented from benefiting from the level of fee income received by English universities. (The average fee of post-92 universities in English universities is £8,500.)

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

- The Welsh Government is investing in universities elsewhere in the UK at the expense of Welsh universities.
- The tuition fee grant may be unaffordable if increasing numbers of Welsh students choose to study outside of Wales.

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?

- Evidence to date suggests that the introduction of the higher maximum fee of £9,000 in Wales and England has had little impact on students from lower income households or other widening access groups.
- Students from disadvantageous backgrounds can access generous government backed financial subsidies and loans. Additionally, universities provide a range of additional financial support in the way of bursaries, scholarships, fee waivers and financial contingency aid. The balance between government and institutional support is appropriate and does not merit change.
- The major impediments to people from disadvantageous background being able to access and succeed in higher education are: lack of aspiration; quality of school experience and qualifications/equivalent experience; the quality and care of support whilst at university.

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

- Circa £50 million of Wales' higher education 2013/14 budget will be invested in other UK universities. The Welsh Government has no regulatory oversight of that funding. The level of Wales' investment in other UK universities will increase in 2014/15.

- The investment foregone to Wales means that Welsh universities are disadvantaged relative to other UK universities, and are poorly placed to address Welsh Government priorities.

What are the financial implications of more expensive subjects (e.g. medicine and engineering) being funded under the new tuition fee regime given that some courses may cost in excess of the maximum £9,000 per annum for Higher Education Institutions to deliver?

- Generally universities are required to set average fees near the £9,000 mark in order to be able to generate sufficient income to afford the cross subsidies required to deliver 'expensive' subjects. However, HEFCW does provide some special funding to recognise these circumstances.
- The debate on 'expensive' subjects is clouded by anecdotal information. There is a lack of firm data on the costs of delivering different disciplines. Whilst it is not disputed that some disciplines are inevitably more costly than others to deliver as a consequence of curriculum requirements, equipment costs etc – the extent of delivery cost differentials has not been established across the sector.

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?

- Taking the categories collectively - as important as the income from Welsh students.
- Significant and/or rapid negative changes in the level of income derived from any of the categories of student could undermine the financial stability of a university.

What opportunities do Welsh HEIs have to increase income from recruiting additional students?

- Achieving growth of income from students is the product of either recruitment of additional students and/or increasing fee levels.
- HEFCW's 'maximum fee grant' arrangements prohibit universities seeking a growth of income through the recruitment of Welsh or EU full-time undergraduate students.

- The Welsh Government's fee regulations prevent Welsh universities determining for themselves the level of fee that can be charged to full-time undergraduates from other parts of the UK. Welsh universities are presently able to recruit additional students from other parts of the UK.
- Part-time and postgraduate provision is generally subsidised by universities. Growth in student numbers in these categories may result in marginal gains in income, but is unlikely to be cost effective.
- Provision supported by European funding represents a possible area of income, but the income stream is temporary.
- Overseas recruitment into Wales and Transnational Education are the major opportunities for increasing income from student recruitment.

What progress is being made in relation to the Welsh Government's Programme for Government indicator that 'at least 75% of Welsh Higher Education Institutions will have an annual income in excess of the UK median', and how can this be improved in the future?

- The target is not germane. The Welsh Government has announced that the reconfiguration agenda is complete.
- Furthermore, the level of public funding support and government backed students loans for Welsh universities is different to that of universities elsewhere in the UK – for example, Welsh post-19 in the current academic year (2013/14) will receive circa £2,000 less per full-time undergraduate student than a comparable English university.
- It is also questionable whether there is any correlation between the total income of a university and its financial viability.