

Higher Education Funding Council for England

Title	Teaching funding and student number controls from 2012-13: summary of responses to consultation and decisions made
To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
Of interest to those responsible for	Senior management, Finance, Governance, Admissions
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Dear Vice-Chancellor or Principal

Teaching funding and student number controls from 2012-13: summary of responses to consultation and decisions made

1. This letter describes the responses we received to 'Teaching funding and student number controls: Consultation on changes to be implemented in 2012-13' (HEFCE 2011/20, available at http://www.hefce.ac.uk/pubs/hefce/2011/11_20/) and the decisions subsequently made by HEFCE's Board.
2. The proposals will be implemented largely as described in HEFCE 2011/20, but with some changes (see paragraphs 7 to 20 below and Annex A). These include an interim measure in 2012-13, to ensure that institutions do not see an overall reduction in London weighting (including through targeted allocations).
3. HEFCE 2011/20 consulted on proposed changes to the way that we fund higher education (HE) teaching and on how we proposed to implement the government's policies to change the way we allocate student numbers from academic year 2012-13. This was the first stage of a two-stage consultation about the way HE teaching is funded and student numbers are allocated in England.
4. On 17 October we published 'Student number controls for 2012-13: Invitation to bid for student places' (HEFCE 2011/30) which outlined the key decisions relating to student number controls following HEFCE 2011/20, so that bidding for student places could commence. Today's letter and annexes provide a full summary of the responses we received to the whole consultation and all the Board's subsequent decisions, including those published in 2011/30.

Background

5. In June 2011, the Government set out its proposals for the future shape and direction of HE in England in the White Paper 'Students at the Heart of the System'. We subsequently consulted (HEFCE 2011/20) on how we would implement these changes in 2012-13.

6. HEFCE 2011/20 asked six questions which focused on our funding methods and implementation of the Government's policies on student number controls, rather than consulting on the overarching government policies on HE finance arrangements. The proposals related to:

- a. The funding method for those students who entered HE prior to the new funding and fees arrangements ('old-regime' students).
- b. For 2012-13 only, a method of funding which will apply to those entering HE under the new arrangements ('new-regime' students).
- c. For 2012-13 only, non-mainstream funding (targeted allocations) for both 'old-regime' and 'new-regime' students.
- d. Our approach to controlling student numbers in 2012-13 including implementation of the Government's policies that controls should be removed on the numbers of students entering with grades equivalent to AAB or above at A-level ('AAB+ equivalent'), and greater competition introduced within the remaining controlled student numbers by allocating a proportion of places on a competitive basis, reflecting price, quality and demand (20,000 margin).

Brief summary of consultation responses and decisions taken as a result

Overall

7. We received 207 responses to the consultation. Of these:

- 115 responses were from higher education institutions
- 41 responses were from further education colleges
- five responses were from individuals
- 46 responses were from 'other' organisations (that is, representative bodies, mission groups and employer organisations).

8. Most respondents either broadly supported or did not raise extensive concerns about our proposals for: the phase-out of mainstream funding for old-regime students; the funding of new-regime students in high-cost subjects; and targeted allocations. Some requested a clearer explanation of the rationale for our proposals or suggested alternative approaches. Annex C of this letter explains in detail the reasoning behind our proposals and responds to these alternative suggestions.

9. Responses to the questions relating to student number controls and the overall impact of the proposals on equality and diversity were broadly negative, although concerns were understandably speculative.

10. Although our proposals focused on implementation, the overwhelming majority of respondents expressed concern about at least some aspects of the underlying government policies.

Student number controls

11. The specific issues raised by respondents relating to the student number control were diverse, with no clear consensus on most issues. In relation to some questions, it may be argued that views reflect the differential impact of the proposals on specific groups of institutions. For example, further education colleges were predominantly in favour of the 20,000 margin proposal.

12. Nearly all respondents registered strong concern that the student number control proposals could have unintended consequences on social mobility, widening participation and student choice. As a consequence of comments received we have amended some of the proposals (see Annex A; all annexes are available alongside this letter at <http://www.hefce.ac.uk/pubs>).

Funding

The phase-out of old-regime teaching funding

13. A large number of respondents raised concerns about the overall complexity of the three-stage process for allocating and adjusting funding. In response, we provide a more detailed explanation of the rationale for our approach in Annex C.

Non-mainstream allocations

14. Respondents raised a number of concerns in relation to specific allocations and there were suggestions that HEFCE should monitor any changes to these allocations, particularly where institutions may be affected by reductions in several areas.

15. We will continue to monitor the areas of provision that these targeted allocations support and consider the longer-term support for them in the second stage of the teaching funding consultation.

Teaching grant for new-regime students

16. A number of responses expressed reservations about specific aspects of the proposals rather than rejecting them as a whole. Particular concerns related to the level of funding for price group B and the impact of withdrawal of funding from price group C, plus the impact of the new funding regime on institutions within London.

17. For 2012-13, we will continue to fund new-regime students in high-cost subjects as outlined in HEFCE 2011/20. We will review the funding arrangements for new-regime students in later years in the second stage of the teaching funding consultation (to be published early in 2012). We will also continue to monitor participation in different subjects areas, including in science, technology, engineering and mathematics, and strategically important and vulnerable subjects.

London weighting

18. Pending a full review of London weighting in the second phase of our teaching funding consultation, we will introduce, on an interim basis for 2012-13 only, an allocation to ensure that institutions do not see an overall reduction in London weighting (including through targeted allocations) compared to 2011-12.

19. With the exception of London weighting we will implement funding proposals as outlined in the consultation.

Equality

20. There was widespread concern over the potential implications of the student number control policies and their implementation on equality and diversity. We will develop an appropriate, robust monitoring mechanism concerning the impact of the changes on institutions, provision and equality issues.

Other issues raised in the consultation

21. A number of institutions were concerned over the implications of a lack of a 'tolerance band' for recruitment. We have not so far indicated that student number controls might be reduced in the event of under recruitment. But this might be a necessary consequence of the 20,000 margin policy, particularly if places allocated through the margin remain unfilled. Should it be desirable to reduce future student number control limits for under-recruitment in 2012-13, we would normally expect to do so only where the level of under-recruitment was significant: that is, more than 5 per cent of an institution's limit or 25 students, whichever is the greater. We will provide further advice on this when we announce student number control limits in the New Year.

Further information

22. Annex A summarises the original consultation proposals and our final implementation plans. Annex B provides a full summary of responses by question. HEFCE's response to issues raised by respondents, including alternative suggestions, is at Annex C.

23. We anticipate publishing stage two of our consultation on teaching funding and student numbers in late February 2012: this will relate to proposals for 2013-14 and beyond.

Yours sincerely

Sir Alan Langlands
Chief Executive