Research report

Devolution and higher education: impact and future trends

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Research reports

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This report has been prepared for Universities UK by Alan Trench, the Law School, University of Edinburgh. The statistical annexe was produced by Nigel Brown and Brian Ramsden. Universities UK also acknowledges, with thanks, the valuable contributions of Jim Gallacher, Jim Gallagher, John Fitz and Bob Osborne to this project.

Devolution and higher education: impact and future trends

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Preface

Devolution to Scotland, Wales and (intermittently) Northern Ireland was one of the major constitutional reforms initiated by the new Labour Government when it took office in 1997. This was largely a political project, and one of devolution's key successes was largely to halt, at least for a while, political debates about the position of Scotland (and to a lesser degree Wales) in the Union, which had bedevilled Conservative governments in the 1980s and 1990s.

At an administrative level, devolution bedded in with remarkable ease and remarkable speed. Consequently, the lack of obvious signs of a transition – and the lack of disputes about devolution, particularly between the government of the UK and the devolved administrations – meant that the view spread that devolution was a 'done deal', a reform that was completed leaving no further issues. Certainly, that was the view in 10 Downing Street for much of last five years.

That view would not be shared by many involved with making or implementing public policy in almost any domestic policy sector and in any part of the UK. Devolution has created a range of anomalies, discrepancies and complexities in almost every sector.

This report will explore the implications of devolution for higher education. Section 1, the introduction, summarises the institutional framework of devolution, how intergovernmental relations work, discusses its implications and effects for Westminster and Whitehall in general terms, and discusses the political situation and its policy implications as it has developed during 2007. Section 2 sketches, in broad and general terms, the key features of higher education policy in each of England, Scotland, Wales and Northern Ireland. It aims to enable readers to compare the systems and their overall approaches, and to put into context some of the more specific policy issues discussed later.

Section 3 discusses issues relating to students, including the location and growth of the UK's student population, cross-border flows, participation rates, international students and student fees and finance, to identify the different sorts of polices pursued in each part of the UK. Section 4 is about issues relating to degrees and qualifications. Section 5 considers institutional issues – the conferring of university status, and issues relating to institutional reconfiguration and mergers.

Section 6 looks in detail at how research funding is allocated territorially, the Research Assessment Exercise (RAE), research collaboration and pooling, governance arrangements and the broader implications of these issues. Section 7 explores financial issues – particularly looking at the systems of student funding and their implications for institutions and the higher education sector in each part of the UK. Section 8 draws conclusions for the development of higher education across the UK as a result of devolution.

Throughout, the aim has been to give a comparative picture of policy developments in the four constituent parts of the United Kingdom, and to try to identify policy issues that arise, either from the different approaches pursued in different parts of the country or from the interaction of the different policies each government is pursuing. In this sense, this is not an 'academic' piece of work. It does not seek to make any contribution to theoretical debates, but it does seek to analyse and understand higher education policy as it has developed over the last eight years or so. In order to do this, it has been necessary to summarise and compress a large body of material – including that from background papers prepared by Nigel Brown and Brian Ramsden of Nigel Brown Associates, John Fitz of Cardiff University, Jim Gallacher of Glasgow Caledonian University, Jim Gallagher of the University of Glasgow, and Bob Osborne of the University of Ulster. On any particular topic, it would be possible to write a discussion itself the length of this report, and inevitably this means that there has been a loss of detail and precision in order to gain the broader perspective that policy-makers will find most useful. I apologise to anyone who feels that their territory or their work has been slighted or mistreated in this process, and to readers who feel that the report does not supply the level of detail they would wish. Such detail is usually available (and the papers by the collaborators in this project supply much of it). My approach, however, does provide a broader overview that has often been missing from discussions of specific issues, which in fact interact in significant ways.

I undertook work on this report while still at the Constitution Unit at University College London. As I cannot claim any specialist expertise in the field of higher education, I am grateful to Universities UK both for commissioning the report and for arranging for help from experts in higher education from Scotland (Jim Gallacher), Wales (John Fitz) and Northern Ireland (Bob Osborne). The papers they prepared with great care have been invaluable to me in drafting this report, and I hope that they will be published shortly. I have also been helped by statistical work by Nigel Brown and Brian Ramsden (which appears as an annexe to the report), and by assistance on financial matters from Jim Gallagher (then) of the University of Glasgow (and now back in government).

To map changes since devolution took effect, the report uses data from 1996/97 as a baseline, predating both devolution and the change of UK Government in 1997. As well as an analysis of published documents and official papers, my work has also involved interviews with numerous officials in the UK Government and devolved administrations who deal with aspects of higher education, with officials in the funding bodies in Great Britain and staff of Universities Scotland and Higher Education Wales. These interviews were mostly carried out in the summer of 2007, and in order to enable interviewees to speak freely were unattributable; they have therefore not been quoted directly, or used otherwise in ways that enable interviewees to be identified. I am most grateful to academic colleagues for their help, guidance and wise counsel and to interviewees for their candour and assistance, and to staff from Universities UK, Universities Scotland and Higher Education Wales for their comments on a draft of the report. Nonetheless, this report is my own work, and I am responsible for any faults, errors or inaccuracies that it may contain.

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Summary of key messages

This report looks at the effects of devolution on higher education and compares the devolved administrations' policies.

The powers of the Westminster Parliament remain sovereign and in practice still legislate for all parts of the UK, even where legislative powers are devolved. Many ministerial departments still deal with both devolved and non-devolved matters and the machinery for consultation and coordination is very limited.

Higher education is a matter devolved to Scotland and to Northern Ireland. In Wales powers over higher education are devolved to the Welsh executive body, the Welsh Assembly Government, but not until now to the National Assembly for Wales, although this could happen in the future.

The funding of research, however remains a matter for the all-UK Government, through the funding bodies and research councils.

Finance to the devolved administrations comes from the UK Government via a block grant. When spending in England on comparable functions – health, education and so on – is increased then the devolved administrations get more funding, but may spend the grant largely as they see fit.

Until 2007 disputes that arose between devolved governments and the UK Government in London were tackled with underlying political goodwill as Labour dominated the governments in London, Edinburgh and Cardiff. Election results in 2007 ended this consensus and now cooperation requires more formality and there is pressure for reform of the financial arrangements of devolution.

The divergence of higher education policies predates devolution, but has become more marked since then. The need, however, to compete for international students and to recruit staff from across the UK has kept the devolved administrations from making changes that stray very far from policy decisions made in DIUS for England. The Bologna process that aims to facilitate student mobility within 46 European countries is an influence favouring consistency.

In England higher education policy has favoured radical market-oriented mechanisms, such as introducing deferred variable fees, competition for research money solely on merit, mergers between institutions and the creation of new degree-awarding institutions. Lifelong learning focuses strongly on improving skills in the workforce.

Wales has announced special grants for poorer students, provided they study in Wales; it has favoured mergers, but not very much has actually changed. It adopted a less selective approach to research funding and initially supported departments with 4 and 3a Research Assessment Exercise ratings. There is concern that higher education in Wales gets funded less favourably than in England – a funding gap.

Scotland has favoured widening participation with improved student funding, co-locating institutions of further and higher education, as well as lifelong learning policies that do not focus only on skills. Scotland had rejected higher variable fees in favour of a graduate endowment, but in 2008 the SNP abolished that. There has also been a policy aimed at boosting research capacity.

Northern Ireland has not operated as a devolved administration throughout the period under scrutiny. Efforts to give students more funding support have been overruled by the UK Government, and the model is now based on England's.

It is too early to say why changes in cross-border flows of students are occurring and whether contrasting policies on fees are a factor – they clearly complicate students' decisions about where to study.

Attempts to widen participation have not shown significant increases. The overall increase in international students has particularly favoured England, especially the south-east.

There has been little significant change in the awarding of degrees and qualifications – the English foundation degree has not been emulated in Wales or Scotland.

The longstanding complexities of research funding deepen with devolution. It is clear however that England's share of research money is increasing at the expense of the other territories. EU funding bucks this trend. Funding decisions are sometimes taken by the UK Government without regard for their impact on higher education in Scotland, Wales, or Northern Ireland. Attempts in Wales and Scotland to build research capabilities are encouraging.

Current criteria for allocating research councils' funds overlook the economic impact of this finance on institutions that may have potential but cannot demonstrate past success – and on their localities.

The impact of deferred variable fees in England will increase the resources available to institutions in England, compared with the other three countries, particularly Scotland. If Scotland and Wales maintain their policies on fees their spending on higher education will be disadvantaged.

The UK Government's policymaking process often considers devolved concerns late, or not at all, and liaison remains undeveloped. Greater clarity in the UK Government about devolved and non-devolved matters is needed, with more systematic liaison and recognition of the impact of the financial systems and the anomalies they can create.

Funding for higher education should be allocated to the devolved administrations (and within UK Government) on a basis that either recognises levels of territorial need, or delivers equivalent funding on a per capita basis.

There should be funds at UK level to support the development of research capacity in the four countries.

This section will set out the institutional framework of devolution in the UK, and discuss how it has operated since 1999. It draws on the extensive research that has been carried out, much of it funded by the Economic and Social Research Council's *Devolution and constitutional change* programme, or the two programmes on *Nations and regions: the dynamics of devolution*, funded by the Leverhulme Trust and based at the Constitution Unit at University College London and the University of Edinburgh.[1]

1.1 The legal and administrative structure of devolution

The way devolution works, in constitutional terms is different in many respects for Scotland, Wales and for Northern Ireland.

In Scotland, under the Scotland Act 1998, the Scottish Parliament has a wide range of legislative powers, and can legislate for all matters save those expressly reserved to Westminster. Reserved matters include defence and foreign affairs, the macro-economy and the currency, and redistributive ones such as social security. They also include much regulation of the economy, including employment law, broadcasting, and also (important for higher education) the research councils. Devolved matters are everything else – including health, housing, education, the criminal law and policing. Higher education, other than the research councils' funding of research, is therefore a devolved matter.

In Northern Ireland, the constitutional fabric of devolution is rather more complicated – not least because of the relationship between the devolved institutions within Northern Ireland set up under strand 1 of the 1998 Belfast Agreement, the north-south institutions created by strand 2 of the Agreement and the 'east-west' ones (the British-Irish Council and intergovernmental conference) set up by strand 3. Under strand 1, there are distinctions between 'reserved' matters, 'excepted' matters and devolved ones. As in Scotland, all matters not specifically reserved or excepted are devolved. 'Reserved' matters are ones on which the Northern Ireland Assembly may legislate with the consent of the Secretary of State for Northern Ireland, and which may be devolved at some future date. 'Excepted' matters include defence and foreign affairs and economic matters. Reserved matters include many aspects of economic regulation, policing and criminal justice (which there are plans to devolve in due course), and the research councils. Slightly oddly (and for historic reasons), social security is devolved, but subject to requirements to ensure parity in benefits and entitlements between Northern Ireland and Great Britain. Devolved matters therefore again include health, housing and education, including higher education.

Devolution to Wales has been in a state of flux since 1998. The Government of Wales Act 1998 created a National Assembly for Wales that was a single body corporate, combining representative and executive functions in a single entity. Part of the story of Welsh devolution has been the differentiation between the elected, representative (and now legislative) Assembly, and the executive Welsh Assembly Government. These were each established as separate formal entities by the Government of Wales Act 2006, with effect from May 2007.

The National Assembly's powers were initially limited to executive matters, starting with those of the Welsh Office before 1999. Those powers included higher education institutions, and student support was subsequently devolved as well, in 2004. Its powers expanded and developed as Westminster passed legislation affecting areas in which the Assembly had functions between 1999 and 2007. With the 2006 Act, the National Assembly can acquire legislative powers relating to specific matters in twenty fields, either directly by Westminster Act of Parliament or by a legislative competence order, an order in council sought by the Assembly and approved at Westminster.[2] Health, housing and education, including higher education, are among those fields.

Thus potentially the National Assembly for Wales can acquire legislative powers over higher education, to go with the executive powers that have been devolved since 1999. At present, higher education is not devolved for legislative purposes, but depending on the Westminster legislative agenda and the wishes of the National Assembly, legislative powers in this field could be conferred over the next few years. (Post-16 further education and vocational training matters have been devolved to the Assembly as a result of the Further Education and Training Act 2007.) In any event, higher education remains devolved on the executive level. Ultimately, after a referendum (which may happen as soon as 2011), the Assembly may acquire 'primary legislative powers' over the twenty fields specified in the 2006 Act.

The overall picture is that a different pattern of functions has been devolved to each part of the UK. Asymmetry is a key feature of the system. Higher education is in each case a devolved function, but research funding distributed by the research councils is not.

The allocation of finance to the devolved administrations works rather differently. The UK Government funds the devolved administrations with block grants, calculated by the widely-discussed (if often misunderstood) Barnett formula. The grants take no direct account of need. They are based on historic spending, as it applied when the formula was first adopted in 1978. The Barnett formula applies only to changes in spending, whether made from year to year (or spending review to spending review), or within a year.[3] Such increases are allocated when changes are made in England to spending on 'comparable functions', on a pro rata basis, according to the population of each territory in relation to England (and according to the extent of devolution of the function involved).

The grant is an unconditional one, which the devolved administrations are generally free to spend as they wish. However, the 2007 Comprehensive Spending Review introduced obligations to spend part of the grant on capital investment, although what functions it is spent on is a matter for the devolved administrations. Thus, there is no identifiable element of the grant relating to education, health or any other function, and increases in grant that have been triggered by a growth in spending on a particular function in England do not have to be spent on that function. That said, there is often political pressure to increase spending on a function if the UK Government allocates more for it in England.

The devolved administrations have very limited borrowing powers (essentially only for cash-flow management), and very limited tax-raising powers. The Northern Ireland Assembly and the National Assembly for Wales have no powers to change tax rates (other than local taxes), while the Scottish Parliament has a power, as yet unused, to vary the standard rate of income tax by up to 3p in the pound. If fully used, that power would raise about £1.1 billion (according to the 2007 UK Budget report), in the context of total Scottish devolved spending of about £23 billion.

Despite this, spending remains highly unequally distributed across the UK. Table 1.1 shows the varying levels of per capita spending in the four constituent parts of the UK. (Spending is also very unevenly distributed across England – although it is not allocated by the Barnett formula.) Spending levels are notably higher in Scotland and Northern Ireland than in England or Wales.

Table 1.1

Total identifiable expenditure by country 2005–06

	Spending per head, £	Spending per head indexed
England	6,835	97
Wales	7,784	110
Scotland	8,179	116
Northern Ireland	8,713	124
UK average	7,049	100

Source : HM Treasury and the Office for National Statistics (2007) *Public Expenditure Statistical Analyses* 2007 Cm 7091, London: The Stationery Office, tables 9.2 and 9.12

While there is considerable dispute about what 'need' is and how it should be measured, there is a very common view that Scotland is over-funded in relation to its needs, and that Wales is under-funded. By most indicators of need – measures such as per capita income (GDP or GVA), levels of unemployment, and so forth – Wales is much worse off than most of the rest of the UK. By these sorts of measures, Scotland has much lower levels of need (although special factors such as sparse populations in large geographical areas add to the costs of providing some services there). Consequently, the formula is widely criticised, and has been repeatedly disowned by Lord Barnett whose name it bears. The Welsh Assembly Government announced in June 2007 its decision to establish a commission to look at the Assembly's financing and related powers, which will begin work in the autumn 2008.

England remains largely outside the map of devolution. Attempts to establish elected regional government were pursued in a rather half-hearted way by the Labour Government between 1999 and 2004. In October 2004, a referendum in the north-east decisively rejected proposals to establish an elected regional assembly there. Since then, plans to set up elected regional assemblies elsewhere have been abandoned, and the UK Government has moved away from other aspects of the regional government scheme espoused by John Prescott as Secretary of State for the Environment, Transport and the Regions. In particular, it has announced that the present non-elected regional chambers (which often call themselves 'regional assemblies') will be dismantled. Various aspects of the regional agenda remain under discussion, such as whether 'city regions' should be established and what institutional form these might take. However, these debates have reached no clear conclusion and are clearly not the Brown Government's top priority. The result is to leave London as the only part of England with elected, regional-level government – and it is worth remembering that, with a population of 8 million, Greater London has almost as many people as Scotland and Wales combined.

1.2 Devolution and the structure of government in Whitehall and Westminster

Devolution has not affected the powers of the UK Parliament at Westminster. Westminster remains sovereign as a matter of law, and as a matter of practice is still active as a legislature for all parts of the UK even where legislative powers have been devolved.[4] In doing so, it acts in accordance with the so-called Sewel convention (named after Lord Sewel, who first stated it when a Scottish Office Minister in 1998). The convention stated that Westminster 'would not normally legislate with regard to devolved matters except with the agreement of the devolved legislature'. So far (thanks to Wales's limited legislative powers and the protracted suspensions of devolution in Northern Ireland) the convention has chiefly applied to Scotland, where it was extensively used between 1999 and 2007. Part of the reason for this is that Westminster legislation continues to deal with a wide range of territorial issues, with limited differentiation between the territorial scope of the various provisions contained in a single bill. Working out the actual (rather than formal) territorial extent of a bill is extremely difficult, not least because certain parts may apply in Wales only while one or two clauses may have a limited effect in Scotland – and parallel legislation will often be made for Northern Ireland in the form of an order in council.

A further part of the problem is that, in much of Whitehall, there remains an extensive overlap between devolved and non-devolved matters. Most UK Government departments deal with both sorts of matters, and make little structural attempt to distinguish between the territorial impact of their functions – so departments, divisions, branches and even units will combine England-only, England and Wales, Great Britain-wide and UK-wide functions. Few service departments retain the devolution or constitution desks that they ran between 1997 and 2001. (Exceptions include the Foreign and Commonwealth Office and Ministry of Defence, which have minimal overlaps with devolved functions, and the Home Office. The various departments that have been responsible for higher education have no such desks, although like all Whitehall departments they have devolution contact points, with only a limited role in policymaking.) The only mechanisms that try to distinguish between devolved and non-devolved matters are various internal procedures, most notably those relating to the preparation of legislation. These require various forms of consultation with the devolved administrations, and have made life for officials in service departments more complicated than before 1999, but without radically changing it. Facilitating such cooperation is a key task for the scaled-down Scotland and Wales Offices, which handle bilateral relations between the UK Government and the devolved administrations. (The Northern Ireland Office is much less active in this respect, largely due to the greater administrative distinctiveness of Northern Ireland.)

This situation has given rise to a major constitutional anomaly, the so-called 'West Lothian question'. Scottish MPs sit at Westminster and vote on matters affecting England, but not on ones relating to Scotland. These votes have proved decisive on a number of occasions, when controversial proposals for England such as variable tuition fees and foundation hospitals, needed those Scottish votes to pass. There are in fact Scottish interests in such matters, which are often overlooked; one is that when a proposal for England has financial implications, it will trigger consequential payments under the Barnett formula. Another is that such matters may in fact extend to Scotland, if the Sewel convention means that the Scottish Parliament has agreed to Westminster legislating on the matter. Nonetheless, this is a significant constitutional anomaly, and one which the UK Government has so far not sought to resolve. Although the number of Scottish MPs has been reduced (from 72 to 59), this only means that Scotland is no longer over-represented compared to England – it is represented only on a similar basis to England. Indeed, as Wales acquires legislative powers and Northern Ireland becomes more used to exercising its powers, the likelihood has to be that the anomaly will become more evident and more controversial. The Conservative Party is considering the possibility of moving to a system of 'English votes for English laws' to address the issue, but this would present grave practical problems of implementation, and risk creating two different majorities at Westminster, one for matters on which Scottish (and other devolved) MPs could vote and one for matters on which they could not. The result might well be to make the UK ungovernable.

1.3 The management of intergovernmental relations

A set of procedures was adopted in 1999 for the management of relations between the UK Government and devolved administrations in Scotland, Wales and Northern Ireland. These were set out in a memorandum of understanding between the various governments involved.[5] Central to this was the creation of a joint ministerial committee (JMC), consisting of representatives of all four governments. In its plenary form, consisting of heads of government, it would meet at least once a year to resolve any disputes that might arise, to discuss issues arising from devolved policies in different parts of the UK, and the interaction of devolved and non-devolved policies. It would also generally keep relations between the four governments under review. However, the view has developed among ministers that its sole function was to resolve disputes, and none was referred to it between 1999 and 2002. It has not met since October 2002, despite the formal requirement to meet every year (and repeated requests from the SNP government in Scotland for its revival since that government took office in May 2007). This lack of engagement in intergovernmental matters at the highest level of government may have contributed to a sense in Whitehall that this was not a particularly important issue. It certainly means that there has been no body that could actively manage intergovernmental relations.

In addition to the plenary JMC, what are known as functional meetings have taken place in various specific areas. These have included health, poverty, the knowledge economy and Europe. Most of these areas had ceased to be active by the end of 2001, however. The European format remains active, and meets about four times a year; indeed, it appears to have supplanted a parallel UK Cabinet committee. The only other areas in which devolved and UK ministers regularly meet are agriculture (about ten times a year, mainly to prepare EU business), and finance (twice a year).

As well as the JMC, arrangements were made as part of the devolution legislation for special procedures to enable the courts to consider legal issues. These were to be designated as devolution issues and referred to the Judicial Committee of the Privy Council. In practice, the Judicial Committee has never dealt with litigation between devolved governments or legislatures and the UK institutions, and very seldom with the key issue of whether devolved legislation is within the legal powers of the body making it. Most of the (few) cases it has considered have concerned human rights issues arising from criminal prosecutions in Scotland.

Instead, most practical intergovernmental relations are dealt with bilaterally, between a line department in Whitehall and officials dealing with the same policy area in the devolved administration. If matters become difficult, the Scotland or Wales Offices may become involved to help to resolve problems. Ministers are comparatively seldom involved, except for the Secretaries of State for Scotland and Wales, whose role in liaising with the First Minister of each country has been more demanding. (Northern Ireland is an exception, due to a tradition of greater administrative distinctiveness dating back to devolution to Stormont between 1922 and 1972 on one hand, and the importance of the political role of the Secretary of State for Northern Ireland in relation to the peace process on the other.)

These arrangements have in turn been underpinned by the very substantial political consensus that existed between 1999 and 2007, with Labour governments in London dealing with Labour or Labour-dominated ones in Edinburgh and Cardiff. Labour's dominance did not mean that party interests over-rode governmental ones, and that there were no differences or disputes. It did mean, however, that there was a fundamental (and extensive) climate of mutual goodwill between governments. For electoral reasons, the governments involved sought to resolve matters privately rather than in public and were agreed on the need to find a solution, rather than taking disputes to public or formal settings such as the JMC or the Judicial Committee of the Privy Council.

1.4 Devolution and public policy

Devolution has had a marked, if variable, effect on public policy. In some areas, it has led to very substantial differences in both how policy is made and its outcomes. In health, for example it has led to extreme variation.[6] By contrast, divergence in an area such as local government amounts largely to 'variations on a theme' (the theme being the UK/English one) rather than a completely different tune. The reasons for this are largely political, however – not just the complexion of the party in office but the broader policymaking environment and the relative strength of the various interest groups involved. There are no formal reasons why the NHS in all parts of the UK remains free at the point of use and funded by tax revenues (though if England were to take a different approach it would cause great difficulties for the devolved administrations); free access remains in place for political reasons. Similarly, despite the unpopularity of the council tax as a basis for financing local government and electoral commitments to replace it, it has remained because no one can find a better system (although the Scottish Government is trying to put into effect an SNP manifesto commitment to introduce a local income tax).

1.5 The 2007 elections

The elections of 2007 saw a significant change in the political complexions of all the devolved administrations.The March elections in Northern Ireland produced strong showings for the Democratic Unionist Party and Sinn Fein, which – after protracted negotiations – dominate ministerial posts in the new Northern Ireland Executive, as well as providing the First and Deputy First Ministers.

In Scotland, the Scottish National Party led Labour by a single seat in the May elections to the Scottish Parliament. Unable to persuade the Liberal Democrats to form a coalition government, it has since governed as a minority. In its first few months in office many of its policy actions have been symbolic, and involved little or no cost. Important among these are the renaming of the Scottish Executive as 'The Scottish Government', and publication of a white paper launching a 'national conversation' on independence and other constitutional options for Scotland.[7] Another important early step was to announce the abolition of the graduate endowment, which had been levied on Scottish-domiciled students who had graduated from a Scottish higher education institution. The charge was payable by graduates as a lump sum or by means of a public loan with income contingent repayments. Its abolition was finally approved at Holyrood in February 2008. This is discussed in more detail below.

In Wales, the elections produced a poor result for the Labour Party, and created a number of possibilities for government. One option was a return to the Labour-Liberal Democrat coalition that was in office between 2001 and 2003. Another was the formation of a 'rainbow coalition' of the Conservatives, the Liberal Democrats and Plaid Cymru. A third was a coalition between Labour and Plaid Cymru (the 'red-green' coalition), which is what in fact was formed after two and a half months of negotiations. Although Labour dominates the coalition, the entry of the nationalist party into office significantly changes the dynamics of Welsh politics. A key demand of Plaid Cymru in the coalition negotiations was to work for a referendum on transferring primary legislative powers from Westminster to the Assembly in 2011, and for Labour to support that proposal at the referendum.

The UK Government's response to these changes has been resolutely low-key. So far it has not sought to merge the posts of Secretary of State for Scotland or Wales, or to alter their role or functions. The Scotland Office and the Wales Office remain distinct entities in Whitehall and have not been merged into a single 'department of the nations and regions' . A senior official has been appointed as director-general, devolution, jointly in the Ministry of Justice and the Cabinet Office, to improve overall coordination of devolution matters, along with a director, devolution, in the Cabinet Office. There is now a small team of officials (fewer than six) at the centre of government working on devolution issues.[8] A cabinet committee on the constitution (CN) has also been revived, with devolution accounting for a substantial part of its workload.

However, the Ministry of Justice's green paper on *The governance of Britain*, published in July 2007, hardly mentioned devolution; constitutional or machinery of government matters were notably absent.[9] It contained no proposals on the West Lothian question. It offered a set of largely symbolic moves to promote 'Britishness', but these would appear to have little substance in the context of devolution and might even be counter-productive.

On the constitutional front, the UK Government has responded to the Scottish Government's 'national conversation' by announcing its support for a Scottish Constitutional Commission, announced by Wendy Alexander (the then leader of Labour in the Scottish Parliament) in December 2007 and supported by the three unionist parties at Holyrood. Its terms of reference will include both the overall powers of the Scottish Parliament and financial matters, but will not consider the option of independence. An interim report is expected in the autumn of 2008, and a final one in the spring of 2009.

The October 2007 Comprehensive Spending Review (CSR) produced tight settlements for the devolved administrations, with yearly increases of around 2.4 per cent per annum in Wales and 1.8 per cent in Scotland (although this is weighted toward later rather than earlier years, meaning that settlements are very tight in 2008/09). This has not led to any more far-reaching review of the Barnett formula. The CSR has, however, led to a tougher set of obligations for the devolved administrations to spend a proportion of their block grants on capital investment rather than leaving them free to spend it as they wish. These factors, combined with others – including a commission on finance in Wales, and demands for autonomy in fiscal matters from various quarters in Scotland – suggest that a substantial revision of the devolution financial system is likely in the medium term, or perhaps sooner.

The development of higher education policy across the UK has followed appreciably different trajectories since 1999. It is debatable how significant devolution has been in this process; some interviewees see it as an extension of a policy that started with the establishment of separate territorial funding bodies for England, Scotland and Wales under the Further and Higher Education Act 1992. Regardless of when this trend started, however, it has continued and become more marked since 1999.

The purpose of this section is to outline briefly the key characteristics of policy in each territory and to show how the different systems compare, rather than to provide an exhaustive account of policy in each system.

2.1 England

England's approach to higher education has been characterised by the following features:

- Greater differentiation of institutions, creating competition between them to attract the best students, and competition among students to enter particular universities, and the use of market-type mechanisms and incentives. The most obvious manifestation of this is tuition fees, but league tables and competitions for funding (for example, for capital projects in higher education institutions) also contribute to this trend.
- The transfer of an increasing share of the financial burden of higher education to students, or more accurately graduates, rather than the state. This has been accompanied by a weakening of the notion that higher education is purely a public good, and a greater emphasis on it as something that confers significant private benefits. The introduction of variable fees with deferred graduate contributions in 2006 reinforces this shift.
- A more active approach by government and its agencies to institutional issues, including the granting of degree-awarding powers and university status to a number of new institutions, including teaching-only institutions.[10] There has been some general encouragement of mergers, with HEFCE providing financial support (through its strategic development fund) but no taking-on by HEFCE of a strategic planning role in this area.
- An emphasis (shared in Scotland and Wales) on the need for education to continue throughout a person's life, but (unlike in Scotland or Wales) primarily for economic reasons (developing and maintaining the skills base in the workforce). This has affected the content and description of degree courses, the means of delivery of teaching and attempts to reach non-traditional students, for example through distance learning or part-time courses.

2.2 Wales

At least between 1999 and 2007, Wales has sought to shape a different approach to public services generally, emphasising the 'clear red water' between Labour in Cardiff and in London. Wales has tried to apply a doctrine of what an adviser to Rhodri Morgan (First Minister for Wales) dubbed 'progressive universalism'. This approach has emphasised partnerships between government, providers of services and services users generally, rather than competition between providers or privatisation of service delivery.

Looked at from the outside (though for different reasons, and without conscious emulation) Wales's higher education policy has in some ways been similar to the Scottish. Key features have included:

- A sector with many 'smaller but friendly' institutions, accompanied by political support for institutional reconfiguration although with only limited achievement of that overall. This has been reflected in official policy statements and funding council action to promote reconfiguration and collaboration.
- Concern within higher education about the 'funding gap' (also called the investment gap) between what the higher education sector in Wales receives and what it would receive if it was funded on the same basis as in England. The existence of the gap is somewhat contentious, its size much more so. Estimates of its size in 2004/05 vary from £40 to £80 million.
- Following reviews by Professor Teresa Rees (although not wholly following her recommendations), a more generous approach to student support, within the constraints of the Assembly's legal powers (and finances). This involves Assembly Learning Grants to help poorer students, deferred flexible fees which are reduced (by an Assembly Fees Grant) for full-time undergraduate students from Wales and EU students who choose to study in Wales, and a simplified structure for student support.

- A resolve to enhance the use of the Welsh language as a medium for teaching in higher education in line with the wider bilingualism policies of the Welsh Assembly Government.
- Despite the funding gap, a less selective approach from the Higher Education Funding Council for Wales (HEFCW) to research funding, which initially included continuing to provide significant research funding to departments with 4 and 3a ratings in the 2001 Research Assessment Exercise (RAE), as well as 5 or 5* ones. There has also been an attempt also to develop collaborative research networks supported by HEFCW's reconfiguration and collaboration fund, although this has been somewhat later and more tentative than in Scotland.[11]

2.3 Scotland

Scottish policy has been less market-oriented than England's, and concerned with incremental rather than radical change in the higher education sector. It has been characterised by:

- As in England, an emphasis on lifelong learning, but giving as much weight to its social aspects – such as social inclusion and active citizenship – as to skills.
- An attempt to link the various strands of lifelong learning, principally by merging the separate funding bodies for further and higher education into a single Scottish Funding Council, but also by stressing links between the two sectors in other ways, including the co-location of institutions and the exchange of students between the two.
- Following the report of Andrew Cubie, a more generous approach to student support, with a rejection of higher variable fees, and the introduction (from 2001) of the (now-abolished) graduate endowment as an alternative. The endowment that the graduate was required to pay back – as a lump sum or by means of a loan – was much smaller than the variable fee in England and had a number of exemptions. One of the first things that the incoming SNP administration did in the early summer of 2007 was to announce the abolition of the graduate endowment, from April 2008.
- A vigorous approach to the 'widening participation' agenda, with a wide range of initiatives to encourage participation – through improved student funding, location of courses and institutions, and attempting to develop links between higher education and further education courses.
- An attempt to maximise research performance by developing research collaboration across a range of disciplines, particularly in the natural and applied sciences, which seem so far to be broadly successful.[12]

2.4 Northern Ireland

Northern Ireland has experienced only short periods of devolution since the Belfast Agreement was reached in 1998; devolved government was only able to operate between 2000 and 2002, and since March 2007. For the rest of the period, UK ministers rather than locally-elected ones have governed Northern Ireland. Long-standing institutional and structural differences have played more of a role than changes in political direction.

Higher education institutions in Northern Ireland are directly funded by the Department for Employment and Learning Northern Ireland (DELNI) rather than through an arms-length funding body, partly because the establishment of such a body would leave the Department with little to do.[13] However, DELNI is advised by the Northern Ireland Higher Education Council on such matters. The council was first established in 1993, at the same time as the higher education funding bodies in England, Wales and Scotland. It lacked their statutory powers under direct rule, and when reconstituted in 2002 (under devolution) its remit was extended to cover all higher education in Northern Ireland, not just that provided by the two universities there. In addition to its advisory role, the body also has a role in providing liaison not just between DELNI and the universities but with counterparts in Great Britain and the Republic of Ireland.

One of comparatively few areas in which the Northern Ireland Assembly sought to influence policymaking was the issue of student support and tuition fees; a thorough enquiry by the former Education and Learning Committee recommended a rather different approach to student support and full-time undergraduate tuition fees than that adopted in England. However, the Employment and Learning Minister rejected the recommendations and decided, in 2004, that a very different solution, largely following the English model, should be adopted under direct rule[14]. From September 2008 the amounts of grants payable to Northern Ireland-domiciled students from low-income families have been increased, although the structure of the policy continues to resemble that in England.

2.5 The UK role

Despite the devolution of policy over most aspects of higher education, UK standards remain important to policymakers and administrators in all the devolved administrations. Interviewing suggests two key drivers for this: the market for student recruitment, especially from overseas, and the labour market for academic staff. The desire to ensure that universities throughout Britain (Northern Ireland is a partial exception here) are attractive to international students serves as powerful factor to ensure that they are clearly British universities, offering degrees which conform to the 'gold standard' (as one devolved-administration interviewee put it), which is recognised internationally. That means that degree standards, and the measures of teaching and research quality, continue to be operated within a UK-wide frame of reference.

Similar pressures influence the recruitment of academic staff, with universities in Scotland and Wales eager to ensure that they can recruit the best staff from the UK-wide labour market (or international ones), rather than limit themselves to smaller, more local ones. This entails a need to comply, largely, with UK-wide standards – in practice those set for England, whether (formerly) by the DfES or DTI and now by DIUS, or by HEFCE. These factors may be informal but they are nonetheless powerful, and play a major role in the minds of policymakers in Edinburgh or Cardiff. It is arguable, however, whether they loom so large in the minds of policymakers in London. For this reason, the machinery of managing intergovernmental liaison is an important area of concern, addressed in more detail in the conclusions of this report.

3 Students

The main focus of this section is quantitative. It discusses some of the main issues for students following devolution. It draws heavily on the annexe to this report, prepared by Nigel Brown and Brian Ramsden – using Office for National Statistics (ONS) and Higher Education Statistics Agency (HESA) data, which provides more detail on what I have necessarily simplified in this section.

3.1 The student population

Table 3.1:
Higher education students in higher education institutions 1996/7–2005/6

	1996/7			1999/2000			2005/6			Change from 1996/7 to 2005/6	
		Students as % of UK whole	Country/ region's % of total UK population		Students as % of UK whole	Country/ region's % of total UK population		Students as % of UK whole	Country/ region's % of total UK population	Overall percentage change	As proportion of total UK student population
Country/Region											
England	1,458,684	83.06	83.4	1,540,610	82.99	83.6	1,936,420	82.89	83.8	32.75	+0.17
Wales	94,689	5.39	5.0	99,090	5.34	4.9	129,230	5.53	4.9	36.48	+0.14
Scotland	163,116	9.28	8.8	1,753,520	9.35	8.6	215,830	9.24	8.5	32.31	-0.04
Northern Ireland	39,690	2.08	2.9	43,110	2.32	2.9	54,625	2.34	2.9	37.63	-
Total UK	1,756,179	99.81*		1,856,330	100		2,336,110	100.1*		33.02	n/a

* Totals do not add to 100 due to rounding.

Source: Information about student numbers and percentages is a simplified version of data presented by Nigel Brown and Brian Ramsden in tables 5, 6 and 7 of their paper. Their data also analyses higher education students in further education institutions, and distinguishes between postgraduate, first degree and other undergraduates both as full-time and part-time students. Data on population is derived from ONS data (*Population Trends* no. 132, Spring 2008, table 1.2).

Table 3.1 shows how many students (full-time and part-time) there are in UK higher education institutions. (It does not include higher education students in other institutions.) It shows – unsurprisingly – the large growth, of just under 30 per cent – in the student population of the UK since 1996/97.

What is more interesting is the extent to which growth in the number of students is relatively evenly distributed across the four parts of the UK. The rates of growth in Scotland and England have been below the UK average, while growth in Wales and Northern Ireland has been above it (albeit only slightly in the case of Wales). However, the Northern Ireland figures reflect the inclusion since 2000 of students attending the two teacher training institutions in Northern Ireland, which were not included in the 1996/97 data, so are not strictly comparable.

It is also notable that England's share of the student population of the UK is (and remains) slightly smaller than its share of the general population, as does that of Northern Ireland. Those of Scotland and Wales are slightly higher than their population shares would suggest. In Northern Ireland this reflects the limited number of student places that are available and means that many students go elsewhere (mainly to Great Britain) for their higher education. (Before the abolition of higher education fees in the Republic of Ireland in 1997, substantial numbers of students from the Republic studied at higher education institutions in Northern Ireland but this is no longer the case.)

We do not have readily available comparable data about age participation rates – the number of entrants under 21 to full-time undergraduate higher education expressed as a percentage of the 18 year-old population in the territory concerned. While this data is available for Scotland, and in a less refined manner for Northern Ireland, it appears to be unavailable for Wales or England.

3.2 Cross-border flows

The last decade has seen an increased tendency for students (at least from Wales and Northern Ireland) to select higher education courses in their 'home country', rather than in other parts of the UK. . Table 3.2 shows how this has changed since 1996/97.

Table 3.2:
Cross-border flows of UK-domiciled full-time students: Percentage of students studying in their home territory

	1996/97	1999/2000	2005/06
Country/Region			
England	94	95	95
Wales	57	59	63
Scotland	92	92	93
Northern Ireland	62	66	70

Source: Annexe, tables 11, 12 and 13.

What underlies this shift is harder to explain. In Northern Ireland, we can probably point to the inclusion, from 2000, of students enrolled at two additional institutions not previously included, who would almost entirely be Northern Irish residents. Significant outflows of students have, however, been a historic characteristic of the higher education sector in Northern Ireland (and a long-term source of out-migration, as many of those who come to the UK or go to the Republic to study do not return home after graduating).[15]

In Wales, there has long been a pattern of students from Wales crossing into England to study (and conversely for higher education institutions in Wales to attract substantial numbers of students from elsewhere, particularly England).[16] This trend would appear to be declining and increasing numbers of Welsh-domiciled students are choosing to study at Welsh higher education institutions. It is too early to say categorically why this is (while Assembly grants may be a factor in encouraging this trend in future, that would not show up in data from 2005/06). It may be due in part to the significant increase in the numbers of students choosing to study part-time, encouraged by the development of credit-based funding for Welsh higher education institutions by HEFCW. Welsh part-time numbers grew from 4.16 per cent of the UK total of part-time students in 1996/97 to 5.35 per cent in 2005/06, while the Welsh proportion of full-time and sandwich students has declined from 5.37 per cent of the UK total to 5.04 per cent[17].This is supported by data about the relationship between (full-time) applicants and acceptances through UCAS between applications for entry in 1996 and 2005 (see annexe, tables 24–26).

3.3 Participation rates and population figures

Assessing participation from less well-off groups, or groups that have traditionally had limited involvement in higher education, is not easy. As noted above, straightforward age participation index data does not appear to exist on a UK-wide basis. Several more nuanced measures are available but each produces somewhat different results.

In the annexe there are measures relating to entrants from state schools and colleges, from 'lower' socio-economic groups (especially problematic as the definitions of such groups have changed) and from low-participation neighbourhoods.[18] This data differs in the levels of participation it identifies, but tells a generally consistent story, with two key conclusions.

First, participation rates generally have improved since 1999/2000, across all parts of the UK. This has been more marked if the measures used relate to socio-economic background or low-participation neighbourhoods, rather than to state schools or colleges, but it is supported using each measure.

Second, by and large, Northern Ireland, Wales and Scotland all did better than England at securing greater participation by lower socio-economic groups before devolution, and still do. (Northern Ireland's success is largely on the level of socio-economic background, however. The absence of fee-paying schools there means that entry from a state school or college is not a useful measure, while securing attendance from low-participation neighbourhoods is much poorer than other parts of the UK.) This is important given the policies pursued by the devolved administrations. Wales (and to a lesser degree Scotland) have both placed emphasis on other routes to increasing participation than the English one of exhortation, advertising and often selective financial support. In Wales, the emphasis has been on part-time study and convenient access to institutions (which is a significant argument against the restructuring and merger of Welsh institutions). In Scotland, a traditional route has been through further education colleges, with HNDs offering a pathway to university study, and credit for some other courses. However, this appears to have declined in importance since 1999.[19] Attempts to encourage a greater growth in participation through these routes have not resulted in any significant increase compared with England, however.

3.4 International students

A complex picture emerges when one looks at where overseas students come from. UK-domiciled students accounted for 88.7 per cent of enrolments in 1996/97, 87 per cent in 1999/2000 and 84.8 per cent in 2005/06. Table 3.3 shows in outline changes in the overall proportions of overseas students in the various parts of the UK.

Table 3.3

Percentage of non-UK students by country of study

	1996/97	1999/2000	2005/06
England	12.1	13.3	15.6
Wales	11.3	10.7	12.4
Scotland	12.0	12.6	15.0
Northern Ireland	14.7	11.8	10.8
UK total	11.2	13.0	15.2

Source: HESA

The overall trend is that overseas students make up an increasing proportion of students in UK institutions, and for the shares going to Scotland and Wales (if not Northern Ireland) to increase. Within this, the European Union (EU) appears to be accounting for a declining proportion of overseas students overall (5.0 per cent in 1996/97, 5.9 per cent in 1999/2000, 4.9 per cent in 2005/06). The drop in students from the EU is particularly marked in Northern Ireland – from 12.2 per cent to 7.9 per cent – reflecting a decline in enrolments from students from the Republic of Ireland after the abolition of tuition fees there.

By far the most dramatic increase relates to students from Asia, up overall from 3.1 per cent of enrolments in 1996/97 to 3.2 per cent in 1999/2000 and 6.2 per cent in 2005/06. However, the distribution of these students has changed unevenly. Wales and Scotland have both attracted more students from Asia (for Wales, from 3.0 per cent to 2.2 per cent to 4.9 per cent for the three reference years; for Scotland, from 3.3 per cent to 3.1 per cent to 5.2 per cent). England has shown much greater increases in this group of students – from 3.4 per cent in both 1996/97 and 1999/2000 to 6.6 per cent in 2005/06. As these changes are percentages, they mask the degree to which the *numbers* of international (non-EU) students have increased overall, because the higher education sector itself has grown by about 30 per cent. However, while all parts of the UK have attracted more international students proportionately, that growth has been most marked in England. England has moved ahead of Scotland and Wales as a place for international students to study, and to attract the full cost fees that most of them (as non-EU students) bring.

3.5 Student finance

Each government in the UK has adopted a different approach to helping full-time students fund their undergraduate education. In addition to the fees regime discussed below, student support through student loans is available throughout the UK.

In England, the approach adopted has been the deferred variable fee, payable after graduation by means of a subsidised public loan. This approach was proposed in the white paper on *The future of higher education*, published in 2003 with legislation enacted in 2004.[20] The new fees regime has applied with effect from the 2006/07 entry and replaced the previous fixed fee, which was an upfront charge paid by students and their families. Fees have been capped at the level of £3,000 per year in 2006 values, and virtually all higher education institutions have set their fee at that level, for practically all courses.[21] To ensure that institutions were making adequate efforts to attract and retain students from a range of backgrounds the introduction of variable fees was tied to requirements to ensure 'fair access' to higher education, such as a means-tested minimum bursary of £300 for students with low family incomes entitled to a full higher education maintenance grant of £2,700. The fees cap is due to be reviewed in 2009 and any proposal to raise the cap will take some time to implement. In practice, the parliamentary procedures involved and the lead times for funding decisions mean that any increase in the fee cap would be unlikely to take effect before 2011/12 at the earliest.

In Wales, deferred flexible fees of up to £3,000 also apply (as from the 2007/08 entry), but the regime has been significantly tempered, with the intention of making higher education more accessible to Welsh-domiciled students studying in Wales (and EU students).[22] The main form of support is the Assembly learning grant, a needs-related grant of up to £2,700 payable from September 2006 to those with a family income below £37,435.[23] In addition, from September 2007, the Assembly fees grant has been introduced – up to £1,845 a year for full-time students; it is not repayable and not dependent on income. The grant is only available to Welsh-domiciled students who attend institutions in Wales, so may serve to reduce the number of students from Wales who go to England to study as well as encouraging higher levels of participation. The cost of this fee remission grant is due to increase dramatically from £22.3 million in 2007/08 to £78 million in 2010/11.

In Scotland, the graduate endowment served as an alternative to upfront tuition fees as well as deferred flexible fees. This was a one-off charge payable from 1 April 2005 by graduates who had enrolled in September 2001 or later. In other words, the endowment was normally payable on 1 April in the year after the student graduated. The payment was set at £2,000 in 2001, and in 2007, had increased to £2,289. Graduates could opt to add the amount of the endowment to their student loans rather than pay it as a lump sum when it became due, and most did. In return, higher education became free at the point of entry for students domiciled in Scotland who studied at Scottish higher education institutions.

As one of its first policy decisions, the new SNP-led Government announced in June 2007 that it intended to abolish the graduate endowment. Legislation received royal assent in April 2008; the SNP had parliamentary support from the Liberal Democrats and Greens, but opposition from Labour and Conservatives. The policy memorandum that introduced the bill emphasised the modest returns that the endowment had produced for the taxpayer because some two-thirds of graduates had chosen to add the cost of the endowment to their student loans rather than pay it as a lump sum. It is estimated that the costs associated with these loans are losing the taxpayer around a third of the income collected, and that loans take some 13 years to be repaid. On this basis, the Government estimated that only £57,000 of the loan debt had been repaid while arguing that the endowment had acted as a substantial disincentive to greater participation in higher education. The SNP Government has also suggested that it will ensure minimum incomes for students of £7,000, though plans to repay student debt from public funds have been abandoned on cost grounds.

In Northern Ireland the fees regime is similar to that in England, with a loan to cover the costs of fees, not repayable until after graduation and until earnings exceed £15,000 a year. There are various funds to assist poorer students, including from September 2008, a non-repayable maintenance grant for students from lower-income households of £3,145.

In England the Student Loans Company makes and underwrites loans to students. In Scotland the comparable agency is the Student Awards Agency for Scotland (SAAS); in Wales it is Student Finance Wales and in Northern Ireland it is Student Finance NI. SAAS is constituted as an executive agency of the Scottish Government; Student Finance Wales and Student Finance NI are parts of their respective government departments. Although the Student Loans Company was established following Great Britain-wide legislation, this now constitutes a devolved matter for Scotland and Northern Ireland – so the latest plans (recently approved by the Westminster Parliament) for the sale of the Student Loans Company loan book only relate to loans from England and Wales, not Scotland or Northern Ireland.

3.6 Cross-border movements of students and financial implications of different fees regimes

The existence of such different fee regimes means that when students from one part of the UK go to study in another part things can get tricky. The situation is further complicated by EU law, and the need to treat students from other member states in the same way as 'home' students. The result is a convoluted patchwork of provisions, with

- different fee regimes applying to students in a territory, according to where they are domiciled; and
- different forms of means-tested grants or bursaries to mitigate the overall cost of higher education applying, again depending on where students are domiciled.

Thus, in 2007/08, full-time undergraduates:

- in England, must pay tuition fees of £3,070, subject to a loan to cover the cost and so making it a **deferred** variable fee
- in Northern Ireland, the situation is similar to that in England
- in Wales, must pay tuition of up to £3,070, subject to a loan to cover the cost and so make it a deferred fee (as in England) – but Welsh-domiciled students studying in Wales will also receive a £1,845 fee grant, meaning their net fees are £1,225
- in Scotland, pay no fee if they are domiciled in Scotland, but were liable to pay the graduate endowment (until its abolition came into effect). The same applies to students from other EU member states. Students domiciled in other parts of the UK who are studying in Scotland pay fees of £1,735 (£2,760 for medical undergraduates) for which they may be eligible for loans.

This is, of course a simplification, which takes no account of special circumstances and need, or the financial aid for students who study part-time, are older or have child-care responsibilities, or are graduate students.

Such complexities make decisions about where to study much harder than formerly. They also make the policymaking environment much more complex, in ways that politicians and officials (certainly in London) do not always appreciate. Anecdotes suggest this goes to the highest political level; interviewing for this report suggests this is also the case for many higher education officials in the UK Government.

Even if the financial advantages of studying are significant, resolving these issues may itself deter students from (in particular) studying outside the territory in which they live. That may itself be a factor in the trend, discussed above, of students attending a higher education institution in their own territory rather than moving away.

The need to address such complexities may lie behind the announcement in June 2007, during First Minister of Scotland Alex Salmond's visit to Belfast that the Scottish Executive (as it still was) would seek to reduce fees payable by Northern Ireland students studying in Scotland. Whether such a reduction would be affordable, or indeed legally possible, is not clear, however.

4
Degrees and qualifications

The area of degrees and qualifications is the one that has changed least following devolution. The principal development of significance has been the emergence of 'foundation degrees', which have been embraced in England and have been formally established in Northern Ireland, but which have attracted much less interest elsewhere. In Scotland, HND courses remain offered, and recognised by employers, and can serve as a route into degree courses, in the way they were originally intended.

Change has of course happened, principally due to the Bologna process. This aims to make it easier for students to study anywhere within the 46 countries that have signed up to a European Higher Education Area (EHEA). There is little evidence to suggest that implementation of Bologna standards has been different in the four UK countries. The different structure of degrees in Scotland (four-year degrees, and the award of MA degrees at the older universities) has created some difficulties in implementing the Bologna process for the UK as a whole – though this would have arisen before devolution. If anything, it would appear that approaches across the constituent parts of the UK to implementing the Bologna process have been consistent.

In many ways, this lack of change is itself remarkable. It indicates the powerful influence that the traditional British degree exercises, and the need to respond to the international environment that is now so important for higher education. The traditional degree is seen as a gold standard, important for establishing the international competitiveness of higher education in each part of the UK, and there is marked aversion at least from government officials to undermine its value.

5.1 The conferring of university status

Different approaches to institutional issues in higher education have clearly developed since 1999. In England, differentiation and competition have been underway for some time, driven by market pressures and government encouragement. The current UK Government has taken little serious interest in restructuring the sector or the merger of institutions. As a result HEFCE continues to emphasise that it is not a planning body. It has, nevertheless, established a strategic development fund that is available to support all types of collaboration, including mergers.

The Westminster Government has taken broader approaches to degree-awarding powers in England as well, leading to the establishment of a new wave of universities from former colleges of higher education that had been awarding other universities' degrees. These universities presently only offer taught degrees, not research ones. More recently Parliament in Westminster has extended the opportunity to apply for degree awarding powers to further education colleges in England that offer foundation degrees. Other parts of the UK, however have not yet taken this path.

In Scotland, the most difficult issues have related to new multi-site institutions formed by mergers. In the merger of the University of Paisley and Bell College, obtaining Privy Council approval for the new institution and its title, University of the West of Scotland, has proved a protracted affair, which may discourage use of the Privy Council to do this in future. (The powers of the Scottish Parliament and Northern Ireland Assembly would extend to creating new degrees or conferring degree-awarding status on higher education institutions, although at present this remains governed by pre-devolution Westminster legislation, the Further and Higher Education Act 1992 and the Further and Higher Education (Scotland) Act 1992.[24])

The prospect of each part of the UK determining which institutions can award degrees raises the possibility that they might use this power to expand the scope of the higher education sector with, potentially, an effect on the perceived value of a degree from a UK institution. At least for the devolved territories, and as discussed in section 2.5 above, there are at present powerful pressures to prevent that happening – notably the desire to maintain common standards across the UK and to uphold the gold standard of UK degrees. The system of external examiners is a powerful cohesive factor in this as well, as is the mobility of academic staff, and the need to ensure that institutions are, and remain, comparable with institutions elsewhere in the UK. But these convergent influences arise informally rather than for formal reasons – and if circumstances were to change, this could change too. If a UK government or UK agencies and bodies, such as the Quality Assurance Agency (QAA) or Privy Council, were to create what the devolved administrations regarded as undue difficulties in this area, there is a risk UK-wide standards would be seen as being undermined and the devolved administrations might wish to establish their own arrangements instead.

5.2 Reconfiguration and mergers of institutions

Perhaps more important than the issue of formal university status is the broader one of the size and nature of institutions. In Scotland there do not seem to be major concerns about the structure of the sector and little interest in any further reduction in the number of institutions following a period in which the number of relatively small institutions fell significantly. However, there has been a concern to ensure that higher education is available in under-served areas, hence the attempt to establish the Crichton campus in Dumfries, offering courses from the Universities of Glasgow and Paisley as well as Bell College and Dumfries and Galloway College. In addition the UHI Millennium Institute has been established to serve the dispersed communities in the north and north-west of Scotland, which is seeking university status in partnership with a number of existing universities.

In Wales there has been political pressure on the need for some reconfiguration. The goal of reconfiguration was discussed in *Reaching Higher*, but with no detailed plans set out there.[25] The most notable area where action has not been taken is in south-east Wales, where there are three post-1992 institutions (University of Wales Institute Cardiff, University of Wales, Newport, and the University of Glamorgan) but a need, it is believed, for no more than two distinct institutions. Reconfiguration has not been achieved, although in other respects (such as merger of the University of Wales College of Medicine with Cardiff University, and rationalisation of subject provision in various subjects) it has taken place.

Both Scotland and Wales have sought to shelter their 'middle-ranking' institutions from some of the harsher environmental pressures that similar institutions in England would face, notably in the area of research funding. At some cost (certainly financially if not otherwise), Scotland and Wales have preserved a system that, by being less differentiated, is more like the system as it was across Great Britain before 1993.

However, limited changes have occurred. There has been no large-scale consolidation or fragmentation of institutions in Scotland, Wales or Northern Ireland, just a slower rate of change compared with England. Again, there is no legal or formal reason for this, and it is possible to imagine circumstances in which policy pressures might start to cause significant changes in this area.

The funding of research in UK higher education institutions is an area of very considerable complexity. Research funding comes from two main public sources: the research councils and the funding bodies. Decisions about the research councils are reserved to the UK Government, as are the very substantial amounts of money which they disburse. It is hard – surprisingly hard – to find out where this money goes in territorial terms. Only the Economic and Social Research Council (ESRC) publishes such information in its annual report, for example. There is reason to believe – as Sir Tim O'Shea, Principal of Edinburgh University, has from time to time pointed out – that Scotland receives more than its population share of research funding; he has claimed that it gains 12 per cent of total UK research council funding, compared with 9 per cent of the UK population).[26]

6.1 The territorial allocation of research funding

Data from Brown and Ramsden suggests a situation that is less reassuring for the devolved territories than this claim might suggest. The relevant tables from the annexe are reproduced below, and show the percentages of research funds from the main research funders (research councils, charities, industry and commerce and the EU), and how those are distributed territorially.

Table 6.1

Research grants and contracts: research councils

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	83.7	82.3	83.5	84.2	83.2	84.0
Wales	2.8	4.2	3.2	3.2	3.2	3.4
Scotland	12.6	12.8	12.4	11.2	12.5	10.2
Northern Ireland	1.0	0.7	1.0	1.4	1.0	1.8

Table 6.2

Research grants and contracts: charities

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	85.1	78.5	82.7	80.5	84.1	81.3
Wales	2.2	3.5	2.1	4	2.3	4.7
Scotland	11.7	15.6	13.7	12.9	12.6	12.3
Northern Ireland	1.0	2.4	1.4	2.6	0.9	1.5

Table 6.3

Research grants and contracts: UK industry and commerce

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	82.6	77.9	82.9	77.5	81.3	80.1
Wales	3.4	4.4	4.7	5.4	4.5	6.0
Scotland	12.7	14.0	11.1	14.0	13.0	13.0
Northern Ireland	1.2	3.7	1.3	1.4	1.3	0.8

Table 6.4

Research grants and contracts: EU sources

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	81.8	83.0	80.2	80.8	79.1	76.4
Wales	3.4	3.5	3.8	3.7	4.7	5.8
Scotland	11.8	11.2	13.1	11.2	12.3	11.3
Northern Ireland	3.0	2.2	3	4.3	3.9	5.9

Source: Annexe, tables 17, 18, 19 and 20 [27].

For comparison, it is worth setting these percentages against the population ones (set out in table 3.1 above):

Table 6.5

Percentage distribution of population by UK country

	Country/ region's percentage of total UK population		
	1996	1999	2006
England	83.4	83.6	83.8
Wales	5.0	4.9	4.9
Scotland	8.8	8.6	8.5
Northern Ireland	2.9	2.9	2.9

Source: ONS

At least on the 'actual' if not adjusted basis, this data bears out Sir Tim O'Shea's claim. Scotland enjoys significantly more than its population share of research funding from all sources other than the EU, although on a proportional basis its share is now declining and England's is gaining. Moreover, as England continues to have a little under its population share of income from most sources, it appears that Scotland's strong position is largely at the expense of Wales and Northern Ireland, which receive significantly less than their population shares of research funding. To the extent that a trend can be discerned, it has become more marked since devolution. There are reasons to believe that, as Brown and Ramsden suggest[27], this strong performance by Scotland and England is due to their historic strengths in clinical medicine, which has been disproportionately absent on a population basis from Wales and Northern Ireland.[28]

For the main 'domestic' sources of research funding, research councils, charities and industry and commerce, a similar story emerges. For funding from each category, England's share of (adjusted) spending has increased significantly, and that of Scotland decreased, between 1996/97 and 2005/06. This is shown in table 6.6. England's share of several key pots, notably research council funding, already exceeded its population share of the UK in 1999, and this has become more marked since then. Wales and Northern Ireland are the major losers in this process, with declines in shares (but not aggregate amounts) of research funding since 1999, which in each case was already below their share of the UK population. While Scotland's share of research funding continues to exceed its share of the population, its share has decreased since devolution.

Table 6.6

Percentage change in adjusted flows of research funding between 1996/97 and 2005/06

	Research councils	Charities	Industry and commerce	EU
England	+1.7	+2.8	+2.2	-6.6
Wales	-0.8	+1.2	+1.6	+2.3
Scotland	-2.6	-3.3	-1.0	+0.1
Northern Ireland	+1.1	-0.9	-2.9	+3.7

Source: HESA

It would appear that there is a trend (discussed in more detail below) for funds to move increasingly toward already-successful institutions.The variations are small in percentage terms, but if they indicate broader trends the implications will be significant.

EU funding is not just behaving differently, but probably goes against the trend because this is allocated using different criteria, which (notably for funding made through the Structural Funds, for which Wales and Northern Ireland are eligible as 'Objective 1' and Convergence Fund regions) take into account regional factors. That said, the UK as a whole has done well out of EU research funds through the Framework Programmes. What effect the recent establishment of the European Research Council will have on the distribution of EU research funding remains to be seen.

It is important to remember that research council funding is distributed highly unequally among institutions, and is concentrated in a relatively small number of research-intensive universities. It typically accounts for 25–30 per cent of the revenue of such universities as Edinburgh, Glasgow or Cardiff (even more at Oxford, Cambridge, Imperial College or University College London), but a very small proportion of teaching-oriented institutions.

Distribution of funding is not the only issue; there are also important questions arising in relation to its governance. In March 2007, for instance, the former Department of Trade and Industry (DTI) imposed cuts of £68 million on the research councils, as a result of overspends in other parts of the department. Only one of the DTI's cost overruns sprang from liabilities of British Energy, which related to powers reserved to the UK Government. The other DTI cost overrun for which the research councils were penalised arose from the insolvency of Rover Group, an England-only matter, and a devolved function in Scotland, Wales or Northern Ireland. Such insensitivity to the boundary between devolved and reserved matters is the consequence of the problems of administrative structure discussed in the introduction. Although this was perpetrated by the former DTI, which long had a reputation for being one of the less devolution-friendly UK government departments, it is a typical, if perhaps unusually blatant example of what often happens in Whitehall. A significant issue for DIUS is whether it becomes more sensitive to such issues in future.

Similar problems may arise with the Office for Strategic Co-ordination of Health Research (OSCHR), established following the Cooksey review of medical research funding, which recommended that the research funds of the NHS in England and those of the Medical Research Council should be combined.[29] Given the scale of money which is spent by the Council and the National Institute of Health Research a risk of this kind is particularly significant, though the remit of the OSCHR is more limited than that recommended by Cooksey. OSCHR's role is focused on coordinating research programmes, bidding for funds in the Comprehensive Spending Review, communicating priorities to other research funders, identifying unmet research need and other strategic functions.

The situation becomes even more complicated when the funding allocations of the national funding bodies (and, in Northern Ireland, DELNI) are added to the picture. In 2006/07, the research councils were responsible for a little under two-thirds of total public-sector research funding in the UK, with the funding bodies allocating most of the remainder.[30]

The data only takes account of quality research (QR) funding, but each funding body also continues to allocate funding to other research streams including research capability and overseas research student awards schemes. However, each funding body does not allocate its funds to teaching, research and other activities on a comparable basis; as table 6.7 shows, HEFCE appears to allocate significantly more of its resources to research than the other councils do.[31] Given that the higher education sector in England is so much larger than that in other parts of the UK, this makes a considerable impact on overall spending. The higher participation rates in Scotland and Wales (discussed in section 3.1 above), and the funding pressures that result, may account for this at least in part. Whatever the cause, the funding bodies in Scotland and Wales have not been able to compensate, even partly, for the relatively poorer shares of research spending from other sources – a more acute problem for Wales than Scotland, of course.

Table 6.7

Spending on quality research by higher education funding bodies, 2006/07 [32]

	Total allocation to higher education institutions	QR research allocation	QR allocation as percentage of total spending	Percentage variation from GB average
HEFCE	5,564,049	1,318,765	23.7	+0.4
HEFCW	344,083	60,889	17.7	-5.6
SFC	917,087	175,743	19.2	-4.1
GB total	6,685,219	1,555,397	23.3	
DELNI		43,657		
UK Total		1,621,131		

All figures in £ 000s.

Note: these figures assume that each funding body has used the same definition for 'quality research' in calculating its published figures. That may not in fact be the case, and these figures may therefore need to be treated with a degree of caution.

6.2 The Research Assessment Exercise

The Research Assessment Exercise (RAE) remains a UK-wide exercise, administered by HEFCE, but drawn on by all the funding bodies as well as the research councils. The framework for the 2008 exercise was drawn up following a review by Sir Gareth Roberts in 2003, on behalf of all three British funding bodies. Although the exercise is a UK-wide one and produces ratings for each university department using a single measure, the resulting funding outcomes are different in each part of the UK. Notably, the funding councils in Scotland and Wales have distributed funding in a less concentrated way than HEFCE has for England; or, to put it bluntly, they have been more supportive of departments that have performed less well in the RAE than HEFCE has been towards departments performing similarly in England. This might be regarded as necessary in order to ensure that research continues to be spread across a significant number of institutions at all, given the smaller number of departments and institutions in Scotland and Wales and the performance of many Scottish and Welsh departments in the 2001 RAE (certainly, in several interviews that was suggested).

However, on at least one occasion this has put HEFCE in a difficult position. In running the RAE (at least the 2008 exercise), it accepted the policy direction of the then DfES and HM Treasury, following Gordon Brown's announcement in the 2006 budget that the 2008 RAE was to use metrics-based assessment, rather than the established forms of peer assessment. This provoked great protest, not least from the devolved funding bodies, as it would dramatically alter their use of the RAE for their QR allocations to higher education institutions and academic departments. Once again, it would appear that the new policy stemmed from a limited awareness of how a decision connected with policy in England would impinge elsewhere, or even an insensitivity to any such implications. Whatever HEFCE's own views, it managed to broker a compromise solution for the 2008 RAE, with the continued use of peer assessment but a shadow exercise based on metrics to run alongside.

The devolved departments and funding bodies accepted the compromise, although it was not something that they could strongly support, and it took a great deal of work to achieve. This situation simply would not have arisen had the Chancellor taken into account the UK-wide nature of RAE; it is hard not to regard the whole problem as an inadvertent mess from a devolution point of view. The incident exemplifies the problems that arise from the failure within government at UK level to distinguish carefully between England-only and UK- or Great Britain-wide functions.

6.3 Research collaboration in Scotland and Wales

Since 1999 in Scotland and Wales deeper inter-institutional collaboration in research has developed. The idea behind the research networks that have been formed has been the need to build research capacity and avoid the problems arising from relatively small concentrations of researchers (and research equipment and infrastructure) in individual universities. Similar sorts of geographical networks exist, at least for certain purposes, in England – for instance the White Rose university consortium in Yorkshire, or the M25 arrangements in the London area.

In Scotland, research pooling was initially intended to operate in physics, economics, arts and creative design and biological and life sciences. Other areas have subsequently been added including chemistry, civil engineering, plant sciences, 'systems biology' – including such areas as bio-informatics and medical imaging. The Scottish Funding Council's strategic research development grants gave these initiatives financial support, although this scheme does not exclusively support pooling arrangements.

The research pooling only started in 2003 and has not been thoroughly evaluated yet. However, even at this early stage it is clear that in physics at least, the scheme appears to be a success. It has greatly expanded research activity, enabled very high-quality PhD applicants to be selected, and appears to have energised the discipline more generally. In other areas, however (such as economics), it appears to have had a less marked impact so far.

Wales has followed a similar path, with collaborative research an important recommendation, within the wider recommendations of the higher education strategy document, *Reaching Higher*.[33] Wales is taking these steps for domestic reasons, not to emulate Scotland. In contrast to Scotland – which has funded networks and collaboration, not institutions – Wales has supported institutional entities, including the merger of the University of Wales College of Medicine into Cardiff University, and setting up the Wales Institute of Cognitive Neuroscience and the Wales Institute of Mathematics and Computational Science. While the impact of these initiatives appears to have been more modest up to 2007 than we have seen in Scotland, more rapid progress is now being made – though it is too early to judge success.

6.4 The Funders' Forum

The Funders' Forum (officially the Research Base Funders' Forum) has members from UK-wide bodies (government, research councils, charitable and business funders) as well as the higher education divisions in the Scottish Government, Welsh Assembly Government and Department of Education and Learning Northern Ireland and the three funding bodies. Formerly part of the Office of Science and Innovation in the Department of Trade and Industry, it has followed the rest of the (former) OSI to the new Department of Innovation, Universities and Skills (DIUS) following the June 2007 reshuffle.

The devolved departments and funding bodies value belonging to this forum as a way of being involved in research funding and research policymaking, and an important link to other organisations with similar interests. Quarterly meetings also provide an opportunity for networking and important discussions often take place in the meetings' margins. However, the forum's remit is limited; it is essentially for the exchange of information about organisations' respective priorities and funding of research, to control costs, manage overlaps or gaps in research, and the like.[34] The value of the involvement, however, is hard to measure in any direct sense. It is not a decision-making forum. The devolved departments or funding bodies find it hard to point to tangible outcomes, in which they have been able to exercise influence through the forum to the benefit of their country or region. Given the nature of the forum it is hard to see how it could work very differently, or that changes to devolved participation could be secured.

6.5 The Science Research Investment Fund (SRIF)

Like the Funders' Forum, the Science Research Investment Fund (SRIF) was a post- devolution development dating from the early 2000s. It operated on a UK-wide basis, and was administered by DIUS (formerly by OSI in DTI). What was distinctive about it was the way it combined UK-wide funding with contributions from the funding bodies, as the devolved funding bodies added to it their own capital funding for research infrastructure. SRIF therefore had discrete territorial (and indeed institutional) allocations carved out within it, although it was a competitive programme for which individual institutions had to bid to obtain their notional allocation. Although DIUS handled the administration, decision-making appeared to be a mixed matter, with decisions about projects in the devolved territories needing consideration and approval from both the research councils and the relevant funding body.

6.6 Implications of the way research funding is allocated

There are three important points to make about the way research funding is allocated. First, spending in England is growing while in Scotland, Wales and Northern Ireland it is relatively shrinking. In comparative terms England is moving appreciably ahead of the other parts of the UK. This is most marked for research funds under UK (rather than English) control – notably spending by the research councils.

Secondly, research funding remains an area in which the UK level emphatically takes the lead, and where UK government influence on the devolved governments is profound. This is partly because of the sheer size of the research sector in England, but more, as we have seen, because of the impact that decisions – primarily made about English matters – have for Scotland, Wales and Northern Ireland. This feature is aggravated by the tendency for UK departments to move from making decisions about 'English matters' to UK ones without making a clear distinction between the two. Administrative lines are often blurred, in contrast to relatively clear legal divisions between devolved and non-devolved matters. The advent of DIUS has, if anything, made this blurring worse because it means a single department is responsible for (English) funding for higher education institutions through HEFCE, and for (UK-wide) funding of research through research councils. English considerations therefore impinge on UK-wide matters much more than a purely formal or legal analysis would suggest.

Thirdly, governance arrangements for research funding are confused, especially when it comes to funding streams and arrangements where UK and devolved funds are mixed, such as SRIF or the OSCHR. Much is done through committees on which the devolved funding bodies or departments are represented, but which have little decision-making authority. So far these arrangements appear to have worked well; the devolved institutions have been happy to cooperate with their English counterparts in these forums, and appear not to have lost out to any significant degree through such bodies.

There are big question marks, however, about whether such arrangements can continue. Their working has depended on substantial political and policy consensus between the UK Government and devolved administrations. With the Labour or Labour-dominated administrations in office between 1999 and 2007, this was largely the case. There was sufficient similarity of policy and approach and sufficient goodwill within the system that it was possible to overcome the differences that did exist. However, it would be difficult for these kinds of arrangements to be able to function effectively if the politics and ideology of the UK and devolved governments were markedly different, or if the practical policies applied by each government regarding higher education differed significantly. With the formation of SNP and Labour/Plaid Cymru governments in Scotland and Wales after the May 2007 elections, such a situation could well soon materialise.

A fourth issue relates to the priorities used in allocating research funding. At present, the UK sources of research funding (notably the research councils) are allocated solely on the criterion of merit. Officials of the (former) OSI, when interviewed, were very proud of this, and regarded it both as a hallmark of the quality of UK research and a guarantor that the UK would continue to undertake high-quality research. This is understandable, indeed laudable, as a policy objective. However, these allocations constitute a significant use of public monies in themselves and as such they have a significant economic effect on the regions and localities where they are spent as well as the UK as a whole. As is shown above, their overall territorial allocation already on the whole favours England and Scotland, and shows an emergent trend toward England (and away from Wales and Northern Ireland). A policy that has research excellence as the sole criterion for their allocation will have the effect, over time, of rewarding the already-successful and diverting funds away from those who have potential but who may not have demonstrated success in the past.

The trend of increasing funding for England and less for Scotland or Wales is rather less marked in funding from commerce and industry and charities, which may be less concerned with the measures of 'merit' applied by the research councils. While HEFCW and DELNI have both sought to support research capacity, there is a limit to the amount that devolved funding bodies can spend in this way. The Economic and Social Research Council's recent attempts to assess the need to develop quantitative methods capacity in social science in Scotland and Wales, and what that should involve, are notable but rare steps in this direction for a research council.[35]

Given the economic impact of research spending, and the significantly lower GVA of Wales and Northern Ireland than the UK average, the question of whether additional funds should be made available from UK sources to support the development of research capacity in the devolved territories needs to be considered. Such funds could take the form of an allocation from the UK to support research capacity generally, or specific funds within the budget of each of the research councils.

Section 3 looked at student finance in terms of individual entitlements and benefits. This is, however, only part of the picture. It is necessary to look also at the overall levels of resource that changing policies on fees will have on the higher education sectors in each of the four parts of the United Kingdom.

7.1 The distribution of teaching income

As tables 7.1 and 7.2 show, there has been considerable change in the total teaching income generated by each higher education sector. Much of this has been driven by increases in student numbers, although despite the large aggregate change there has been a significant drop in the proportion of institutions' income that comes from the funding bodies. In general, funding body percentage contributions have declined, and regulated undergraduate fees have remained largely static. Growth has come from other fees in other sectors – meaning fees from international students, and perhaps also growth in home and EU graduate student income.

Table 7.1

Income (£) per full time equivalent student, 1999/2000

			Teaching income per full time equivalent (FTE) student			
			Total per FTE (£)	of which:		
	Student FTEs	Total teaching income (£K)		Funding body income:	regulated under-graduate fees	other fees
England	1,135,752	4,904,585	4,318	57%	15%	27%
Wales	78,436	321,134	4,094	63%	18%	18%
Scotland	141,756	687,932	4,853	66%	16%	19%
Northern Ireland	33,622	144,477	4,297	67%	15%	17%
Total UK (including the Open University)	1,452,971	6,287,257	4,327	59%	16%	26%

Source: Annexe, table 22

Table 7.2

Income (£) per full time equivalent student, 2005/06

			Teaching income per (FTE) student			
			Total per FTE (£)	of which:		
	Student FTEs	Total teaching income (£K)		Funding body income:	regulated under-graduate fees	other fees
England	1,327,321	7,420,153	5,590	52%	14%	34%
Wales	88,533	444,425	5,020	58%	18%	24%
Scotland	160,908	972,585	6,044	60%	15%	25%
Northern Ireland	38,993	194,249	4,982	67%	14%	19%
Total UK (including the Open University)	1,678,091	9,031,412	5,382	53%	14%	33%

Source: Annexe, table 23

These tables show that substantially higher resources per full-time equivalent student go to institutions in England and Scotland compared with those in Wales and Northern Ireland. Brown and Ramsden suggest that the higher levels of spending for Scotland and England compared to Wales and Northern Ireland may be due to two factors: the larger proportions of clinical medicine students in England and Scotland, and the greater proportion of fee income that comes from international students who are paying higher fees. Together the data in table 3.3, and the discussion in section 3.4 back up the evidence about international students. However, it is not clear whether this is a total explanation – and to the extent that England's more favourable funding position depends on international student recruitment, it suggests that England is becoming stronger in an area in which it already has an established advantage.

However, what tables 7.1 and 7.2 do not reveal is the extent to which fee income has increased significantly ahead of inflation, and the territorial variation in such increases.

Table 7.3

Increases in fee plus funding body teaching income in real terms, 1999/2000–2005/06

	Average income per FTE, 1999/2000 (£)	Average income per FTE, 2005/06 (£)	2005/06 income per FTE if increased only by RPI (£)	Difference between actual income and income increased only by inflation (£)	Percentage by which actual income exceeds inflation-only increased income (%)
England	4,318	5,590	5,228	+362	+6.9
Wales	4,094	5,020	4,957	+63	+1.3
Scotland	4,853	6,044	5,875	+169	+2.9
Northern Ireland	4,297	4,982	5,202	-220	-4.2
UK	4,327	5,382	5,238	+144	+2.7

Source: columns 1 and 2 from tables 7.1 and 7.2 above. Column 3: own calculation, using RPI figures from Office for National Statistics for 1999 and 2004.

This is shown in Table 7.3 which indicates that the fee plus funding body income for teaching across Great Britain (but not in Northern Ireland) increased, and did so by more than the rate of general inflation. However, the rate of increase in England was substantially higher than that in other parts of the UK – and Wales and (particularly) Northern Ireland are doing worst from this. In other words, in this area (as in research income, and international students), England is pulling ahead of Scotland and Wales, which are growing but at a more modest rate. In terms of comparative advantage, England has a substantial lead, and that lead is growing.

7.2. The funding gap in Wales

The size of the funding gap (sometimes called the investment gap) between England and Wales is a matter of particular concern in Wales. HEFCW estimates that the higher education sector in Wales is under-funded by between £25–41 million per year compared to levels of funding in England, but the real figure may be as much as £60 million[36]. The impact of the gap of course cumulates, so while it may be debatable whether a gap for one or two years is indeed an 'investment gap', over a number of years it becomes structural, and its impact is hugely increased.

There is a sense in which arguments from HEFCW about the funding gap, which undertook its work on the gap at the express request of the Welsh Assembly Government (WAG) are special pleading. It is the Welsh Assembly Government that gives HEFCW the funds it has to allocate, and thanks to the Barnett formula it had discretion in how it allocates them. Any deficiency in those funds can be arguably regarded as a consequence of the Assembly Government's funding decisions.

WAG has allocated funds to other priorities rather than higher education; and it has focused its support for higher education on students rather than institutions. However, it is also important to note that the Assembly Government's resources are themselves limited. There is a widely held view, and some evidence, that the block-grant-and-formula system based on the Barnett formula is unfair to Wales. The Assembly Government therefore faces difficulties if it seeks to redress the funding gap from its own resources. Yet, as John Fitz points out:

> For Welsh higher education institutions, the funding gap, however it is measured, has major implications for the experience they can offer students and for their research capacity. These things matter because they exist and compete within a UK market. Larger classes, lower research outputs and non-competitive teaching and learning environments potentially diminish their attractiveness to home and overseas students and academics. In the case of Wales where about 40 per cent of higher education students are domiciled in England, factors which might diminish the flow and drive down student numbers would have serious consequences for many Welsh higher education institutions[37].

The decline in the inflow of English students to higher education institutions in Wales pre-dates the introduction of deferred variable fees. So far, the evidence is that such fees have caused only a small drop in applications to higher education institutions in Wales but it is too early to assess their full impact.

7.3 Fee regimes and the implications of the territorial distribution of teaching income

The effect of the introduction of deferred variable fees will be to increase substantially the resources available to institutions in England compared with Scotland and, to a lesser extent, with Wales. (In Wales, the fee grant for Welsh-domiciled students studying in Wales will be a charge on public funds and will affect the Assembly Government's ability to invest in higher education.) As a result of the fee income, English institutions will become better resourced, more able to attract better students (particularly at graduate level) and staff, and generally more successful. What underlies this is the UK Government's decision to fund the fee income by a mechanism that is outside the Barnett formula. The extra revenues available to institutions through fee income provided by public loans will not attract any additional funding under the Barnett formula. As a result the higher education sectors in England (and Wales and Northern Ireland if they do not seek or use powers to opt out of it) will have access to resources that are not available to Scotland. If or when the cap on fees is raised or lifted altogether, the resources flowing into at least some English universities will be very substantial. There is no reason to believe that this was intentional, but it is the effect of the policy. The impact might take time to show up, but it will certainly do so in time.

The choices that will be open to policymakers in Scotland will be as follows:

- To provide funding for higher education from its block grants, at the expense of other policy areas such as healthcare or schools. This may not be electorally attractive – more people use hospitals or schools than attend, or send children to university.
- To introduce deferred variable fees. This is politically unattractive and would conflict with Scottish priorities to widen participation.
- To maintain higher education spending at its present levels, which will mean the relative decline of that territory's higher education institutions compared with other parts of the UK.

None of these options is particularly attractive. So far, thanks to the fact that these are trends and the relative amounts of money are still limited, the impact of this has been limited. But already one can see the strains that arise from trying to fund higher education from the devolved administrations' limited resources.

On one hand, the Scottish Government says it will continue to fund Scottish universities (and particularly its research universities) well enough for them to remain competitive, even without the revenue that it has chosen to forgo by abolishing the graduate endowment.[38] It sees the two issues, of financial support for higher education institutions and of reducing the costs of studying in Scotland, as separate, and will make resources available for each to be advanced separately. Its view is that the funding pressures from the UK Government's approach in England will not be felt until after the next Scottish Spending Review (and election), in 2011/12 – although the Education Secretary has accepted that it may not be possible to ensure that Scottish universities remain competitive with English ones beyond 2010.[39]

It remains to be seen whether this position will be sustainable. However, in the short term the Scottish Government has not been able to deliver on its promise to ensure that public funds were used to ensure that universities were well-funded. The budget for 2008/09 proposed by the Scottish Government in November 2007 gave higher education a poor settlement, with higher education gaining only an extra £30 million a year (after Universities Scotland had sought £168 million). Subsequently the Scottish Government found extra money, eventually totalling £20 million. Beyond this it offered a 'concordat' on funding with universities which would end ringfencing of higher education budgets, with universities undertaking to achieve broad objectives and outcomes instead. (The Scottish Government had used this approach to reshape its relations with local authorities in late 2007 and early in 2008 as well.) It also undertook to make universities the first priority for any extra funds that became available within its budget. Sir Muir Russell, the then Convenor of Universities Scotland, was quoted as saying that, 'this goes a very long way to addressing the cost pressures the university sector will face in 2008/09. It is also an encouraging signal of intent from the Scottish Government.'[40]

Wales already faces serious consequences as a result of the funding gap. The Welsh Assembly Government will need to meet the continuing cost of the fee grant for Welsh-domiciled students studying in Wales and EU students, which will substantially constrain its ability to make new investment in the sector.

The problems are already perceptible, and the evidence suggests that they will only be magnified as time passes. Given the size of England, and its pursuit of a policy based on stratification among institutions and competition between them, other devolved administrations all face a similar challenge.[41]

The difficulties also reflect the consequences of two characteristics of policymaking in Whitehall generally (not just relating to higher education). First, such policymaking is driven by relatively short-term political pressures, even when the policies under consideration will have long-term effects. The constitutional and policy implications of devolution are at best a secondary consideration in that process, and are often merely an afterthought. Second, policymaking at working level often pays limited attention to devolution issues, and officials (let alone politicians) can be insensitive to the implications of devolution, and the impact their decisions can have on the devolved administrations. If the institutional framework ensured that such issues were built into policymaking, this might be less of an issue; but the attenuated nature of the institutional arrangements, the lack of formal or high-level liaison between administrations, and the reliance on day-to-day practice and ad hoc contacts instead make this much harder to achieve.

8 Conclusions and recommendations

The key conclusions of this report are that:

- Although there appears to be a clear division of competences in higher education between the UK and devolved authorities, this is much less clear in practice. This is because of the way in which two factors affect the devolved administrations: first, the interaction between devolved aspects of higher education (teaching, institutions, and QR funding) and reserved ones (research councils), and secondly, the impact of policy decisions made for England. Decisions made at UK level (whether for England only or for reserved/non-devolved matters across the UK) will have a profound impact on the devolved administrations in the medium term, even if that is not apparent at the moment.
- Despite this, devolution gives the devolved administrations very considerable scope to depart from UK policies or frameworks. So far, they have used those powers surprisingly little – even the Scottish decision to set up the graduate endowment and not to have deferred variable fees differed from the policy for England more in detail than in overall structure. (The implications of the abolition of the graduate endowment are wider, but not yet clear.) The constraints on the use of these powers are practical or political: the difficulties of doing something different to England, possible implications (departing from the gold standard of British university degrees), and external factors (such as the Bologna process). How long these constraints will continue is an open question, especially if the UK/English standard either loses its lustre, or becomes unaffordable for the devolved administrations.
- A clear trend is already visible, with the higher education sector in England becoming larger and better funded than that in Scotland, Wales or Northern Ireland. Although higher education is growing in all four parts of the United Kingdom, England is starting to move markedly ahead in key areas, including research funding, student numbers and international student income.
- England's advantages are likely to become more marked, especially if the fee cap is lifted.
- The four UK administrations' efforts to widen participation have met with only limited success despite differences in approach. Participation in higher education across the UK has expanded at a largely even rate, and existing differences in participation rates have remained in place.
- The institutional framework for discussing and resolving interactions between devolved and non-devolved policy, or the impact of policy in England on Scotland, Wales or Northern Ireland, remains attenuated and underdeveloped. Liaison is often informal, or handled through committees founded on an assumed consensus that may no longer exist. The result is that devolved concerns are often considered late in the UK government's policymaking process, in ways which lead to them being given relatively little weight, and sometimes not at all. Higher education is not alone in enduring this and the system was not designed to cope with the sorts of political differences that have now emerged, and will become greater as time goes by.
- Resolving these issues will not be straightforward, but the following might be steps toward a more structured approach to the conduct of intergovernmental relations, which would imply:
  - Periodic meetings of ministers responsible for higher education from the four governments, to ensure each government understood each other's political position and policies, and provide a means for identifying and resolving differences which need action at ministerial level.
  - Similar meetings of senior officials (certainly at the equivalent of director level in DIUS, perhaps even at director general level), to resolve more technical and administrative issues, and prepare for ministerial meetings.
  - Adequate arrangements for more routine coordination at official level that ensure each government is aware of each others' possible initiatives and takes account of their implications, rather than relying on informal liaison or ad hoc coordination.

- Greater clarity within the UK Government about the difference between devolved and non-devolved matters, and attempts to separate the two in organisational terms or at least ensure that officials were conscious of the territorial implications of policy initiatives at a very early stage. Even in a benign political climate, the present arrangements have caused serious political and practical problems on a number of occasions. That climate is now much less benign, and the extent to which 'English' concerns have taken over UK-wide matters may aggravate this.
- Recognition that, in higher education more than in many other sectors, the interaction of finance systems (both as regards student finance and research funding) creates serious anomalies. This is likely to result in the UK's most successful universities being in England with all the economic benefits that will bring, which risks undermining any sense that higher education is a public good that governments have collectively sought to distribute across the whole of the UK in an equitable way. The main driver here is the revenue stream that comes with deferred flexible fees, but also because research funding is increasingly allocated to the already-successful. What makes sense in policy terms in this sector may therefore undermine broader political objectives – of which politicians need to be aware in formulating policy.
- It is beyond the scope of this report to recommend operational ways to resolve these problems. Structural steps are needed, as the problems are considerable and tackling them will require considerable ingenuity and imagination, as well patience and goodwill. However, there are two approaches which may be worth consideration:
  - Funding for higher education should be allocated to the devolved administrations (and within UK Government) on a basis that either recognises levels of territorial need, or delivers equivalent funding on a per capita basis. This would take into account the extra resources higher education receives in England, which attract no additional funding under the Barnett formula. Such a grant would need to be unconditional so that (as with the present system of funding) the devolved administrations could allocate it as they saw fit. But even on such a basis, there would be greater public expectation that higher education would receive that funding, and it would therefore create a more level playing field.
  - There should be funds at UK level to support the development of research capacity in the four countries. Initiatives by other funding bodies similar to that already undertaken by the Economic and Social Research Council (the most devolution-sensitive of the research councils) would be a first step.

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Introduction

This annexe provides contextual data for the Universities UK project on devolution and higher education. Generally, we have attempted to present consistent data for three academic (August-July) years:

- 1996/97, as a baseline year before devolution[42];
- 1999/2000, as being the academic year closest to the implementation of devolved government in Scotland and Wales;
- 2005/06, as the most recent year for which comprehensive data is available to us about higher education, at the time of writing.

Much of the data in this paper has been derived from the publications of the Higher Education Statistics Agency (HESA)[43] although the population data has been derived from the Office for National Statistics, and associated organisations.[44]

We have been pragmatic in places about the definition of years: in particular, we have not attempted to adjust the Office for National Statistics population data from calendar years to academic years.

It should also be understood that precise comparisons of data between years across a ten year time-frame are impossible. There are several respects in which the data definitions in relation to higher education students, staff and finance have changed within this period. These are documented on the HESA website at www.hesa.ac.uk.

Population structure for the four countries, analysed by relevant age ranges

We first analyse the population structures of the four countries of the United Kingdom, for the three years under review. We have constructed this table in order to give information about the age ranges relevant to higher education.

The figures are based on the latest available population estimates, derived from the Office for National Statistics, the General Record Office for Scotland and the Northern Ireland Statistics and Research Agency. The estimated populations for years before the 2001 census represent the corrected figures following the 2001 census and also (in the case of England) taking into account the adjustments made as a result of some local exercises (notably Westminster and Manchester).

Table 1

Population of England (thousands) and percentage change over time

Age	1996	2000	2006	% change 1996 to 2006	% change 2000 to 2006
Under 18	11,184	11,177	10,997	-2%	-2%
18	537	586	676	26%	15%
19	530	595	669	26%	12%
20-24	3,114	2,920	3,362	8%	15%
25-29	3,751	3,430	3,271	-13%	-5%
30-34	3,916	3,875	3,437	-12%	-11%
35-39	3,493	3,862	3,881	11%	1%
40-44	3,145	3,396	3,912	24%	15%
45-49	3,429	3,116	3,457	1%	11%
50-54	2,900	3,373	3,060	5%	-9%
55-59	2,493	2,710	3,261	31%	20%
60 & over	10,028	10,195	10,783	8%	6%
All ages	48,519	49,233	50,763	5%	3%

Source: ONS

Table 2

Population of Scotland (thousands) and percentage change over time

Age	1996	2000	2006	% change 1996 to 2006	% change 2000 to 2006
Under 18	1,146	1,126	1,050	-8%	-7%
18	58	64	66	15%	4%
19	59	68	68	15%	0%
20-24	340	319	339	0%	6%
25-29	391	344	310	-21%	-10%
30-34	407	403	317	-22%	-21%
35-39	382	416	385	1%	-8%
40-44	340	376	405	19%	8%
45-49	355	331	378	6%	14%
50-54	297	343	335	13%	-2%
55-59	273	278	345	26%	24%
60 & over	1,195	1,047	1,118	-6%	7%
All ages	5,092	5,115	5,117	0%	0%

Source: ONS

Table 3

Population of Wales (thousands) and percentage change over time

Age	1996	2000	2006	% change 1996 to 2006	% change 2000 to 2006
Under 18	673	665	641	*-5%*	*-4%*
18	32	36	41	*29%*	*14%*
19	31	36	41	*36%*	*14%*
20-24	177	168	196	*11%*	*17%*
25-29	199	176	163	*-18%*	*-7%*
30-34	210	202	169	*-19%*	*-16%*
35-39	195	211	204	*5%*	*-4%*
40-44	184	192	217	*18%*	*13%*
45-49	206	186	199	*-4%*	*7%*
50-54	178	206	186	*4%*	*-10%*
55-59	156	173	208	*33%*	*20%*
60 & over	650	656	702	*8%*	*7%*
All ages	2,891	2,907	2,966	*3%*	*2%*

Source: ONS

Table 4

Population of Northern Ireland (thousands) and percentage change over time

Age	1996	2000	2006	% change 1996 to 2006	% change 2000 to 2006
Under 18	467	461	432	*-8%*	*-6%*
18	23	24	26	*12%*	*9%*
19	22	24	26	*19%*	*11%*
20-24	120	113	127	*6%*	*12%*
25-29	128	124	112	*-13%*	*-10%*
30-34	129	132	117	*-10%*	*-11%*
35-39	117	129	129	*10%*	*0%*
40-44	102	114	130	*27%*	*14%*
45-49	99	99	117	*19%*	*18%*
50-54	91	97	102	*12%*	*5%*
55-59	76	87	97	*27%*	*12%*
60 & over	286	294	326	*14%*	*11%*
All ages	1,662	1,698	1,742	*5%*	*3%*

Source: ONS

These four tables demonstrate that the populations of the four countries of the United Kingdom have seen markedly different changes in their populations by age over the last ten years – and inevitably this will have had an impact on enrolments in higher education.

The differences across years and between countries can be attributed to a combination of three factors:

- cyclical effects (the baby-boom), combined with
- different birth and mortality rates across the different countries, and
- the effects of migration, both within the UK and externally.

All the four countries of the UK have seen people aged under 18 fall in numbers, but with a markedly lower reduction in England than in the other three countries of the UK. This reduction is a precursor of the significant downturn in the numbers of people in the normal age range for entry to full-time undergraduate higher education that will manifest itself over the next few years.[45]

This downturn in numbers of people in the normal entry range for entry to higher education is affecting Scotland and Northern Ireland sooner than England and Wales. These demographic changes will inevitably affect the numbers applying for entry to higher education which will form the main component of subsequent sections of this annexe.

Student population of institutions, analysed by mode and level

The following tables show, for each of the three reference years, the total population of students by country of institution studying at higher education level in both higher education institutions and further education colleges.

The Open University is classified in these tables as an English institution, and its very large student body significantly enhances the part-time undergraduate and part-time postgraduate student population of England.

Table 5

Total higher education level students in the UK 1996/97

		Full-time and sandwich				Part-time			
	Total	Postgraduate	First degree	Other undergraduate	Total	Postgraduate	First degree	Other UG	Total
Higher education institutions									
England	1,458,684	115,729	708,025	99,113	922,867	183,358	171,939	180,520	535,817
Wales	94,689	7,030	48,726	8,466	64,222	10,449	3,286	16,732	30,467
Scotland	163,116	14,955	100,375	10,125	125,455	22,539	6,223	8,899	37,661
Northern Ireland	39,690	3,195	20,907	1,924	26,026	6,317	3,262	4,085	13,664
Total	1,756,179	140,909	878,033	119,628	1,138,570	222,663	184,710	210,236	617,609
Further education institutions									
England	144,662	289	3,222	36,074	39,585	799	1,255	103,023	105,077
Wales	2,179	0	25	710	735	62	1	1,381	1,444
Scotland	66,356	94	725	27,180	27,999	434	1,308	36,615	38,357
Northern Ireland	8,713	0	71	3,262	3,333	83	357	4,940	5,380
Total	221,910	383	4,043	67,226	71,652	1,378	2,921	145,959	150,258
All institutions	1,978,089	141,292	882,076	186,854	1,210,222	224,041	187,631	356,195	767,867

Source: HESA

Table 6:

Total higher education level students in the UK 1999/2000

		Full-time and sandwich				Part-time			
	Total	Postgraduate	First degree	Other undergraduate	Total	Postgraduate	First degree	Other UG	Total
Higher education institutions									
England	1,540,610	125,490	731,510	98,920	955,920	216,800	78,750	289,150	584,700
Wales	99,090	7,340	50,720	7,920	65,980	11,020	3,510	18,590	33,110
Scotland	173,520	15,120	102,300	11,120	128,550	23,410	7,690	13,870	44,970
Northern Ireland	43,110	3,380	21,950	2,950	28,280	6,070	3,980	4,780	14,830
Total	1,856,330	151,330	906,480	120,920	1,178,730	257,290	93,920	326,390	677,610
Further education institutions									
England	119,070	200	11,090	24,810	36,100	3,330	2,260	77,380	82,970
Wales	1,680	0	70	430	500	80	30	1,070	1,180
Scotland	72,010	70	890	28,890	29,840	490	330	41,350	42,170
Northern Ireland	11,540	0	160	3,410	3,570	110	610	7,250	7,970
Total	204,300	270	12,210	57,540	70,010	4,010	3,230	127,050	134,290
All institutions	2,060,630	151,600	918,690	178,450	1,248,740	261,300	97,150	453,450	811,890

Source: HESA

Table 7:

Total higher education level students in the UK 2005/06

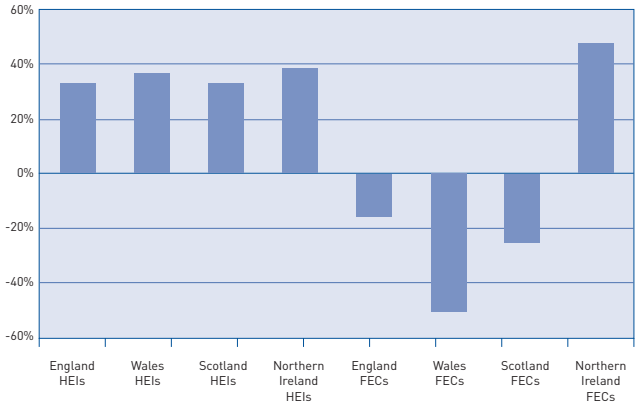
		Full-time and sandwich				Part-time			
	Total	Postgraduate	First degree	Other undergraduate	Total	Postgraduate	First degree	Other UG	Total
Higher education institutions									
England	1,936,420	196,735	867,520	109,295	1,173,550	257,705	183,355	321,815	762,870
Wales	129,230	10,210	60,240	4,540	74,990	15,065	5,030	34,150	54,245
Scotland	215,830	23,290	115,560	9,975	148,825	30,695	12,710	23,600	67,005
Northern Ireland	54,625	3,990	30,455	1,235	35,675	7,680	3,995	7,275	18,950
Total	2,336,110	234,220	1,073,775	125,045	1,433,040	311,150	205,085	386,840	903,070
Further education institutions									
England	122,150	755	13,745	16,925	31,425	4,915	13,665	72,145	90,725
Wales	1,085	0	200	180	380	0	60	645	705
Scotland	49,885	20	285	25,525	25,830	110	340	23,600	24,055
Northern Ireland	12,805	0	310	3,680	3,990	115	790	7,910	8,815
Total	185,925	770	14,540	46,315	61,625	5,140	14,855	104,305	124,300
All institutions	2,522,035	234,990	1,088,315	171,360	1,494,665	316,290	219,940	491,140	1,027,370

Source: HESA

The following chart shows the percentage change in numbers between 1996/97 and 2005/06.

Chart 1

Percentage change in student numbers, 1996/97–2005/06



Source: HESA

These changes have to be seen against an overall increase in higher education enrolments in higher education institutions of 33 per cent across the United Kingdom and a decline of 16 per cent in higher education enrolments in further education colleges across the United Kingdom over the eleven-year period.

The following table shows in more detail the percentage change in enrolments in higher education institutions by mode and level from 1996/97 to 2005/06.

Table 8

Percentage change by mode and level, 1996/97–2005/06

	Full-time & sandwich			
	Postgraduate	First degree	Other Undergraduate	Total
England	70%	23%	10%	27%
Wales	45%	24%	-46%	17%
Scotland	56%	15%	-1%	19%
Northern Ireland	25%	46%	-36%	37%
Total	66%	22%	5%	26%
	Part-time			
	Postgraduate	First degree	Other Undergraduate	Total
England	41%	7%	78%	42%
Wales	44%	53%	104%	78%
Scotland	36%	104%	165%	78%
Northern Ireland	22%	22%	78%	39%
Total	40%	11%	84%	46%

Source: HESA

We have undertaken some additional disaggregation for postgraduate students, since there has been a differential growth in respect of postgraduate research students on the one hand and taught postgraduate students on the other. The disaggregation is shown in the following two tables, for both full-time and part-time postgraduates.

Table 9

Percentage change 1996/97–2005/06 among full-time postgraduates in higher education institutions, split between research and taught degree aims

	Postgraduate research	Postgraduate taught
England	25%	94%
Wales	12%	60%
Scotland	22%	74%
Northern Ireland	38%	19%
Total	24%	89%

Source: HESA

Table 10

Percentage change 1996/97–2005/06 among part-time postgraduates in higher education institutions, split between research and taught degree aims

	Postgraduate research	Postgraduate taught
England	-13%	50%
Wales	1%	69%
Scotland	11%	43%
Northern Ireland	-3%	20%
Total	-11%	49%

Source: HESA

All the countries of the UK have seen a significant increase in the numbers of students registering for postgraduate qualifications. This has been most marked in England, and with the exception of Northern Ireland, it is concentrated largely among taught postgraduate programmes, rather than research degrees.

These tables report the total number of students studying at each level within each country. They therefore include students from outside the UK; work that we have undertaken elsewhere notes that 'international students on postgraduate research programmes have increased from 36 per cent in 1995/96 to 46 per cent in 2004/05 of the total, while equivalent UK enrolments have not increased at all in absolute number terms' (Ramsden B, 2006).[46]

Cross-border flows

How far, if at all, have there been changes since devolution in the proportions of students moving between the countries of the UK to undertake higher education?

The following tables show, for full-time UK-domiciled students only, the relationship between region of domicile and the region of institution, in which the student was enrolled for each of the three reference years.

Table 11

Cross-border flows: full-time UK-domiciled students, 1996/97

	Location of institution					
Region of domicile	English institution	Welsh institution	Scottish institution	Northern Irish institution	Total	Percentage in home country
England	748,034	27,247	18,431	436	794,148	94%
Wales	20,568	27,982	538	14	49,102	57%
Scotland	7,016	293	85,400	78	92,787	92%
Northern Ireland	6,792	500	5,389	21,044	33,725	62%
Total	782,410	56,022	109,758	21,572	969,762	

Source: HESA

Table 12

Cross border flows: full-time UK-domiciled students, 1999/2000

	Location of institution					
Region of domicile	English institution	Welsh institution	Scottish institution	Northern Irish institution	Total	Percentage in home country
England	768,763	27,176	15,838	240	812,017	95%
Wales	20,033	29,674	494	19	50,220	59%
Scotland	7,328	277	90,148	54	97,807	92%
Northern Ireland	6,827	433	5,476	24,250	36,986	66%
Total	802,951	57,560	111,956	24,563	997,030	

Source: HESA

Table 13

Cross-border flows: full-time UK-domiciled students, 2005/06

	Location of institution					
Region of domicile	English institution	Welsh institution	Scottish institution	Northern Irish institution	Total	Percentage in home country
England	922,237	28,392	15,788	302	966,719	95%
Wales	20,244	35,552	475	13	56,284	63%
Scotland	7,245	212	103,977	60	111,494	93%
Northern Ireland	8,306	298	4,709	31,774	45,087	70%
Total	958,032	64,454	124,949	32,149	1,179,584	

Source: HESA

It will be seen that, generally, there has been a modest movement towards students remaining in their home countries. This is most marked for Wales.

However, this trend clearly began before the devolved government arrangements in Scotland and Wales came into effect, and may perhaps best be seen as part of an overall trend for students to live closer to home.[47]

Academic subject differences

In order to understand some of the differences between the four countries of the UK and the changes which have occurred since devolution in Scotland and Wales, it is necessary to be aware of the different mix of subjects within higher education in the four countries.

This is exemplified in the following three tables by the percentage of academic staff who are employed in the major cost centres (arbitrarily defined as being those which had at least 3 per cent of the total academic staff within any one or more countries). Note: neither the definitions of staff counted nor the definitions of cost centres have been stable over the period in question.

Table 14

Percentage of academic staff in major cost centres, 1996/97

Cost centre	England	Wales	Scotland	Northern Ireland
Clinical medicine	12%	8%	11%	6%
Nursing and paramedical studies	5%	7%	5%	3%
Psychology and behavioural sciences	2%	3%	2%	4%
Biosciences	7%	6%	10%	8%
Chemistry	3%	2%	3%	2%
Physics	3%	2%	3%	4%
Earth, marine and environmental sciences	2%	4%	2%	3%
Electrical, electronic and computer engineering	3%	4%	4%	5%
Mechanical, aero and production engineering	3%	2%	3%	3%
Architecture, built environment and planning	2%	3%	2%	4%
Mathematics	3%	2%	3%	1%
Information technology and systems sciences	4%	3%	4%	7%
Business and management studies	7%	8%	7%	7%
Social Studies	8%	7%	7%	12%
Language based studies	5%	6%	4%	5%
Humanities	4%	6%	3%	4%
Design and creative arts	5%	4%	3%	4%
Education	5%	7%	4%	4%

Source: HESA

Table 15

Percentage of academic staff in major cost centres, 1999/2000

Cost centre	England	Wales	Scotland	Northern Ireland
Clinical medicine	12%	7%	12%	7%
Nursing and paramedical studies	6%	8%	5%	6%
Psychology and behavioural sciences	2%	3%	2%	3%
Biosciences	7%	7%	11%	7%
Chemistry	3%	2%	3%	2%
Physics	3%	2%	3%	4%
Earth, marine and environmental sciences	2%	3%	1%	3%
Civil engineering	1%	1%	2%	4%
Electrical, electronic and computer engineering	3%	4%	3%	4%
Mechanical, aero and production engineering	3%	2%	3%	4%
Mathematics	2%	1%	3%	2%
Information technology and systems sciences	1%	2%	4%	0%
Business and management studies	7%	9%	7%	6%
Social studies	8%	6%	7%	9%
Language based studies	3%	4%	4%	2%
Humanities	4%	7%	4%	4%
Design and creative arts	5%	4%	3%	3%
Education	4%	5%	4%	8%
Computer software engineering	3%	1%	0%	5%

Source: HESA

Table 16

Percentage of academic staff in major cost centres, 2005/06

Cost centre	England	Wales	Scotland	Northern Ireland
Clinical medicine	10%	7%	11%	9%
Nursing and paramedical studies	6%	5%	6%	9%
Health and community studies	3%	3%	2%	2%
Psychology and behavioural sciences	3%	4%	3%	3%
Biosciences	6%	6%	10%	7%
Chemistry	2%	2%	3%	2%
Physics	2%	2%	3%	3%
Civil engineering	1%	1%	1%	4%
Electrical, electronic and computer engineering	2%	2%	2%	4%
Mechanical, aero and production engineering	2%	2%	2%	4%
Architecture, built environment and planning	2%	2%	2%	2%
Mathematics	2%	1%	2%	1%
Information technology and systems sciences and computer software engineering	4%	4%	5%	6%
Business and management studies	7%	9%	8%	6%
Social studies	8%	7%	7%	9%
Humanities and language based studies	7%	9%	7%	5%
Design and creative arts	7%	9%	4%	3%
Education	6%	6%	6%	6%
Modern languages	3%	2%	1%	3%

Source: HESA

These tables show that there are some significant differences in the pattern of disciplines in the countries of the UK. In particular:

- There is a high proportion of academic staff in clinical medicine and life sciences in Scottish higher education institutions.This reflects an historical feature of Scottish institutions with a strong tradition of medical education.
- There is a high proportion of academic staff in humanities and language-based studies in Welsh institutions.This too reflects an historical feature of higher education in Wales.
- In English higher education institutions there is a somewhat higher proportion of academic staff in the creative arts and design than in other parts of the United Kingdom.

These tables do not indicate any substantial changes following devolution in the subject mix across higher education institutions in the different countries of the UK, with the possible exception of the increased proportion of academic staff in clinical medicine in Wales and Northern Ireland. The increased proportion of academic staff in the education cost centre in Northern Ireland reflects the transfer into the sector of two largely teacher training institutions during the last ten years.

There are changes in the relative position of different disciplines but by and large these reflect UK-wide changes in student demand rather than any changes influenced by devolution.

Analysis of sources of research income

Research grants and contracts

In the following tables, we look at research income through research grants and contracts. It is important in analysing this data to bear in mind the different cost centre mix of the institutions in the different countries, as exemplified in the tables 14 to 16. Different cost centres attract different levels of funding for research in part because of the equipment involved in some disciplines. These figures are therefore presented as both raw percentages, and as percentages adjusted by cost centre mix.

The adjusted figure attempts to predict the market share if each cost centre were to receive the same level of research grants and contracts income nationally. For each institution, and for all sources of income, market shares are calculated at cost centre level. These are then aggregated and the adjusted ratio is calculated as a weighted average across the cost centres using as weights the total United Kingdom academic staff expenditure in each cost centre.[48]

Table 17

Research grants and contracts: research councils

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	83.7	82.3	83.5	84.2	83.2	84.0
Wales	2.8	4.2	3.2	3.2	3.2	3.4
Scotland	12.6	12.8	12.4	11.2	12.5	10.2
Northern Ireland	1.0	0.7	1.0	1.4	1.0	1.8

Source: HESA

Table 18

Research grants and contracts: charities

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	85.1	78.5	82.7	80.5	84.1	81.3
Wales	2.2	3.5	2.1	4.0	2.3	4.7
Scotland	11.7	15.6	13.7	12.9	12.6	12.3
Northern Ireland	1.0	2.4	1.4	2.6	0.9	1.5

Source: HESA

Table 19

Research grants and contracts: UK industry and commerce

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	82.6	77.9	82.9	77.5	81.3	80.1
Wales	3.4	4.4	4.7	5.4	4.5	6.0
Scotland	12.7	14.0	11.1	14.0	13.0	13.0
Northern Ireland	1.2	3.7	1.3	1.4	1.3	0.8

Source: HESA

Table 20

Research grants and contracts: EU sources

	1996/97		1999/2000		2005/06	
	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted
England	81.8	83.0	80.2	80.8	79.1	76.4
Wales	3.4	3.5	3.8	3.7	4.7	5.8
Scotland	11.8	11.2	13.1	11.2	12.3	11.3
Northern Ireland	3.0	2.2	3.0	4.3	3.9	5.9

Source: HESA

With the exception of the data on research grants and contracts from EU sources, these data indicate that, after allowance is made for the different subject mix in the different countries, there has been a modest increase in the share of total research grants and contracts secured by English higher education institutions at the expense of institutions in the other UK countries. This probably reflects the impact of the increasing concentration of central research funding from the funding bodies on the most highly rated departments in the Research Assessment Exercises in 1996 and 2001.This concentration has been especially marked in England where HEFCE research allocations for 2007/08 show that 15 institutions received nearly 63 per cent of its total research funding[49]. These institutions are in turn better placed to bid successfully for project funding to the grant-awarding bodies which for research council grants and grants from the principal research charities are bid for on a UK wide basis.

The data on research grants and contracts from EU sources indicates a decline in the share secured by English institutions with some increase to Welsh and Northern Irish institutions. This may reflect changes in the EU programmes from which research funding flows and in the eligibility of different parts of the UK to bid for funds from those programmes. For example, the enlargement of the EU in 2004 with the accession of a number of poorer countries had quite a significant negative impact on the eligibility of English regions for support under the single regeneration budget.

The changes observed here reflect longstanding trends and have not been influenced directly by the devolution of administration within the United Kingdom. To some extent the funding bodies in the devolved administrations have recognised the impact of the concentration of research funding on a few institutions in England on their institutions' competitive ability to bid for research funds available on a UK-wide basis. They have targeted some of their research funding on strategic developments aimed at improving institutions' performance and competitiveness in disciplines that are seen to be of importance to their respective countries.

Research studentships

The following table shows the market share of research studentships in the four countries of the UK in the three reference years.

Table 21

Market share of research studentships in the four UK countries

	1996-97	1999-2000	2005-06
Total England	86.2	86.3	84.7
Total Wales	3.7	4.6	2.8
Total Scotland	10.1	9.1	9.7
Total Northern Ireland	0.1	0.0	2.4

Source: HESA

There has been a small drop in the proportion of research studentships being awarded at English and Welsh higher education institutions, with a marked increase in the proportion of awards held at institutions in Northern Ireland.

Unit of resource (relationship of income to students)

This is one of the more complex aspects of this work, and the one which we are least able to conclude to our own satisfaction.

It must be recognised that, as we have shown above, the higher education institutions within the UK differ across the four countries in many respects including their subject mix; and therefore, inevitably and quite properly, the resources associated with their teaching will also differ. There are other issues which are difficult to include in a simple summary of this kind. For example, there are and have been different approaches over time and in the four countries in relation to capital funding, which in some instances may be incorporated within a category of 'teaching income'. This last factor has been particularly relevant in Scotland over the last ten years.

In the following tables we show a very simple measure of the relationship between resources and students, calculated by taking the total teaching income of the institutions in each country (except for the Open University, which spans them all) and dividing that by the total number of student full-time equivalents, including international students in the country in that year.[50] The calculation includes full-time-equivalent students studying at further education level in Scotland since the funding includes these. We then present the proportion of teaching income from three sources:

- funding body grant for teaching[51]
- regulated fees in relation to full-time undergraduate students
- other fees (but not including fees for non-credit-bearing courses, because such students cannot be counted).[52]

The data cannot be analysed for the year 1996/97, and the following tables are therefore limited to two years, 1999/2000 and 2005/06.

Table 22

Income (£) per full-time-equivalent student, 1999/2000

	Student FTEs	Total teaching income (£K)	Total per FTE (£)	Teaching income per FTE student of which: funding body income:	regulated undergraduate fees	other fees
England	1,135,752	4,904,585	4,318	57%	15%	27%
Wales	78,436	321,134	4,094	63%	18%	18%
Scotland	141,756	687,932	4,853	66%	16%	19%
Northern Ireland	33,622	144,477	4,297	67%	15%	17%
Total UK (including the Open University)	1,452,971	6,287,257	4,327	59%	16%	26%

Source: HESA

Table 23

Income(£) per full-time-equivalent student, 2005/06

	Student FTEs	Total teaching income (£K)	Total per FTE (£)	Teaching income per FTE student of which: funding body income:	regulated undergraduate fees	other fees
Total England	1,327,321	7,420,153	5,590	52%	14%	35%
Total Wales	88,533	444,425	5,020	58%	18%	24%
Total Scotland	160,908	972,585	6,044	60%	15%	25%
Total Northern Ireland	38,993	194,249	4,982	67%	14%	19%
Total UK (including the Open University)	1,678,091	9,031,412	5,382	53%	14%	33%

Source: HESA

These tables show that for both years a higher level of funding per full-time-equivalent student in Scotland and England, compared to Wales and Northern Ireland. This difference partly reflects the higher percentage of clinical medicine in England and Scotland and in England the higher proportion of fee income from international students who are charged higher fees. This last point is clear from the higher proportion of teaching income from fees other than the regulated full-time undergraduate fees in English higher education institutions than for institutions in the other countries of the UK. With the exception of institutions in Northern Ireland, this income from 'other' fees' has grown as a percentage of total teaching income for all institutions as international student numbers have continued to grow significantly.

The overall total of funding body grant has been determined since devolution by the devolved governments in Wales and Scotland and by the Westminster government for England. While it is possible that there has been some divergence as a result of decisions taken by the different governments, it is not possible to tell that from this data. At least some of the observed differences almost certainly reflect decisions made by the separate territorial funding bodies following their establishment in 1993 and the decisions at the time of their establishment on the disaggregation of the funding of the Universities Funding Council between the four countries of the UK.

Full-time undergraduate application and acceptance ratios through UCAS

We were asked to report on the comparative level of demand and supply in relation to undergraduate places in higher education over the timescale which is being addressed in this paper.

The question is in fact quite complex, because applicants for full-time undergraduate places are able to apply to several institutions simultaneously, and in many instances they apply across UK national boundaries (and also, incidentally, across international boundaries).[53] In the following tables, we have attempted to identify the ratio of applicants to acceptances, based on region of institution, and to show the relationship of the applicants to the regions of domicile.

Table 24

Relationship between full-time undergraduate applicants and acceptances through UCAS by country, 1996 entry

	Accepted applicants						
	Country of institution					Total Applicants	Ratio of applicants to acceptances
Country of domicile	England	Wales	Scotland	Northern Ireland	Total		
England	208,791	8,516	4,286	125	221,718	300,464	74%
Percentage of accepted applicants from England	95.3%	53.5%	15.2%	2.4%	82.6%	82.3%	
Wales	6,026	7,187	105	4	13,322	17,536	76%
Percentage of accepted applicants from Wales	2.8%	45.2%	0.4%	0.1%	5.0%	4.8%	
Scotland	1,851	68	22,177	18	24,114	32,220	75%
Percentage of accepted applicants from Scotland	0.8%	0.4%	78.6%	0.3%	9.0%	8.8%	
Northern Ireland	2,248	133	1,633	5,030	9,044	14,546	62%
Percentage of accepted applicants from Northern Ireland	1.0%	0.8%	5.8%	97.2%	3.4%	4.0%	
Total	218,998	15,906	28,208	5,177	268,289	364,885	74%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: HESA

Table 25

Relationship between full-time undergraduate applicants and acceptances through UCAS by country, 1999 entry

	Accepted applicants						
	Country of institution					Total Applicants	Ratio of applicants to acceptances
Country of domicile	England	Wales	Scotland	Northern Ireland	Total		
England	239,620	8,910	4,540	170	253,240	323,150	78%
Percentage of accepted applicants from England	95.7%	52.0%	15.7%	2.5%	83.6%		
Wales	6,380	8,030	110	10	14,530	18,160	80%
Percentage of accepted applicants from Wales	2.5%	46.8%	0.4%	0.1%	4.8%		
Scotland	2,160	80	22,700	20	24,940	32,320	77%
Percentage of accepted applicants from Scotland	0.9%	0.5%	78.7%	0.3%	8.2%		
Northern Ireland	2,250	120	1,490	6,490	10,350	15,070	69%
Percentage of accepted applicants from Northern Ireland	0.9%	0.7%	5.2%	97.0%	3.4%		
Total	250,410	17,140	28,840	6,690	303,060	388,700	78%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source HESA

Table 26

Relationship between full-time undergraduate applicants and acceptances through UCAS by country, 2006 entry

	Accepted applicants						
	Country of institution					Total Applicants	Ratio of applicants to acceptances
Country of domicile	England	Wales	Scotland	Northern Ireland	Total		
England	276,700	8,285	3,575	80	288,650	357,435	81%
Percentage of accepted applicants from England	96.3%	41.2%	12.0%	1.0%	83.5%		
Wales	5,430	11,615	95	5	17,150	21,405	80%
Percentage of accepted applicants from Wales	1.9%	57.8%	0.3%	0.1%	5.0%	5.0%	
Scotland	1,750	60	24,990	15	26,800	35,430	76%
Percentage of accepted applicants from Scotland	0.6%	0.3%	83.6%	0.2%	7.8%	8.2%	
Northern Ireland	2,990	110	1,230	8,050	12,385	17,295	72%
Percentage of accepted applicants from Northern Ireland	1.0%	0.5%	4.1%	98.7%	3.6%	4.0%	
Total	287,415	20,085	29,910	8,155	345,565	432,195	80%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Source: HESA

These tables show small but significant increases in the percentages of Welsh-domiciled and Scottish-domiciled students accepted by institutions in their own countries since devolution. In Scotland this may reflect the decisions by the Scottish Parliament to end the payment by students of means-tested, upfront fees from 2001 following the recommendations of the Cubie Committee, while students at English and Welsh institutions continued to have to pay such fees (until 2006 and 2007 respectively). The increase in the proportion of Welsh-domiciled students accepted by Welsh institutions almost certainly reflects therefore the long-term trend in students choosing to study closer to home that we noted about the more general decline in cross-border flows.

The relatively low conversion rate of applications into acceptances for students domiciled in Northern Ireland almost certainly reflects the significant numbers of students from Northern Ireland who choose to study at higher education institutions in the Republic of Ireland. Some students from Northern Ireland will apply through UCAS to a Northern Ireland higher education institution and separately to one or more institutions in the Republic.There is also a similar flow of students from the Republic into Northern Ireland (see Tables 27–29 below).

The more significant changes in the tuition fee arrangements for full-time undergraduates in England from 2006/07 and Wales a year later, with arrangements for fee deferral in both countries, may change this pattern of acceptances and applications further. The higher maximum fee level in England and Wales may also have an impact. However, the biggest factor for Welsh-domiciled students may be the decision by the Welsh Assembly Government to give such students who study in Wales a fee-remission grant to offset the cost of the increased variable fee introduced from 2007. The present roughly 50:50 split of entrants to full-time undergraduate programmes in Welsh institutions between English- and Welsh-domiciled students may change considerably as a result.

Finally in this section, although there is considerable movement across country boundaries, it will be instructive to compare the total number of places available in each country (ie accepted applicants) with the total number of applicants from each country to all the countries of the UK, and this is given in the following table.

Table 27

Relationship between places and applicants in each country, 1996. 1999 and 2006 entry

	1996	1999	2006
England			
Places available in England	218,998	250,410	287,415
Applicants from England to all countries	300,464	323,150	357,435
Percentage ratio of applicants to places	137%	129%	124%
Wales			
Places available in Wales	15,906	17,140	20,085
Applicants from Wales to all countries	17,536	18,160	21,405
Percentage ratio of applicants to places	110%	106%	107%
Scotland			
Places available in Scotland	28,208	28,840	29,910
Applicants from Scotland to all countries	32,220	32,320	35,430
Percentage ratio of applicants to places	114%	112%	118%
Northern Ireland			
Places available in Northern Ireland	5,177	6,690	8,155
Applicants from Northern Ireland to all countries	14,546	15,070	17,295
Percentage ratio of applicants to places	281%	225%	212%

This table shows up the under-supply of places in Northern Ireland relative to demand, and shows that in Wales the number of places in 1999 and 2006 was almost equal to the total of Welsh applicants to higher education institutions across the UK.

Widening participation

Widening participation has been a consistent theme of policy initiatives by UK governments for many years.

There is no current comprehensive definition of the policy objective. The general expectation is that there should be a levelling of the opportunities for people of different backgrounds with equivalent entry qualifications to participate in higher education, but this has not been specified in quantitative terms.

Traditionally gender (under-representation of women) and ethnicity (under-representation of minority ethnic groups) have been seen as measures which should be used in assessing participation levels. In fact, it is generally the case within the UK that women exceed men in their participation in higher education, and that some minority ethnic groups (notably Indian and Chinese) exceed the white groups in their participation rates.

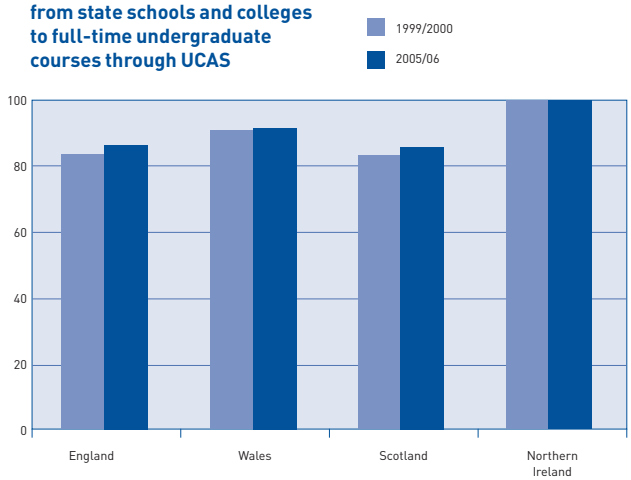
However, there is an underrepresentation of people from the lower socio-economic groups, and those from state schools. Participation on this basis is reported through the annual performance indicators for higher education, although it should be noted that these are limited to entrants to full-time undergraduate programmes through the UCAS system; they therefore exclude part-time students, postgraduates and full-time undergraduate students entering outside the UCAS system. The performance indicators have only been available for a limited time, and it is not possible to provide them for 1996/97. However, the following charts show the percentage change under three measures, between 1999/2000 and 2005/06.

The three currently available[54] measures are:

- percentage entrants from state schools and colleges;
- percentage entrants from lower socio-economic groups; and
- percentage entrants from low-participation neighbourhoods.

Chart 2

Percentage of young entrants from state schools and colleges to full-time undergraduate courses through UCAS



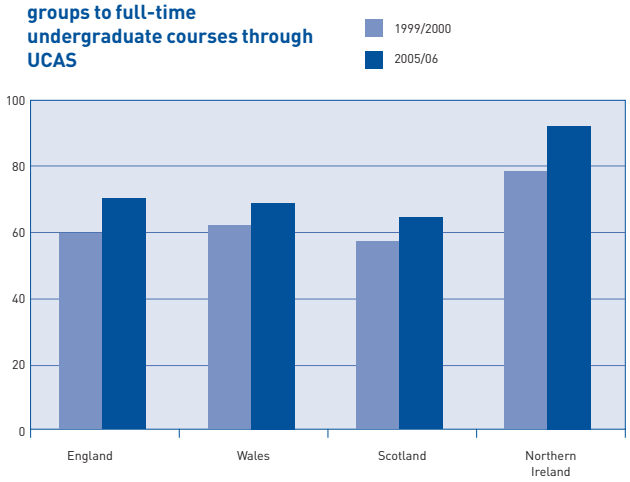
Source: UCAS

English and Scottish institutions have traditionally had a lower proportion of home full-time undergraduate entrants from state schools than their Welsh or Northern Irish counterparts. In the case of institutions in Northern Ireland practically all the entrants have been from state schools in the province.

Since devolution there have been modest increases in the proportions of entrants from state schools in English and Scottish institutions but these proportions remain below the proportion of entrants from state schools in institutions in Wales and Northern Ireland.

Chart 3

Percentage of young entrants from lower socio-economic groups to full-time undergraduate courses through UCAS

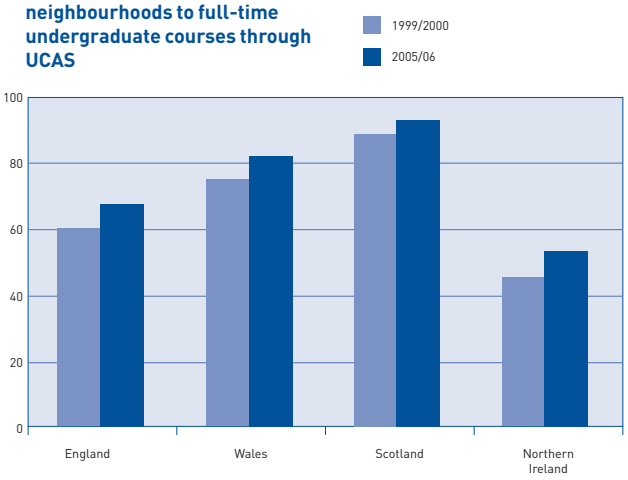


Source: UCAS

It must be noted that the definition of lower socio-economic groupings has changed over the period in question following the introduction for the 2001 Census of a new categorisation of socio-economic grouping, the national statistics socio-economic classification (SEC).[55]

Chart 4

Percentage of young entrants from low-participation neighbourhoods to full-time undergraduate courses through UCAS



Source: UCAS

Charts 3 and 4 both indicate that there has been an increase in the proportion of students from lower socio-economic groups and from low participation neighbourhoods since 1999/2000. However with the exception of the larger than average increase in participation amongst young people from lower socio-economic groups in Northern Ireland there do not appear to be significant differentials in the rate of improvement in participation across the countries of the UK. This is despite the devolved governments' various initiatives to provide additional incentives and support for students from the underrepresented groups. However, the principal means of support for UK student living costs – the student maintenance loan – continues to be based on the same principles, wherever the student is domiciled.

Non-UK students by region of domicile and country of study

The following tables exclude students of the Open University because the university is a UK-wide provider, and its very large student enrolment (predominantly UK-domiciled) would distort the overall picture.

Table 28

Students by world region of domicile, 1996/97

	England	Wales	Scotland	Northern Ireland	Total
UK sub-total	87.8%	88.7%	88.0%	85.3%	88.7%
Other European Union	5.2%	5.6%	5.2%	12.2%	5.0%
Other Europe	0.9%	0.4%	0.9%	0.2%	0.8%
Africa	0.9%	0.9%	0.7%	0.1%	0.8%
Asia	3.4%	3.0%	3.3%	1.6%	3.1%
Australasia	0.1%	0.0%	0.1%	0.0%	0.1%
Middle East	0.5%	0.6%	0.5%	0.1%	0.5%
North America	0.9%	0.7%	1.3%	0.4%	0.8%
South America	0.2%	0.1%	0.1%	0.0%	0.2%
International student sub-total	12.1%	11.3%	12.0%	14.7%	11.2%
Grand Total	100%	100%	100%	100%	100%

Source: HESA

Table 29

Students by world region of domicile, 1999/2000

	England	Wales	Scotland	Northern Ireland	Total
UK sub-total	86.7%	89.2%	87.4%	88.2%	87.0%
Other European Union	5.9%	5.8%	5.6%	9.6%	5.9%
Other Europe	1.0%	0.4%	1.0%	0.2%	1.0%
Africa	1.1%	0.8%	0.6%	0.1%	1.0%
Asia	3.4%	2.2%	3.1%	1.2%	3.2%
Australasia	0.1%	0.1%	0.1%	0.0%	0.1%
Middle East	0.6%	0.5%	0.6%	0.1%	0.6%
North America	1.0%	0.8%	1.4%	0.5%	1.0%
South America	0.2%	0.1%	0.1%	0.0%	0.2%
International student sub-total	13.3%	10.7%	12.6%	11.8%	13.0%
Grand total	100%	100%	100%	100%	100%

Source: HESA

Table 30

Students by world region of domicile, 2005/06

	England	Wales	Scotland	Northern Ireland	Total
UK sub-total	84.4%	87.6%	85.0%	89.2%	84.8%
Other European Union	4.8%	4.8%	5.3%	7.9%	4.9%
Other Europe	0.6%	0.3%	0.6%	0.1%	0.6%
Africa	1.5%	1.1%	1.2%	0.2%	1.4%
Asia	6.6%	4.9%	5.2%	1.9%	6.2%
Australasia	0.1%	0.1%	0.1%	0.0%	0.1%
Middle East	0.7%	0.5%	0.6%	0.1%	0.7%
North America	1.1%	0.6%	1.8%	0.4%	1.1%
South America	0.2%	0.1%	0.1%	0.0%	0.2%
International student sub-total	15.6%	12.4%	15.0%	10.8%	15.2%
Grand total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: HESA

It is important to distinguish students from other EU countries and students from the rest of the world because EU students pay the same fees as UK students.

The high proportion of students from other EU countries in higher education institutions in Northern Ireland largely reflects the flow of students from the Irish Republic. The fall in the percentage of students from the EU probably reflects a reduction in that flow as a result of the the Republic's decision to stop charging undergraduate students tuition fees while means-tested tuition fees were introduced in Northern Ireland. Institutions in Northern Ireland on the other hand have the lowest proportion of students from outside the EU of the higher education institutions in the different UK countries.

English institutions have had consistently the highest proportion of students from outside the EU, rising from 6.9 per cent in 1996/97 to 10.8 per cent in 2005/06. Over the same period the proportion of students from outside the EU at Scottish institutions rose from 6.8 per cent to 9.7 per cent. The relative success of English institutions in recruiting students from outside the EU reflects in part at least the particular success of London institutions in attracting students from outside the EU, reflecting the specialist nature of many London institutions and the particular attractions of London.

Conclusion

It is not the purpose of this annexe to draw policy conclusions. However, with the possible exception of increases in the proportion of applicants choosing to apply to higher education institutions located in their home countries and the related cross-border flows of students, devolution of government responsibility for higher education has had little impact on the underlying differences in the pattern of higher education provision in the countries of the UK. Many of these differences, such as the high proportion of staff in Scottish higher education institutions in clinical medicine and biological sciences, reflect historical differences.

It is possible that the decision to establish separate funding bodies for higher education in the different countries of the UK through the Higher and Further Education Act 1992 may have produced more significant change than the devolution of government from 1999, but there is no consistent data available across the UK, before the establishment of HESA also in 1993.

The introduction of the new arrangements for full-time undergraduate fees, including variable fees and fee deferral, from 2006/07 in England and a year later in Wales, producing even greater divergence from the treatment of tuition fees in Scotland, may have a significant impact on student behaviour across the UK in the medium term.

Notes

1 See, in particular, Trench, A (ed) (2007) *Devolution and power in the United Kingdom,* Manchester: Manchester University Press; Keating, M (2005) *The government of Scotland: public policy making after devolution,* Edinburgh: Edinburgh University Press; and Rawlings, R (2003) *Delineating Wales: Constitutional, legal and administrative aspects of national devolution,* Cardiff: University of Wales Press.

2 For a discussion of the Government of Wales Act 2006, see Trench, A (2006) 'The Government of Wales Act 2006: the next steps in devolution for Wales', *Public Law*, 4 (Winter), 687–96.

3 The best short introduction to how devolution finance works is Heald, D and McLeod, A (2002) 'Beyond Barnett? Funding devolution' in Adams, J and Robinson, P (eds), *Devolution in practice: public policy differences within the UK,* London: IPPR. See also McLean, I and McMillan, A (2003) 'The distribution of public expenditure across the UK regions', *Fiscal Studies* 24:1, 45-71.

4 In addition to references discussed above, notably Trench (2006), see contributions to Hazell, R and Rawlings, R (2005) (eds), *Devolution, law making and the constitution,* Exeter: Imprint Academic, on issues relating to legislation.

5 See *Memorandum of understanding and supplementary agreements between the United Kingdom Government, Scottish Ministers, the Cabinet of the National Assembly for Wales and the Northern Ireland Executive Committee,* Cm 5240 (2001) London: The Stationery Office 2001.

6 See ibid.

7 Scottish Executive (2007) *Choosing Scotland's future: a national conversation. Independence and responsibility in the modern world* (Edinburgh; Scottish Executive, 2007). This white paper devotes considerable space to discussing areas in which the existing devolution arrangements might be revisited and further powers devolved to Scotland within the present framework. Although this includes most areas reserved to Westminster under the Scotland Act 1998, research is not an area mentioned as suitable for transfer to Scotland.

8 The individual appointed, Jim Gallagher, was involved in this project before his appointment in Whitehall.

9 Ministry of Justice (2007) *The Governance of Britain,* Cm 7170 (London: The Stationery Office, 2007).

10 For discussion of higher education policy in England, see Chitty C (2004) *Education policy in Great Britain,* Basingstoke; Palgrave Macmillan, pp 168-73.

11 See Fitz J (2007) *Devolution and higher education in Wales,* Paper prepared for Universities UK.

12 See Gallacher J (2007) *The impact of devolution on higher education in Scotland,* Paper prepared for Universities UK.

13 See Osborne, R (2007) *Devolution and higher education: Northern Ireland,* Paper prepared for Universities UK.

14 Ibid.

15 DELNI data shows that in 2004/5 15,737 students from Northern Ireland were studying in Great Britain and 1,222 in the Republic, out of a total of 70,682 (22.2 and 1.7 per cent, respectively).

16 See Fitz (2007) op cit, pp 24-25.

17 Ibid.

18 See annexe, charts 2, 3 and 4.

19 See Gallacher (2007) op cit, table 3 and pp 12-13.

20 Department for Education and Skills (2003) *The future of higher education,* Cm 5735 (London: The Stationery Office, 2003). This white paper discussed in some detail the value of differential fees for different subjects, to reflect different salary premia that different courses attract.

21 Allowing for inflation, the maximum fee in 2007/2008 is £3,070 and for 2008/2009 £3,145.

22 The two 'Rees reviews' (see p 22 of the main report) took different approaches to finance, the first recommending an approach along the lines of the Scottish graduate endowment, which the Assembly had neither the legal powers nor (probably) finance to introduce. The second review, after student support functions within the existing England and Wales framework were devolved in 2004, resulted in the present system of deferred flexible fees. See Fitz (2007) op cit.

23 The full amount is payable where family income is under £17,500, and a tapered amount between £17,501 and £37,425.

24 This would also be possible in Wales if Part 4 of the Government of Wales Act 2006, giving the National Assembly 'primary legislative powers', comes into effect. Whether it would be possible under the existing arrangements would depend on Westminster conferring such powers directly on the National Assembly, through a legislative competence order or other amendment of Schedule 5 to the 2006 Act.

25 Welsh Assembly Government (2002) *Reaching higher: higher education and the learning country. A strategy for the higher education sector in Wales,* Cardiff: National Assembly for Wales, chapter III.

26 O'Shea T (2004) *Enhancing research competitiveness*, presentation at SFC/Universities Scotland/OST symposium on 29 November, available at http://www.sfc.ac.uk/information/information_research/strategic_research_grant.htm.

27 Brown and Ramsden emphasise that it is important in analysing this data to have regard to the different cost centre mix of the institutions in the different countries. Different cost centres attract different levels of funding for research in part because of the equipment involved in some disciplines. These figures are therefore presented as both raw percentages, and as percentages adjusted by cost centre mix. The adjusted figure attempts to predict the market share if each cost centre were to receive the same level of research grants and contracts income nationally. For each institution, and for all sources of income, market shares are calculated at cost centre level. These are then aggregated and the adjusted ratio is calculated as a weighted average across the cost centres using as weights the total United Kingdom (UK) academic staff expenditure in each cost centre.

28 In 1996/97, clinical medicine accounted for 12 per cent of academic staff in England and 11 per cent in Scotland, but only 8 per cent Wales and 6 per cent in Northern Ireland. In 2004/05, it accounted for 11 per cent of staff in England and Scotland, 9 per cent in Wales and 8 per cent in Northern Ireland. The annexe, tables 14-16.

29 Cooksey D (2006) *A review of UK health research funding,* London: The Stationery Office.

30 Aggregate spending by the research councils was about £2,821 million, that on Quality Research spending by the funding bodies about £1,621 million, or 36.5 per cent of the total.

31 Data about aggregate spending in Northern Ireland is not readily available.

32 HEFCE (2007) Recurrent grants for 2006-07 Final allocations, Circular October 2006/43; HEFCW: Funding Allocations 2006/07 Circular W07/34HE August 2007; SFC: Main grants in support of teaching and research for higher education institutions for academic year 2007-08 20 March 2007 Circular SFC/16/2007; DELNI: from http://www.delni.gov.uk/index/further-and-higher-education/higher-education/role-structure-he-division/he-research-policy/recurrent-research-funding/quality-related-research-funding.htm.

33 Welsh Assembly Government (2002) *Reaching higher: higher education and the learning country.* A strategy for the higher education sector in Wales, Cardiff: National Assembly for Wales, chapter III.

34 The full terms of reference are at http://www.dti.gov.uk/science/science-funding/funders-forum/page10586.html.

35 McVie S et al (2008) *ESRC/SFC Scoping study into quantitative methods capacity building in Scotland: final report*, May; Lynch R et al (2007) *ESRC/HEFCW Scoping study into quantitative methods capacity building in Wales: final report*, February. Both available from http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/research/resources/

36 HEFCW (2006) *The Funding Gap*: 2004/05, October, available at http://194.81.48.132/FinanceAssurance_Docs/The_Funding_Gap_2004_05_-_main_content.pdf.

37 Fitz (2007) op cit, p 28

38 On 23 October 2007 the Scottish Government announced an extra £100 million for capital investment in further and higher education. This was not linked to either the Scottish or UK Comprehensive Spending Reviews, although the funds used derived from the use of End-Year Flexibility balances held by the Treasury – and increasing capital investment generally was the condition imposed by the Treasury for releasing such balances.

39 'Hyslop admits universities may fall behind' (2007) *The Scotsman* 6 December.

40 'Universities receive £20m cash injection' (2007) *The Herald* 10 March.

41 This is a characteristic approach of policymaking for England by the UK Government, and can be found in a variety of sectors. See Greer S and Jarman H 'Policy styles and devolution' in Trench A (ed) (2008) *The State of the Nations 2008: Into the third term of devolution in the United Kingdom* (Exeter: Imprint Academic)

42 Although responsibility for the allocation of public funding of higher education was devolved to separate national funding bodies from 1993.

43 HESA cannot accept responsibility for any inferences or conclusions derived from the data by third parties.

44 Some data is limited to entrants through the UCAS system, ie it relates only to full-time undergraduate entrants through the central admissions system, excluding direct entry to institutions. There is therefore an element of under-estimation here.

45 A more detailed analysis of the potential impact of demographic change on the higher education sector is given in Universities UK (March 2008) *The future size and shape of the higher education sector in the United Kingdom: demographic projections.*

46 Ramsden B, (2006) *Patterns of higher education institutions in the UK*, Sixth Report, London: Universities UK, , available at http://bookshop.universitiesuk.ac.uk/downloads/patterns6.pdf.

47 See for example Ramsden B (2006), op.cit, p 65.

48 The adjusted figure attempts to predict the market share if each cost centre were to receive the same level of research grants and contracts income nationally. For each institution, and for all sources of income, market shares are calculated at cost centre level. These are then aggregated and the adjusted ratio is calculated as a weighted average across the cost centres using as weights the total United Kingdom academic staff expenditure in each cost centre.

49 See HEFCE 2007/07 available at www.hefce.ac.uk/pubs.

50 Including fulltime equivalent students studying at further education level in Scotland since the funding includes these.

51 Including grant for further education provision in the case of Scotland, where this component is not disaggregated.

52 But including further education fee income in Scotland.

53 This is particularly notable in relation to students domiciled in Northern Ireland, who may apply to universities in both the Province and the Republic. However, it is also now a relevant issue in relation to other students, in view of the increase in enrolments of UK students in universities elsewhere in the EU and also in the United States.

54 Some work is in progress with a view to developing a more robust and more diverse set of indicators for the widening participation agenda.

55 In place of the six categories used in the earlier definition of social class, the new classification has seven categories as follows: 1 Higher managerial and professional occupations; 2 Lower managerial and professional occupations; 3 Intermediate occupations; 4 Small employers and own account workers; 5 Lower supervisory and technical occupations; 6 Semi-routine occupations; and 7 Routine occupations.

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