

July 2012/17

Core funding/operations

Invitation to bid

Action may be required

This document covers:

- student numbers excluded from the control
- how HEFCE will create and allocate a 'margin' of 5,000 places
- information for specialist arts institutions on control options
- an invitation to institutions that we do not currently fund for full-time undergraduate provision to bid for numbers.

Student number controls for 2013-14

Guidance and invitation to bid

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Student number controls for 2013-14

Guidance and invitation to bid

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of publicly funded providers of higher education without a student number control
Of interest to those responsible for	Planning, Finance, Student recruitment
Reference	2012/17
Publication date	26 July 2012
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Executive summary

Purpose

1. This document provides advice on student number controls for 2013-14. It covers:
 - a. Information about those students with high grades who will be excluded from the student number control for 2013-14 (Section 1).
 - b. How HEFCE will create and allocate a 'margin' of 5,000 student places from the 'core' student number control for 2013-14 (Section 1).
 - c. Information for specialist institutions in the performing or creative arts that wish to remain outside the core and margin process in 2013-14 (Section 2).
 - d. An invitation to those institutions that we do not currently fund for full-time undergraduate provision to bid for student places from the margin for 2013-14 (Section 3).
2. Institutions that we already fund for full-time undergraduate activity (and which therefore have a student number control greater than zero) should read Section 1. Specialist institutions in the performing or creative arts should read Section 2. Institutions that we do not currently fund for full-time undergraduate activity should read Section 3. Anyone not familiar with either the student number control or the core and margin process should read the Background section and Annex A.

Key points

3. Student number control limits are set annually. They are controls on the number of students within a defined population that an institution can admit to certain categories of full-time study. They are not controls on the number of students an institution can have in all years of study. They are based on the previous year's student number control with adjustments to reflect government and HEFCE policies.

4. We will create a 'margin' of 5,000 places by reducing the limits of institutions that already have a student number control limit. Specialist institutions in the performing or creative arts that have opted out of the 'core and margin' process will not have any such reduction.
5. Institutions that are eligible for margin numbers, and are already funded by HEFCE for full-time undergraduate provision, will be allocated student places by formula (see Section 1). They will not need to take any action, or submit any documentation, in order to receive these places. They will, however, need to contact HEFCE if they **do not** wish to receive them (see paragraph 7).
6. Institutions specialising in the performing and creative arts that recruit primarily on the basis of audition or portfolio will be able to opt out of core and margin for a further three years (see Section 2).
7. Institutions that we do not currently fund for full-time undergraduate provision will be able to bid for between 25 and 50 places for 2013-14 (see Section 3). This applies to institutions that we are not funding in 2012-13 and to those that we fund only for postgraduate and/or part-time provision. This latter group will currently have a student number control limit of zero.

Action required

8. No action is required for those institutions that will receive margin places by formula, as outlined in Section 1) **unless** they wish to decline places offered.
 - Institutions who wish to decline margin places offered as notified in the provisional student number control should inform us by e-mailing coreandmargin@hefce.ac.uk by **noon on Friday 1 February 2013** as outlined in paragraphs 18 to 22.
9. No action is required for specialist institutions in the performing or creative arts that wish to remain outside the core and margin process.
 - Specialist institutions in the performing or creative arts who wish to opt in or out of the core and margin process should inform us by e-mailing specialist@hefce.ac.uk by **noon on Monday 1 October 2012** as outlined in paragraphs 34 to 36.
10. Institutions that HEFCE does not currently fund for full-time undergraduate activity and that wish to bid for margin places should read Section 3 and Annexes A and B, then complete the template at Annex C and the spreadsheet at Annex D. These should be e-mailed to coreandmargin@hefce.ac.uk by **noon on Monday 1 October 2012**.

Background

11. Universities and colleges that receive HEFCE funding for their higher education (HE) courses have a limit on the number of HEFCE-fundable full-time undergraduate (FT UG) and Postgraduate/Professional Graduate Certificate of Education (PGCE) students whom they can admit; this limit is referred to as the student number control. This is to ensure that the cost of providing HE does not exceed the budget set by Government.
12. After the Government published its White Paper 'Students at the Heart of the System' in June 2011, it asked us to implement a new way of allocating a proportion of student places through a process referred to as 'core and margin'. The process involved removing a number of places from the total allocation to all HEFCE-funded institutions to form a 'margin', leaving the remaining 'core'. These 'margin' places (20,000 in 2012-13) were then allocated via a bidding process.
13. These places were allocated to institutions that could provide evidence of having 'good quality with value for money and whose average fee (after waivers have been taken into account) is at or below £7,500'¹ and also demonstrated quality and demand.
14. The Secretary of State has requested that for 2013-14 we repeat this core and margin allocation process but with a reduced margin of 5,000 places². The majority of these will be allocated by formula to eligible institutions that already have a student number control. A small proportion of these places will be made available to institutions that do not currently have a student number control, or whose limit is zero because they have not previously offered full-time undergraduate places directly funded by HEFCE.
15. The Government recently wrote to HEFCE and the Student Loans Company indicating its intention to consult later in the year on bringing provision in further education colleges (FECs) which do not receive HEFCE grant into a student number control system. It states:

'We will also address the anomaly within the current legal framework which allows providers which do not receive HEFCE grant to stand outside the student number control whilst their students can access student support. Specifically this applies to alternative providers which have their courses designated for student support purposes and some Further Education Colleges where courses are automatically designated for student support purposes although they do not receive teaching grant. The Government will be consulting later in the year about how to implement these changes'³.
16. Uncertainty over the timescales and content of the government consultation may affect FECs' decisions to bid for margin places. This is because an allocation of places will mean they will no longer be able to provide any FT UG places on a fee-only basis. We will monitor the situation throughout the bidding process, but are currently unable to offer any information on the timing, content or outcomes of the government consultation.

¹ This quote is taken from the White Paper.

² www.hefce.ac.uk/news/newsarchive/2012/name.72760.en.html

³ www.hefce.ac.uk/news/newsarchive/2012/name.73166.en.html

Section 1: Student number controls for 2013-14

17. This section is for institutions that we already fund for full-time undergraduate activity:
 - a. It provides general advice on student number controls for 2013-14, including policies towards students with high grades in certain defined entry qualifications and the core and margin process.
 - b. Information to specialist institutions in the performing and creative arts on how to opt out of the high grades and core and margin processes if they recruit primarily on the basis of audition or portfolio is provided in Section 2.
18. The 27 April 2012 letter from the Secretary of State to HEFCE on student number controls for 2013-14 asked that we run a further core and margin exercise for 2013-14 of 5,000 places. The letter asked that while the majority of places should be allocated to institutions with a net fee below £7,500, a sizeable minority should be allocated to institutions with an average net fee of between £7,500 and £8,250. It also asked HEFCE to support established HE/FE partnerships through the allocation process⁴.
19. For 2013-14 we will create and distribute the margin of 5,000 places broadly in line with the method we consulted on in 2011, and implemented for 2012-13. On 14 May we issued 'Student number controls for 2013-14: proposals for high grades and a core and margin exercise' (HEFCE Circular letter 12/2012), which set out our proposals and asked for comments. The comments we received were broadly supportive and are summarised in a paper to the HEFCE Board⁵.

ABB+ and creating a margin of 5,000

Reductions in core limits to create the margin

20. We will create a margin of 5,000 student places for reallocation by reducing each institution's existing student number control limit. The reductions will reflect:
 - a. A proportion to account for students admitted in 2011-12 meeting categories that are being newly excluded from the student number control population from 2013-14. This includes:
 - i. Students with entry qualifications and grades that we define as equivalent to ABB at A-level (see glossary on page 24 under 'ABB+ equivalent'). Other than for those in ii below, those with AAB+ equivalent entry qualifications have already been excluded from the limits set for 2012-13.
 - ii. Students who have entry qualifications that have been added to our list of A-level equivalences from 2013-14 and whose grades we consider to be equivalent to ABB or above. This applies, for example, to those whose entry qualifications consist of the Cambridge Pre-U or Access to HE Diploma.
 - iii. Students transferring to the institution to top-up from a foundation degree or HND to an honours degree.

⁴ www.hefce.ac.uk/news/newsarchive/2012/name.72760.en.html

⁵ HEFCE board papers are published three weeks after the meeting date: www.hefce.ac.uk/about/staff/board/hefceboardpapers/

- b. A proportion to account for anticipated annual growth in the ABB+ equivalent population between 2011-12 and 2013-14.
 - c. Any other adjustment that may be required to ensure limits for the higher education (HE) sector as a whole are consistent with the Government's student number plans for the year, as may be specified in our forthcoming grant letter from the Department for Business, Innovation and Skills (BIS).
21. We may also reduce limits from 2013-14 for individual institutions that recruit significantly below their 2012-13 student number control, except in cases where we attribute this to offsetting over-recruitment that occurred prior to 2012-13. In this context, 'significant' means by more than 25 students or 5 per cent, whichever is the larger.
22. The remaining student number control, after taking the above adjustments into account, represents the 'core' for 2013-14. From this we will make a reduction to create the 'margin' of 5,000 places. This will be taken pro rata from the core, but after adjusting it to exclude:
- a. The number of non-ABB+ students studying certain subjects is set out in Annex E. These are the same subjects as were excluded for the core and margin exercise in 2012-13⁶.
 - b. The first 50 student numbers in an institution's remaining student number control core limit (after the protection given to certain subjects, as noted in paragraph 22a). This means that we will not make a reduction to create the margin where an institution's total student number control is 50 or fewer. This protects institutions with very small student number allocations.
23. These calculations will mean that many institutions that were awarded some of the 20,000 margin places from the last exercise will have some of those numbers cut for 2013-14 to enable the new core/margin exercise and the extension of the high-grades policy to operate. Any of the 20,000 that are not removed in 2013-14 to enable operation of the 2013-14 policies will remain with the institutions that won them.

Ensuring fair access to highly selective institutions

24. We will ensure that highly selective institutions have a student number control limit sufficient to allow them to continue to provide fair access to students with entry qualifications that do not meet our definition of ABB+ or equivalent. To achieve this, their limit will not fall below a minimum level, but we will not reduce other institutions' limits for 2013-14 to accommodate this. The 2013-14 limit for institutions will not fall below the lower of:
- a. Their actual 2011-12 non-ABB+ equivalent and non-medical/dental student numbers within the student number control population plus 10 per cent, or
 - b. 20 per cent of their total 2011-12 recruitment of non-medical/dental students that come within the 2011-12 student number control population definition (see worked examples).

⁶ This is one of a number of measures we are implementing to address risks to subjects through our strategically important and vulnerable subjects programme. Details of our new policy approach in this area were proposed in our teaching funding consultation (www.hefce.ac.uk/pubs/year/2012/201204/) paragraphs 307 to 332.

Worked examples

Institution X recruited 2,000 ABB+ students and 350 non-ABB+ students (14.9 per cent of its total) in 2011-12. Its student number control for 2013-14 would be $350 + 10 \text{ per cent} = 385$.

Institution Y recruited 2,000 ABB+ students and 480 non-ABB+ students (19.4 per cent of its total), so its student number control would be $2,480 \times 20 \text{ per cent} = 496$.

Distributing the 5,000 places

25. In distributing margin places to institutions with appropriate fee levels, we will consider the quality of the provision and the demand for places at institutions. Where these appear satisfactory, we will allocate the 5,000 numbers in the following way:

- a. No less than 3,000 places to institutions that we already fund with an average full-time (FT) regulated fee of less than £7,500 (net of fee waivers) for students commencing in 2013-14. Around 30 HEIs and 180 FECs are likely to be in this category.
- b. Around 1,500 places to institutions that we already fund with an average FT regulated fee of between £7,500 and £8,250 (net of fee waivers) for students commencing in 2013-14. This will be about 32 HEIs and 2 FECs. These institutions will receive about half the numbers that they would have been allocated if their net fee was below £7,500.
- c. Sufficient places to the 14 institutions that we already fund with average FT regulated fees higher than £8,250 but with fees for franchised-out provision averaging below £7,500, so that they receive the same allocation from the margin for their franchised-out provision as the provision they would have received had it been stand-alone directly funded provision with sub-£7,500 net fees. HEIs must commit to using their margin allocation to maintain or expand this franchised-out provision. All institutions with lower fees already receive an allocation for their existing franchised-out provision through their own allocation.
- d. Around 400 places to providers of HE not currently in receipt of direct HEFCE funding for full-time undergraduate (FT UG) places.

26. We have based these approximate numbers on early information that institutions provided to HEFCE alongside 2013-14 access agreements. Until we have 2011-12 individualised student data and 2012-13 HEIFES and HESES early recruitment data at the end of 2012, we are not in a position to be precise about total numbers in each of the above groups.

27. We wish to make the allocation of numbers to institutions in categories a to c in paragraph 25 above a formula-driven, pro-rata allocation, based on their 2013-14 core limit (that is the limit after incorporating the adjustments described in paragraphs 20 to 22). There are too few numbers to justify the burden on institutions or HEFCE of a bidding process; such institutions will therefore **not** need to submit a bid. We will use currently available data to ensure these institutions continue to meet our threshold demand and quality criteria. We will obtain average fee information from the Office for Fair Access (OFFA).

28. Institutions will be informed of their provisional formula-based pro-rata allocation and their new student number control limit in January 2013. Institutions may decline an allocation from the margin for 2012-13 if they wish to do so.

29. Where an institution **does not** wish to accept an allocation from the margin from categories a to c above, it should inform us by e-mailing coreandmargin@hefce.ac.uk by **noon on Friday 1 February 2013**. We will confirm receipt by e-mail.

Providers of HE not currently in receipt of direct HEFCE funding for full-time undergraduate provision

30. The exception to using a pro-rata allocation will be those providers not currently in receipt of HEFCE funding directly for full-time undergraduate (FT UG) provision (category d in paragraph 25). We want to treat this group of institutions in the same way as we treated new bidders last year. These providers should be able to submit a competitive proposal in order to be considered for FT UG HEFCE-fundable student places for 2013-14. No bidder in this category will be allocated more than 50 student numbers – because of the very small total student places available – and there will be a minimum allocation of 25, as last year (see Section 3).

Criteria for pro-rata redistribution

31. The 5,000 student places will be redistributed according to the threshold criterion of the average fee level and then, assuming the fee threshold has been met based on data supplied alongside 2013-14 access agreements, by two key criteria:

- **demand** for provision
- **quality** of provision.

Institutions which we reject on the basis of these criteria will have an opportunity to appeal against the decision.

Demand

32. For all institutions, we reserve the right not to offer an allocation to those who do not recruit to within 5 per cent (or 25 numbers, if greater) of their 2012-13 student number control limit (for reasons other than a need to offset over-recruitment that occurred in 2010-11 or 2011-12) or to those who significantly over-recruit. We will make this assessment on the basis of HESES12 and HEIFES12 data, including forecast numbers up to July 2013 (which we will test against historical data where necessary and available).

Quality

33. We will use the Quality Assurance Agency for Higher Education (QAA) Institutional Review, Institutional Audit, and Integrated Quality and Enhancement Review (IQER) reports, as well as National Student Survey (NSS) data to ensure that we do not offer student places for 2013-14 to institutions about which there are obvious quality-related concerns. We therefore propose to exclude from the allocation institutions that have received a 'no confidence' or 'does not meet UK expectations' judgement in their most recent QAA audit or review, as well as those that received a 'limited confidence' or 'requires improvement to meet UK expectations' judgement and have not had their action plan signed off by QAA.

34. We will exclude from the allocation (as we did for the earlier margin process) institutions that have a 2012 NSS score for overall course satisfaction which is statistically significantly⁷ below their institutional benchmark (these data become available in the autumn).

35. For some of the 65 FECs that gained HEFCE directly funded FT UG student places for the first time in 2012-13, we recognise that there may not be full data for us to consider. In such cases we will refer to the evidence they submitted as part of their initial bid in 2011.

Monitoring

36. We stated in HEFCE Circular letter 12/2012 (sent in May 2012) that we would monitor net fees for undergraduate students commencing their studies in 2012-13 and 2013-14 in institutions awarded student places through the core and margin exercises.

37. Universities and colleges awarded places from the 2012-13 and 2013-14 margins should be aware that significant increases in average net fee levels (after fee waivers) over the next two or three years may result in a downward adjustment of their institutional student number control from 2014-15.

38. To enable us to assess where an adjustment may be necessary, we will monitor average fee levels for the cohort of students for which numbers were allocated using existing data sources, including Student Loans Company data, HESA/ILR data and OFFA data. We will monitor changes in fee levels for new entrants to see if there is any significant increase in average net fee levels, as in paragraph 37. We will also monitor closely the impact of the core and margin process on students and provision.

Section 2: Specialist institutions in the performing and creative arts

39. In 2012-13 specialist institutions in the performing and creative arts which recruit primarily on the basis of audition or portfolio, and have more than 60 per cent of their provision in HESA cost centres 30 (media studies) and 33 (design & creative arts) were able to opt out of the AAB+ and flexible margin provisions. Such institutions were able to maintain their existing student number control arrangements into 2012-13, subject to agreement of an evidence statement they submitted to HEFCE. This meant that AAB+ equivalent students continued to be included in their student number control limits (so unrestricted recruitment of such students was not possible), and that reductions that applied to other institutions were not made as part of creating the margin. There was also no opportunity to increase limits for these specialist institutions.

40. We will extend this opportunity to opt out for those institutions that chose it in 2012-13 to 2013-14. In order that institutions make the decision based on their admissions needs and not on whether a particular initiative in any given year favours them, the opt-out will remain in place for a period of not less than three years. This means that, for opted-out institutions, ABB+ equivalent students will continue to be included in their student number control limits (so unrestricted recruitment of such students is not possible) and that reductions will not be made as part of creating the margin. There will be no opportunity to increase limits.

41. **No further action is needed if you wish to remain opted out.** If you wish to opt back in to the core and margin process and unrestricted recruitment of ABB+ equivalent students, please

⁷ Statistically significant in this context means at least three standard deviations and three percentage points.

inform us by e-mailing specialist@hefce.ac.uk by **noon on Monday 1 October 2012**. We will confirm receipt by e-mail.

42. Specialist institutions meeting the criteria in paragraph 39, who did not opt out for 2012-13, but who wish to do so for 2013-14 will need to submit a short (maximum two pages) evidence statement by noon on Monday 1 October 2012. This will be considered by an internal HEFCE panel and should include details of the extent to which, across the institution as a whole, FT UG recruitment is driven by audition or portfolio, rather than entry qualifications. If your request to opt out is accepted, it will remain in place for three years: from 2013-14 to 2015-16 inclusive.

43. The evidence statement should be e-mailed to specialist@hefce.ac.uk by **noon on Monday 1 October 2012**. We will confirm receipt electronically.

Section 3: Invitation to bid for student places 2013-14

44. Eligible institutions that we do not currently fund for full-time undergraduate activity can bid for places from the student number control margin. The first entrants under this bid will be admitted in 2013-14. Those institutions that are already funded for full-time undergraduate provision (and therefore have a student number control greater than zero) are not eligible to bid.

Contents and key points

45. This section explains:

- which institutions are eligible to bid for places
- how to apply
- how we will assess bids.

46. The annexes give further details:

- Annex A provides general information on the student number control and HEFCE funding
- Annex B provides detailed guidance on the bidding process
- Annex C is the bidding template. **You will need to complete this if you want to bid for places.**
- Annex D is an Excel spreadsheet for recording information about the student numbers you are bidding for. **You will need to complete this if you want to bid for places.**

The deadline for bids is **noon on Monday 1 October 2012**.

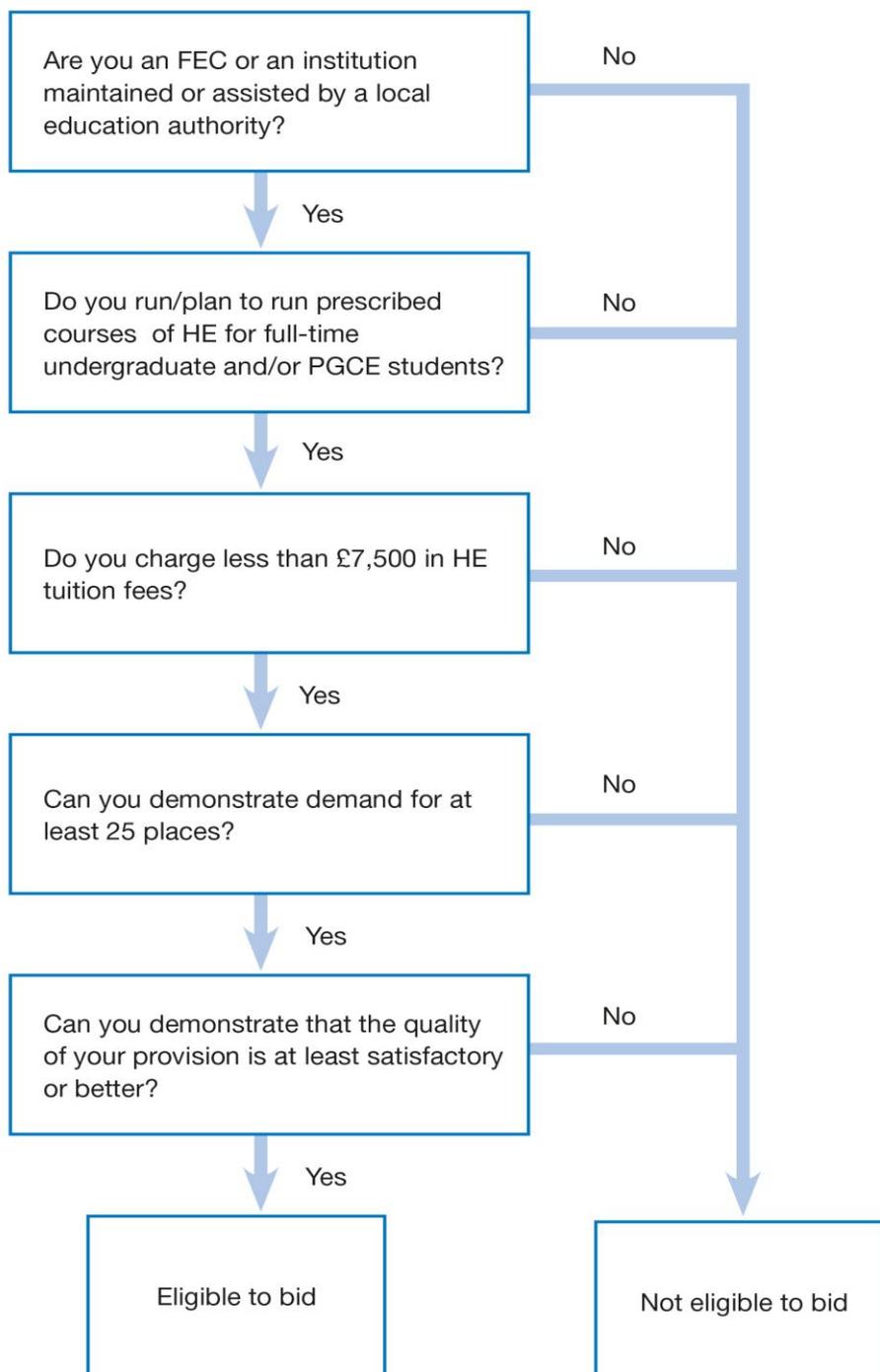
New to HEFCE and its processes?

Some of the terms and concepts in this document may be unfamiliar to FECs with which we do not currently have a funding relationship. Annex A includes information sources that may help such colleges gain a better understanding of the current HE funding regime and how it is changing from 2012-13. There is a list of abbreviations at the end of this document, and an online glossary can be found at www.hefce.ac.uk/glossary/.

Are we eligible to bid for places?

47. Under the terms of the Further and Higher Education Act 1992, HEFCE is empowered to fund prescribed courses of HE in FECs and institutions maintained or assisted by local education authorities. Further information is given in Annex B. We are unable to accept bids from private providers for fundable student places in 2013-14, because our powers under the Further and Higher Education Act 1992 do not extend to private institutions. We are also unable to accept bids from schools that are not maintained or assisted by local education authorities, such as academies and others funded by the Education Funding Agency.

Figure 1 Decision tree: Is my institution eligible?



48. Institutions that we do not fund for full-time undergraduate activity for 2012-13 may be eligible to bid for places for 2013-14 entry. Figure 1 provides an overview of criteria for determining whether your institution is eligible.

49. Institutions that we are funding for full-time undergraduate activity for 2012-13 are not eligible to bid for further places: if they are eligible for any of the 5,000 numbers these will be awarded formulaically. Further information on student number controls for institutions that already have a relationship with HEFCE can be found in Section 1.

50. **Colleges that are successful in bidding for places will no longer be able to provide full-time undergraduate HE on a fees-only or 'off quota' basis (see paragraph 15):** all their FT UG HE provision that meets the student number control definition will be subject to the limit.

Bidding rules

51. **Eligible courses:** Bids must be for HEFCE-fundable full time undergraduate or PGCE study in 2013-14. Further details are at Annex B.

52. **Number of bids per institution:** We will accept only one bid per institution. Because we allocate student number controls to individual institutions we cannot accept joint bids.

53. **Limit on number of places:** No bid can be for more than 50 student places, and there will be a minimum allocation of 25. We reserve the right to scale back numbers according to the level of demand demonstrated. For example, if an institution asks for 50 places but can only provide evidence of demand for 30, we will allocate no more than 30 places. If the overall number of places requested in successful bids exceeds the number of places available, we reserve the right to reduce allocations on a pro rata basis.

54. **How to apply:** The deadline for bids is **noon on Monday 1 October 2012**. To apply, institutions should complete the **electronic versions** of:

- the Word template for the submission of bids (Annex B)
- the Excel spreadsheet providing information on the student numbers applied for (Annex C).

55. Both documents can be downloaded from www.hefce.ac.uk/pubs/year/2012/201217/ alongside this document. When completed the template and spreadsheet should be e-mailed to coreandmargin@hefce.ac.uk.

56. We have provided a word limit for each section of the template. Institutions may append or provide links to supporting documents if they wish. We will assess the bids on the basis of the completed template and will refer to any linked supporting documents only where it is not clear that the criteria have been met in the template.

How will bids be assessed?

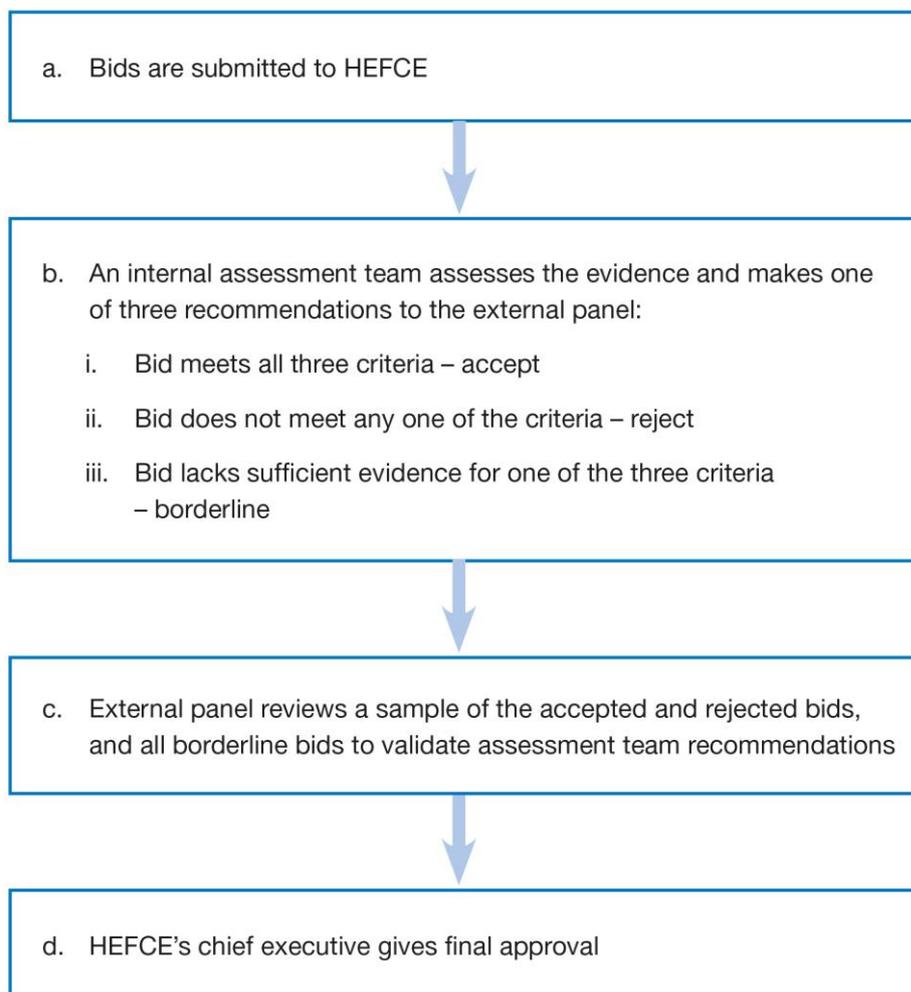
57. Bids will be assessed on three criteria:

- average fee
- demand
- quality.

58. Annex B provides details about the type of evidence that institutions might submit for each criterion, and how we will assess the information.

59. We will use both internal and external assessors to ensure fair and robust decision making, as shown in Figure 2.

Figure 2 How bids will be assessed



Funding and funding agreements for successful bidders

60. Where an institution is successful in its bid for margin numbers, we will use these numbers to create its student number control limit for this and future years.

61. For the most part, the only income associated with the additional places is that which will come through the tuition fees that institutions charge. Where appropriate, institutions will receive HEFCE funding in 2013-14 for:

- a. High-cost subjects such as science and engineering, or certain intermediate cost subjects such as art and design or IT and computer science (guidance on identifying these courses for bidding purposes is given in Annex D).
- b. A contribution towards the institutional costs of supporting student opportunity in higher education.
- c. London weighting, where eligible.

62. Successful institutions will be given an indication of any HEFCE funding they may receive in our initial funding announcement for 2013-14 in March 2013. However, each institution's 2013-14 funding will be recalculated in March 2014 to reflect the numbers they actually recruited.

63. Any institution that receives HEFCE funding in 2013-14 will be required to comply with a funding agreement, which specifies terms and conditions of grant. More information will be given to successful institutions⁸.

Monitoring recruitment, quality and provision of information

64. We will place a number of data and accountability requirements on successful colleges that are new to HEFCE funding, to assure ourselves of the appropriate use of the student places.

65. We will request information in order to:

- monitor recruitment in 2013-14
- inform our funding and regulatory decisions for 2013-14 through an annual survey (known as the Higher Education in Further Education: Students (HEIFES) survey).

We will also use this information to monitor the extent to which places are filled by colleges. We will provide guidance on how recruitment against the limits for 2013-14 might affect an institution's student number control limits for subsequent years.

66. We will monitor average fee levels using such data sources as we consider appropriate, which may include the Student Loans Company and OFFA. We explain how to calculate average fee in Annex B (paragraph 25)

67. Colleges will also be required to produce a Key Information Set for each of their HE courses and, in later years, participate in the National Student Survey (NSS) and the Destination of Leavers from Higher Education (DLHE) survey. Information on these is provided in Annex A. New providers of HE will also be required to engage with the Quality Assurance Agency.

Timetable

68. The following timetable will apply to the bidding process:

1 October 2012	Deadline for bids
October - November	Internal assessment process
December	Panel meets to assess and recommend bids for funding. Allocations from the margin approved
January 2013	HEFCE confirms provisional allocations and baseline student number controls, and appeals invited
February	Consideration of appeals and outcomes notified to institutions
March	Allocations confirmed to Board and included in 2012-13 grant announcement.

69. A glossary can be found at www.hefce.ac.uk/acronyms/

70. If you have any queries, please contact Pam Macpherson Barrett, tel 0117 931 7471, e-mail p.macpherson-barrett@hefce.ac.uk

⁸ Funding agreements are issued annually; the agreements for 2011-12 can be viewed at www.hefce.ac.uk/whatwedo/invest/institns/annallocns/archive/2011-12/ under For institutions/July 2011 announcement

Annex A: General information for those new to the student number control and HEFCE funding

1. This annex lists links to:
 - publications about the Government's higher education reform programme
 - context on HEFCE's approach to funding and student number controls.
2. Although these publications are not essential reading in terms of understanding how to complete your bid, you will find they help you understand the implications of a successful bid, as well as HEFCE's role in supporting learning and teaching in higher education.
3. Other ways of keeping up to date:
 - the HEFCE web-site (www.hefce.ac.uk)
 - the HE in FE web page of our site includes links to presentations given at an introductory event we held in April 2012 for those FECs that had student number control places for 2012-13 (www.hefce.ac.uk/whatwedo/it/heinfe/)
 - admin-hefce alerts (www.hefce.ac.uk/pubs/signupfore-mailalerts/)
 - monthly e-newsletter 'HEFCE Update' (www.hefce.ac.uk/pubs/signupfore-mailalerts/)
 - Twitter feed which publicises our news releases and publications (<http://twitter.com/hefce>).

The Government's higher education reform agenda: key documents

4. The Government set out its vision for the future of higher education in England in its White Paper, 'Students at the heart of the system' (June 2011). It also published a technical consultation on a new regulatory framework (August 2011). The Government published its response to these consultations in June 2012. These documents are available at <http://discuss.bis.gov.uk/hereform/>
5. On 13 June 2012 Vince Cable and David Willetts wrote to HEFCE and the Student Loans Company to set out the next steps in the implementation programme⁹. The letter announced the Government's intention to consult later in the year on how to bring FECs with HE students on 'fees only' courses and alternative providers whose courses are designated for student support purposes (although they are not eligible for HEFCE teaching grant) within the student number control.

Changes to teaching funding and student number control from 2012-13

6. Over the past 12 months HEFCE has consulted with the higher education sector on the implementation of the Government's policy on student number controls, and on changes in the way HEFCE allocates its funding for teaching in the light of the new funding regime.
7. Our consultation on **changes in 2012-13** was 'Teaching funding and student number controls' (HEFCE 2011/20), and the outcome was published in November 2011: 'Teaching

⁹ The letter and HEFCE's response can be found in the news section of our web-site: www.hefce.ac.uk/news/newsarchive/2012/name.73166.en.html

funding and student number controls from 2012-13: summary of responses to consultation and decisions made' (HEFCE Circular letter 26/2011).

8. Our consultation on **changes in 2013-14 and beyond** was 'Student number controls and teaching funding: Consultation on arrangements for 2013-14 and beyond' (HEFCE 2012/04). We then published a circular letter In May 2012 outlining our proposals for implementing student number controls for 2013-14: 'Student number controls for 2013-14: proposals for high grades and a core and margin exercise' (HEFCE Circular letter 12/2012).

9. All HEFCE publications and circular letters are available from www.hefce.ac.uk/pubs/.

HEFCE's funding and allocations for 2012-13

10. Information on our initial funding and student number allocations for 2012-13 is provided in 'Recurrent grants and student number controls for 2012-13' (HEFCE 2012/08). Further information is available on our web-site at www.hefce.ac.uk/whatwedo/invest/institns/annallocns/.

HEIFES survey

11. The annual Higher Education in Further Education: Students (HEIFES) survey asks FECs to provide data about students that are on prescribed higher education courses. It collects this aggregate student number data from all FECs that have a student number control. We use this information to:

- monitor adherence to the student number control
- review funding we have previously announced for the current academic year
- inform our funding decisions for the following academic year.

12. It provides an early estimate in the year of the student numbers on prescribed HE courses at FECs. We then reconcile the information that has been provided via HEIFES with the final data provided in the individualised learner record (ILR R14) that FECs will have submitted to the Data Service. Finally we adjust our funding allocations according to the results of the reconciliation.

13. The annual HEIFES request for data provides definitions that apply in our funding approach to FECs, including a number of terms used in this document. The most recent HEIFES guidance is HEIFES11: Higher Education in Further Education; Students survey 2011-12 (HEFCE 2011/26) www.hefce.ac.uk/pubs/year/2011/201126/. It contains a 'Getting started' section at Annex A.

14. We published a circular letter about changes to the HEIFES survey for 2012: 'Early notification of planned changes to HESES and HEIFES and implications for 2012-13 student number control' (HEFCE Circular letter 15/2012, www.hefce.ac.uk/pubs/year/2012/cl152012/).

Key Information Sets, NSS and DLHE

15. Key Information Sets (KIS) will begin to appear on Unistats web-site and institutions' course pages from September 2012. They are a new way to help compare full- or part-time undergraduate courses, and have been carefully designed to meet the information needs of prospective students. All undergraduate courses will be covered.

16. When a college receives direct funding from HEFCE for HE courses they are responsible for producing a KIS for each course. Exceptions are:

- short courses (one year full-time equivalent or less)
- postgraduate courses
- courses delivered wholly overseas
- closed courses¹⁰.

17. While much of the KIS data is drawn from existing sources – the National Student Survey and the Destination of Leavers from Higher Education (DLHE) survey – some must be provided by the institution.

18. More information

- on KIS: www.hefce.ac.uk/whatwedo/lt/publicinfo/kis/
- on the National Student Survey:
www.hefce.ac.uk/whatwedo/lt/publicinfo/nationalstudentsurvey/
- on the DLHE: www.hefce.ac.uk/whatwedo/lt/publicinfo/destinationofleaverssurvey/.

OFFA and access agreements

19. Institutions that wish to charge more than £6,000 in tuition fees for full-time courses from 2012-13 are required to have an OFFA approved access agreement. An access agreement must set out: tuition fee limits; the additional access and, where appropriate, retention measures put in place; the estimated cost of these measures; targets and milestones related to these measures; and how institutions will inform students of the financial support offered.

20. Further information on OFFA and access agreements can be found on its web-site www.offa.org.uk.

¹⁰ These are courses that are not open to any suitable qualified candidate, for example a course provided only to employees of a specific company.

Annex B: Guidance on submitting a bid for student places for 2013-14

1. This annex gives further details on submitting a bid for student places for 2013-14. It covers:
 - which institutions are eligible to bid for places
 - what sorts of students and provision are eligible
 - criteria for assessing bids
 - how to submit your bid.
2. Before deciding whether or not to bid, you should consider these questions:
 - Do you have suitable validation arrangements in place (or can develop them)?
 - Do you have staff able to deliver the provision at HE level (or can you train/recruit)?
 - Will your HE courses be viable with an intake of between 25 and 50 places per year?
 - You will no longer be able to provide full-time UG and PGCE courses on a fees-only or 'off quota' basis: will that be acceptable?
 - The government proposal to bring fees-only provision into the student number control might affect your institution in the future: are you comfortable with the implications?
 - If you provide courses through a franchise-in agreement with an HEI, your own numbers might replace your franchised-in numbers if the HEI chooses to withdraw: will that be acceptable?
 - Do you have the resources available to meet our data requirements, in particular HEIFES and KIS?

Which institutions are eligible to bid for places?

3. If your institution does not currently have a HEFCE student number control or has a limit of zero (because you only provide part-time or postgraduate HE), then you will be eligible to bid for places. FECs and higher education institutions (HEIs) who are already (or who will be in 2012-13) directly funded by HEFCE only for part-time or postgraduate provision are eligible to bid.

What sorts of students and provision are eligible?

4. Your bid for student places must be for provision that is covered by the student number control. This generally relates to students starting HEFCE-fundable full-time undergraduate or PGCE study in 2013-14.

5. Note that the places you can apply for must be for students **starting** HEFCE-fundable **full-time** study in **2013-14**. As such, this will commonly apply only to students on the first year of their course¹¹.

¹¹ Students in later years of a course would generally count towards the student number control only if they have entered your institution directly in that later year (perhaps because of a transfer or the accreditation of prior learning), or transferred from a course that was not HEFCE-fundable, or from part-time study.

6. For FECs, provision must be for full-time students aiming for one of the following qualifications, awarded (except where specified otherwise) by a UK HEI with degree-awarding powers:
- a. First degree, including foundation degree, bachelors degree or integrated masters degree. Foundation degrees may be awarded by an FEC that has foundation degree-awarding powers.
 - b. Higher National Diploma (HND) or Higher National Certificate (HNC) awarded by Pearson Education (formerly Edexcel).
 - c. Diploma of Higher Education (DipHE).
 - d. PGCE, Diploma in Teaching in the Lifelong Learning Sector (DTLLS) or Certificate in Education (CertEd).
7. You may **not** apply for student places for any of the following:
- a. Postgraduate provision **other than** HEFCE-fundable PGCEs.
 - b. Part-time provision (part-time students are not currently subject to any number control mechanism).
 - c. Non-prescribed HE provision in FECs.
 - d. Provision funded by certain other public bodies, or for which another public body has funding responsibility. This comprises:
 - initial or in-service teacher training courses for school teachers, for which the Teaching Agency has funding responsibility
 - pre-registration courses in nursing, midwifery and certain other healthcare professions, for which the Department of Health has funding responsibility
 - courses for which an NHS bursary may be payable and other courses funded by an NHS body where the fee charged to the student is nil
 - non-prescribed HE provision in FECs, for which the Skills Funding Agency has funding responsibility.

What are the criteria for assessing bids?

8. We will assess bids using the following criteria:
- demand
 - quality
 - average fee.

You must address all of these criteria in your bid, and provide evidence that you can satisfy them. This means that you will need to provide robust evidence of the student demand for the places you are bidding for, and your ability to fill them. You will need to provide independent verification of the quality of your provision, in particular from your own students.

9. We set out below more detail about the criteria and examples of the sort of evidence that you may wish to use. Please note that the examples are suggestions: we do not expect you to

cover all of the points listed, and we will consider other relevant information that you may wish to provide.

Demand

10. Your bid will need to provide **evidence of student demand** for your HE provision in 2013-14. This might include:

- the ratio between applications and places on the courses proposed or at the institution generally
- previous and current delivery of provision
- any studies or surveys of demand for HE provision that you have conducted.

11. You must be able to demonstrate that there is **demand for at least 25 student places**. In addition, if your institution does not currently deliver HE you will need to be able to demonstrate the capability to deliver HE in terms of staffing, data management and supporting the student interest.

12. You must provide information on the **broad subject areas and/or courses** these student places are intended for.

Quality

13. You **must** provide information on the following areas:

- quality assurance outcomes (paragraphs 14-17, 22 below)
- student satisfaction (paragraph 19)
- validation (paragraphs 20-21).

14. Bids should demonstrate that your institution's quality of provision is **at least satisfactory or better**. We will make a judgement based on the evidence provided from your most recent IQER outcomes, if you have undergone IQER¹².

15. Institutions with a 'no confidence' IQER judgement are not likely to be successful.

16. Similarly, if your institution has a 'limited confidence' IQER judgement with an unmet action plan, and you cannot provide evidence from your student evaluation and feedback system relating to HE study of high levels of student satisfaction, your bid is unlikely to succeed. We will consider the nature of the recommendations the QAA made in its most recent report. If the QAA has been unable to comment on responses to the recommendations by the time of the bid, clear evidence of progress must be provided by the institution to enable a judgement to be made as part of the assessment process. We will consider positively any features of good practice in the report, if these are drawn to our attention.

17. Institutions which have not undergone IQER should provide evidence as per paragraph 22 below.

18. If bids are for specific course provision we need to see course-specific quality and demand information.

¹² IQER will be replaced by the Review for Higher Education in Further Education in 2013.

19. Bids must include evidence that students are satisfied with the institution as a whole or, where applicable, with delivery at course level. This should include information from the institution's own student evaluation and feedback system relating to HE study; this can include NSS data.
20. We need assurance that the provision is a validated/accredited programme of study that can be marketed according to UCAS guidelines, including evidence from the validating organisation. We need confirmation that the course is validated and by whom; or confirmation that the courses that you are bidding for will have been validated by the course commencement date.
21. Where validation has not yet been confirmed we need a letter from your validating body setting out:
- a. What point the validation process has reached.
 - b. What the timescales are for completing validation.
 - c. What the likelihood is that validation will be in place in time for the courses to start.
22. Supporting evidence about quality could include some of the following:
- evidence from the QAA's Review for Educational Oversight
 - evidence that the institution exceeds the Skills Funding Agency's minimum levels of performance
 - most recent outcome of Ofsted review or report
 - information from the Skills Funding Agency's Framework for Excellence
 - student completion rates
 - student retention rates
 - current Learning, Teaching and Assessment (LTA) Strategy, or similar
 - evidence from professional, regulatory and statutory bodies (if relevant)
 - any other evidence of quality which might be relevant.

How to calculate the average fee

23. To be eligible for student places, institutions should confirm that they will have an average net fee level of £7,500 or less for each year of active study for their 2013-14 cohort.
24. Institutions awarded places through this bidding exercise should also be aware that significant increases in average fee levels (after fee waivers) across their institution (that is, not just the 2013-14 cohort) over the next two or three years may result in a downward adjustment of their institutional student number control total from 2014-15 onwards.
25. The average net fee of £7,500 should be calculated on the following basis:
- a. It should represent the average fee, after any tuition fee waivers, per full-time equivalent (FTE) student for the whole institution for each year of active study for students subject to the new FT UG regulated fee regime, who start in the 2013-14 academic year.
 - b. Only tuition fee waivers can be taken into account for the purposes of calculating average fees. Expenditure on student bursaries, or other reductions in charges made to

students, such as for accommodation, should not be treated as tuition fee waivers for this purpose.

c. It should include HEFCE-fundable FT UG and Postgraduate/Professional Graduate Certificate of Education (PGCE) study **only**, excluding other postgraduate provision and all part-time provision. HEFCE-fundable full-time PGCEs are part of the student number control.

d. It should only include provision fundable by HEFCE. Provision funded by the NHS or the Teaching Agency should be excluded (even where institutions are required by OFFA to include these students in their access agreements for 2013-14).

e. It should include the fees and student FTEs for all franchised-out provision, but not for franchised-in provision.

f. Sandwich years-out and Erasmus/non-Erasmus year abroad students should be included; calculated at 0.5 FTE and on the basis of the total of the fee charged to the student. We may test the credibility of the fee level if, for example, the institution is using many sandwich or year abroad placements to ensure it does not exceed the eligibility threshold of £7,500.

g. It should not take account of students who withdraw from their studies part-way through the academic year, including those that do not pay their full tuition fee for the year on the grounds that they have withdrawn from the course early.

h. Students on accelerated FT UG programmes, such as bachelors degrees taught over two years rather than three, should be treated in the same way as any other full-time undergraduate. Institutions are not permitted to charge fees to such students above the usual maxima set out in legislation, and we provide funding to recognise the additional costs of this kind of provision. For the purposes of this average fee calculation the FTE value of such students should not exceed 1.0 FTE in any year.

24. OFFA has confirmed that it is content for institutions to apply for an access agreement in order to bid. Institutions must have an access agreement with OFFA if they intend to set any FT UG or PGCE fees above £6,000 for those entering from 1 September 2012. OFFA requires institutions to express their interest in submitting an access agreement by 1 October 2012, by e-mailing enquiries@offa.org.uk.

How do I submit my institution's bid?

25. Bids for student numbers for 2013-14 must be made by e-mail. You will need to complete the form at Annex C and the Excel spreadsheet at Annex D. You can download the form and the spreadsheet from www.hefce.ac.uk/pubs/year/2012/201217/ alongside this publication.

26. We will accept only one bid per eligible institution. Because we can only allocate numbers to individual institutions, we cannot accept joint bids.

27. The completed template and spreadsheet should be e-mailed to coreandmargin@hefce.ac.uk by **noon on Monday 1 October 2012**. We will confirm receipt by e-mail.

Annex C: Bid template

Annex D: Bid Excel spreadsheet and guidance for completion

These annexes are available to download as separate files alongside this publication at www.hefce.ac.uk/pubs/year/2012/201217/.

Abbreviations and glossary

ABB+ equivalent	Students entering higher education with qualifications equivalent to, or higher than, A-level grades ABB. A list of qualifications equivalent to ABB+ is at www.hefce.ac.uk/whatwedo/it/howfund/newarrangementsforteachingandstudentnumbercontrols/
Access agreements	An access agreement is a document setting out how a university or college charging higher fees intends to safeguard and promote fair access to higher education through its outreach work, financial support etc. It also includes targets and milestones, set by the university/college itself
DLHE	Destinations of Leavers from Higher Education survey
FE	Further education
FEC	Further education college
FT UG	Full-time undergraduate
FTE	Full-time equivalent. For comparison and funding purposes, numbers of part-time students and staff are converted to full-time equivalents. This is because a direct headcount is often a poor indication of the actual volume of activity.
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution (university or college of higher education).
HEIFES12	Higher Education in Further Education: Student Survey 2012
HESA	Higher Education Statistics Agency
HESES12	Higher Education Students Early Statistics 2012
ILR	Individualised learner record
IQER	Integrated Quality and Enhancement Review, a review method specially devised for higher education in further education colleges in England. Further information can be found on the QAA web-site: www.qaa.ac.uk/InstitutionReports/types-of-review/IQER-England/Pages/default.aspx , and the HEFCE web-site: www.hefce.ac.uk/whatwedo/it/qa/qualityassurancesystem/ .
JACS	Joint Academic Coding System
KIS	Key Information Sets (KIS) are comparable sets of information about full- or part-time undergraduate courses and are designed to meet the information needs of prospective students
Non-prescribed HE	Any provision at Levels 4 to 8 of the National Qualifications Framework (NQF), Qualifications and Credit Framework (QCF) or the Framework for Higher Education Qualifications (FHEQ) that is not identified as prescribed in Annex B, paragraph 6

NSS	National Student Survey. The NSS gathers opinions on the quality of students' courses in order to contribute to public accountability as well as to help inform the choices of future applicants to HE
OFFA	The Office for Fair Access (OFFA) is an independent, non-departmental public body. Its role is to promote and safeguard fair access to higher education for lower income and other under-represented groups following the introduction of higher tuition fees in 2006-07
PGCE	Postgraduate/Professional Graduate Certificate of Education
QAA	<p>The Quality Assurance Agency for Higher Education (QAA) upholds quality and standards in UK universities and colleges.</p> <p>The QAA guides and checks the quality of teaching, learning and assessment in UK higher education, to help every student to have the best possible learning experience.</p>
UG	Undergraduate