

Sector impact assessment

Name of policy/initiative/project:	Changes to teaching funding and student numbers for 2012-13
1. What are the aims of this policy/initiative/project?	To develop an approach to funding teaching and allocating student numbers in 2012-13 which reflects the Government's priorities and the changed funding context.
2. At what stage of the development process is this assessment being undertaken?	Initially during development of proposals, later to be extended after consultation.
3. Do existing data sources enable us to provide evidence of impact? If not, how should we best gather evidence?	Yes, to some extent. We plan to build on existing data sources through formal and informal consultation with the sector. This will form part of a larger consultation process. We will also monitor the impact of changes as they take place.
Regulatory impact assessment	
4. Will this policy/initiative/project require higher education institutions to perform or commission more work than we already expect from them?	Yes, temporarily during the period of transition between funding methods. Institutions will be required to return some additional data through the Higher Education Students Early Statistics Survey (HESES) and the Higher Education in Further Education: Students Survey (HEIFES), and to engage with a new approach to the control of student numbers and the funding of teaching. The additional work from the bidding exercise for 'marginal students' will generate some burden. We are striving to keep these additional burdens to a minimum, especially in 2012-13.
5. If so, are the benefits of delivery sufficient to outweigh this regulatory impact? Describe these benefits.	Some additional burden is unavoidable given the fundamental changes to higher education (HE) policy and the funding changes made by the Government. We have decided to continue using familiar approaches and terminology in 2012-13, which we believe will mitigate the burden for institutions. Institutions have previously been willing to submit extra data when this has meant that our funding can be allocated more accurately and / or fairly. These particular burdens will be temporary.
6. Please explain with supporting evidence how you have arrived at this judgement.	Our preliminary judgement at this stage is based primarily on internal discussions with colleagues in the Council's institutional teams (some of whom have also held informal conversations with institutions) and HEFCE's analytical services group (ASG), and on the previous behaviour of institutions. Institutions are expected to indicate any additional burden as part of the consultation process.
Equality and diversity	
7. Which of the various groups protected by equality legislation are likely to be affected by this policy/initiative/project, and how?	<p>Potentially, any group with characteristics protected by the legislation might be differentially affected by the implementation of these policies, either positively or negatively. This is partly because precise impacts depend on institutions' and students' responses to the changes, which will vary. This behaviour is beyond our direct control.</p> <p>We have identified possible risks to black and minority ethnic (BME) students, students with disabilities and students from neighbourhoods where participation in HE has traditionally been low. Separate gender-related</p>

	<p>impacts may affect both women and men as groups, although how these impacts may interact is currently unclear.</p> <p>However, it is also possible that policies may benefit these groups. The exact interaction of various factors and changes to behaviour is hard to predict.</p>
<p>8. What evidence have you used to ascertain whether there will be an impact (or not) on these groups?</p>	<p>Our preliminary judgement at this stage is based on internal discussions with colleagues in the institutional teams and modelling carried out by ASG. We invite further predictions of differential impact from respondents, as part of the consultation process.</p> <p>The changes to teaching funding and student numbers take place against a background of wider changes to HE funding, and should be considered in this context. This assessment relates only to the impact of changes to HEFCE's teaching funding and student numbers policies which form the subject of the Summer 2011 consultation. It will not provide a full picture of the impact of all the expected changes on the sector. This assessment should be read in conjunction with those of other agencies, and the Government's own assessment of the impact of the wider changes. (It is possible, for instance, that some groups might be detrimentally affected by changes to HEFCE funding, but would gain from the new approach to student financial support.)</p> <p>Note that all our modelling is necessarily based on historical data, and that institutional and student profiles may well change significantly in response to the new fees and funding regime.</p>
<p>9. Which negative impacts have been identified during the development of this policy/project/initiative, and what actions have been taken to mitigate the effect?</p>	<p>No such impacts have been identified for certain, as at present the outcomes of the changes proposed in the consultation are unclear. The potential impacts listed below are conjectures which can only be confirmed through observation.</p> <p><u>Mainstream funding</u></p> <p>'Old-system' students who will have started their courses before 2012-13 will attract transition funding, and will therefore be unaffected by our proposals for change. Any impact on institutions from reductions to this funding would be uniform, and thus potentially neutral with regard to the various protected characteristics.</p> <p>This is also the case for those non-mainstream allocations which are to be continued for 2012-13, as these will be reduced uniformly with no differentiation. For those non-mainstream allocations which are expected to be phased out, see below.</p> <p>While institutions will be affected by the reduction in grant relating to 'new-system' students who begin their courses in 2012-13, they will also be affected by rising income from student loans. These changes are mandated by the Government and do not form part of</p>

our consultation.

We propose to remove funding relating to courses in price groups C and D, and decrease that relating to courses in price groups A and B. The impact of this will be differential. Our initial modelling suggests that the different price groups attract different demographics, with more women and disabled students studying in price groups C and D.

However, our funding is allocated to institutions, not to students, and any differential impact resulting from the reduction of our grant will depend on the distribution of students across price groups within institutions, which depends in turn on institutions' own behaviour in terms of recruitment and retention. We do not at present anticipate that institutions will reduce provision in the lower price groups, given the greater possibility of meeting their costs through fees.

There is also a risk of impact on students studying in high-cost subject areas, if our funding for high-cost subjects is, or is perceived as being, insufficient to make up for the costs of provision.

Non-mainstream allocations

The proposals also entail the withdrawal of certain non-mainstream allocations. The sums of money involved in this withdrawal are relatively small compared with that of mainstream teaching funding.

Three of these relate to the withdrawal of funding for students aiming for equivalent and lower qualifications (ELQs):

- the part-time undergraduate allocation relating to the ELQ policy
- the allocation for maintaining capacity in strategically important and vulnerable subjects following the ELQ policy
- transition funding for ELQ students.

Using modelling based on historical data, an earlier assessment found that the ELQ policy might have a differential impact on older students and on female students, though not on other protected groups¹. In addition, the withdrawal of the first of these funding streams may impact on part-time undergraduate students. This policy change is not a new decision, and should be viewed as the final stages of the operation of the ELQ policy.

Two more withdrawals relate to components of the teaching enhancement and student success allocation:

- the component of the allocation relating to institutional learning and teaching strategies
- the component of the allocation relating to research-informed teaching.

¹ <http://www.hefce.ac.uk/learning/funding/elq/#sia>

The former is allocated proportionally to student numbers, meaning that the impact of its withdrawal will be neutral with respect to different groups. The latter is calculated inversely to quality-related research funding: an earlier assessment found that the differential impact of the rates of this funding would be marginal².

The remaining non-mainstream funding to be withdrawn relates to co-funded employer engagement. The impact of this funding was investigated in a prior assessment, which found no positive equalities impacts³. This would suggest that withdrawing the funding will not create any negative equalities impacts.

We are also removing the special weighting currently assigned to students who partially complete their courses, and the London weighting as it applies to new-system students in price groups C and D. We would expect institutions to be able to recover any losses from these weightings through additional fee income.

Student number controls

The Government proposes to remove from current student number controls the numbers representing students who achieve grades at A-level of AAB or above, or their equivalents. Statistical evidence suggests that this may impact differently on different groups: students from disadvantaged backgrounds are less likely to attain this level of qualification, while students assessed as holding them tend disproportionately to be 25 or older, for instance.

In general, however, institutions already aim to recruit the highest achieving students possible. In addition, all institutions will have controlled numbers of places for students not achieving AAB.

The Government proposes creating a 20,000-strong margin of student numbers to be reallocated to institutions with an average net fee of £7,500 or less and who demonstrate the quality of their provision in a bidding process. The emerging picture suggests that this will apply mainly to further education colleges (FECs), as few HEIs appear to be considering fees as low as this.

This may enable students attracted by local provision to find places: these might include some with a low income and some whose cultural traditions discourage moving away from home. It is impossible to say for certain that this will have a positive impact on widening participation, however. One reason for this is that at present FEC students are slightly more likely to be male, considerably more likely to be older, and overwhelmingly more likely to be white, than those in HEIs. More fundamentally however, this and other

² <http://www.hefce.ac.uk/research/postgrad/#sia>

³ <http://www.hefce.ac.uk/pubs/board/2007/116/> (Item 4 Annex 3)

	<p>proposals may well alter the characteristics of the HE student population in FECs, making specific impacts impossible to predict.</p> <p>Due to the greater need for special facilities for teaching in price groups A and B, it will be easier for students removed from student number controls to be accommodated within price group C and D courses. This may have a differential effect for reasons given above.</p>
<p>10. What actions will be taken to ensure that this policy/project/initiative promotes both equality and diversity?</p>	<p>We will ask respondents to comment on equality and diversity issues during the consultation process. We will take their comments into account as far as possible within the constraints of time and funding when implementing our proposed changes.</p> <p>As part of the bidding process for student numbers from the margin, we will invite each institution to evaluate the equalities impact of its proposal.</p> <p>Any institution wishing to charge higher fees to its students (which includes nearly all universities) are required to make an Access Agreement with the Office for Fair Access. Meanwhile, any institution registering more than 100 full-time-equivalent students is required to submit a Widening Participation Strategic Assessment to HEFCE. Both of these documents seek to ensure that institutions take seriously their social mobility, fair access and widening participation responsibilities. The activities they undertake in relation to these areas will assist in the promotion of particular types of equality and diversity, and may help to offset policy implementation in other areas.</p>
Sustainable development	
<p>11. What are the likely impacts of this policy/ initiative/project on sustainable development? How have you arrived at this judgement?</p>	<p>Our preliminary judgement at this stage is based primarily on internal discussions with colleagues in the Council's institutional and leadership, governance and management teams. Respondents to the consultation will be invited to indicate potential impacts as part of the consultation process.</p>
<p>12. Which negative impacts have been identified during the development of this policy/project/initiative, and what actions have been taken to mitigate the effect?</p>	<p>These changes and their larger context will reduce stability and predictability in the sector generally. Uncertainties concerning funding are likely to lead to caution concerning investment on the part of institutions. This may mean that some plans for longer-term investment supporting sustainable development will be postponed or abandoned. It is conceivable also that teaching of particular subjects may be detrimentally impacted, but this is no more likely in the case of those relating directly to sustainable development than of any other subjects in the same price group.</p>
<p>13. What actions will be taken to ensure that this policy/project/initiative promotes sustainable development?</p>	<p>We do not anticipate that serious sustainable development issues are likely to emerge from this policy, but we invite and will welcome comments on all aspects of the likely impact of the changes on institutions. We will take any comments relating to sustainable development into account, as far as possible within the constraints of time and funding, when implementing our proposed changes.</p>

Privacy impact assessments

14. Will you be using information or data about individuals?	There is no expected impact in this area, as there will be no change to the relevant practices. As at present, individual data will be collected through HESES and HEIFES. Current practice includes measures to protect the privacy of individuals.
15. Will you be combining or matching data about individuals with data from other sources?	Again, there are no expected changes to current practices. As at present, the data will be combined with data from the Higher Education Statistics Agency to inform our funding in future years. Current practice includes measures to protect the privacy of individuals.
16. Will you be sharing data about individuals with third parties (such as consultants, other funding bodies)?	Possibly, with bodies such as the National Audit Office and the Department for Business, Innovation and Skills. Data sharing is strictly controlled, and again, measures exist to ensure privacy.

Certification by Director

This is a fair assessment of the impact of this policy/initiative/project on the higher education sector, taking into account the regulatory burden imposed. The policy/initiative/project has been appropriately designed to meet our equality, regulatory and privacy obligations as well as promote equality and diversity and sustainable development. This assessment is ready for publication.

Heather Fry

Signed

Date 30 June 2011