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Independent Review of Variable Fees & Student Finance Arrangements

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March 2010

Independent Review of Variable Fees and Student Finance Arrangements

Report to Minister for Employment and Learning

March 2010

Joanne Stuart, Review Chairperson

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Acknowledgements

I would like to take this opportunity to thank all stakeholders who have contributed to this review especially those who were on the steering group, Dr Alessandra Faggian for her research project and the secretariat support provided by the Department for Employment and Learning.

Chairperson's Foreword

Dear Minister,

I am pleased to present my report on the Review of Variable Fees and Student Finance Arrangements, which commenced in January 2009.

This report sets out my findings in relation to the impact of the introduction of variable fees in the academic year 2006/07, both from the perspective of students and higher education institutions.

The review also looked at fee levels and the maintenance grant, and this report contains details on the following options:

1. Maintain current fee level;
2. Abolish student fees;
3. Raise fee cap; and
4. Consideration of the current maintenance grant for living costs.

My recommendations are:

1. To maintain current fee levels for the present; and
2. To increase the Maintenance Grant income thresholds for means testing and maintain the differential that is currently in place, in terms of maximum amount.

I recognise, however, that there will be a need to review the position once the Browne Review of Higher Education Funding and Student Finance reports in England.

Throughout this review I have listened to and engaged with different stakeholders, met with the political parties and met with Ministers from other regions of the UK and the RoI. In addition, information from different sources has been reviewed and analysed to underpin the above recommendations. However, it should be noted that the review is based on the limited data that is available since the introduction of variable fees and, as such, I believe it is too early to gauge the impact of variable fees in full. With only three years having passed since the introduction of variable fees there is no data available as yet on the cohort that graduated in 2008/09 with regard to levels of student debt, the extent to which loans are being recovered and the ability to which graduates are able to repay. This information should be reviewed as soon as it becomes available to inform the consultation.

I hope that this report will provide a platform for an informed debate on the future student finance policy for Northern Ireland and I look forward to my continued involvement as we move forward.

Joanne Stuart
Independent Chairperson
Review of Variable Fees and Student Finance Arrangements

Executive Summary

1. The primary aim of the Department's policy for higher education is to promote and sustain the development of an internationally competitive higher education sector, accessible to all who are able to benefit and meeting the needs of the Northern Ireland economy and wider society. It is important for Northern Ireland to continue to maintain its higher education institutions (HEIs) as strong, dynamic bodies, which embrace the highest standards and which can compete and collaborate successfully with their counterparts in Great Britain, the Republic of Ireland, and increasingly in a world-wide context.
2. One of the Minister for Employment and Learning's first commitments was to commence a review of variable fees and student finance arrangements and I was appointed as Independent Chair of the Review, by the Minister, in December 2008.

This report sets out my findings and recommendations.

3. HEIs provide a rounded educational experience for students. Attaining a valuable qualification is part of that experience, but higher education also provides the opportunity to develop as an individual, develop a thirst for learning and develop an appreciation of areas outside of our normal sphere.
4. HEIs are also a driver for economic growth and we are fortunate that we have a first class higher education sector, in some areas world leading, which works closely with industry. The sector has a well developed pedigree of commercialising research and development through the established UUTech and QUBIS organisations. This was underlined in October 2009, when Queen's University was awarded the Times Education Entrepreneurial University of the Year.
5. The Programme for Government has the Economy as the number one priority and it is recognised that if we are to develop a vibrant and sustainable economy, then a highly educated and skilled workforce is essential. A vibrant higher education sector is one of the critical pillars to deliver this objective.
6. As will be seen from the report, a significant amount of analysis underpins this review but it should be noted that we only have data available for a three year cohort of students (AY 06/07 – AY 08/09). This limitation necessarily constrains consideration of a wider range of options and this review was restricted to considering the following options for change:

   (1) Maintain the current fee level;

   (2) Abolish fees at Northern Ireland Institutions;

   (3) Increase the fee cap; and

   (4) Consideration of the current maintenance grant for living costs.

   However, this does not preclude other options becoming available for consideration as we move forward to consultation and more data becomes available. As the review in England is due to report after the general election, it is also prudent to monitor its progress and review the impact of any recommendations on Northern Ireland.

Recommendations

7. The review acknowledges that the principle of increased contributions by graduates towards the cost of their fees has yet to be endorsed by all Northern Ireland political parties, and this review did not re-open the debate on this principle. The recommendations contained within this report are based on consideration of the evidence available since the introduction of variable fees in the academic year 2006/07. For completeness, an option to abolish fees was included with the associated costs which will help to inform the consultation and will provide a platform for informed debate on this issue.
8. That said however, the recommendation, based on the data that is available, is to maintain student fees at the current levels in real terms and for graduates to continue to contribute to that cost at the current levels. The review has found limited evidence to fundamentally change the system, and there is no evidence of an adverse impact on participation or in subject areas as a direct result of the introduction of variable fees.
9. It should be noted that the Independent Review of Higher Education Funding and Student Finance in England was launched in November 2009 and any output from this review will need to be considered, in light of the potential impact on student flows if systems differed significantly throughout the UK.
10. Furthermore, it is too early to gauge the impact of variable fees on the loan repayment profiles of a full cohort of graduates under variable fee arrangements - for example, the extent to which loans are being recovered and to which graduates are able to repay. The terms of the current repayment model are set out in Section 2 of this report, which shows the favourable conditions and affordable repayments of the loan. Going forward, it is recommended that processes are put in place to enable this to be measured, monitored and trends identified.
11. The review also extends to consideration of the current maintenance grant. The recommendation here is to increase the maintenance grant income thresholds for means testing and retain the differential which is currently a premium of £569 in 2010/2011 for Northern Ireland students. In AY 2010/11 the lower cut off point for full grant entitlement is higher in England at £25,000 compared to £19,203 in Northern Ireland. Northern Ireland students from households with incomes in excess of £41,065 are not entitled to any maintenance grant support. In England, the higher cut off point is at household income levels in excess of £50,020.
12. Increasing the household income thresholds in this way would increase the number of students who would be eligible for support. In addition, the retaining of the maximum differential in Northern Ireland underpins the commitment to increase participation in higher education amongst lower socio-economic groups. Also, I believe it can be reasonably assumed that the differential has contributed to Northern Ireland's better than average participation rates in comparison with the rest of the UK.

13. Increasing income thresholds for means testing and retaining the maximum differential would require approximately £9M in additional funding. Despite the financial implications, this merits serious consideration especially in the current economic climate, as the review found that ‘in year’ costs for students has increased over the last three years and this recommendation will increase the number of students eligible for additional support throughout the course of their study. However, in light of the current financial constraints on public spending, a compromise position could be reached which would see only the lower threshold increased. This would cost an estimated £3M.

Development of a Higher Education Strategy

14. Throughout the review, wider issues within higher education were raised and discussed. These are outlined in Section 1 of the report and are summarised below. These areas should be discussed as part of the Development of a Higher Education Strategy, announced in October 2009, by the Minister for Employment and Learning, chaired by Sir Graeme Davies.

- **Student numbers** – in terms of (a) demographic trends and (b) the MaSN cap on student numbers.
- **Type of study** – in the context of the balance between part-time and full-time provision.
- **Incentives for students** – for example bursaries for STEM or economically relevant subjects.
- **Quality of teaching and resources** – in terms of the transparency between fee income and improvements in the quality of teaching and the student experience.

Other Recommendations

15. **Loan recovery** – it is too early to gauge the impact of variable fees on the loan repayment profiles of a full cohort of graduates under variable fee arrangements for example, the extent to which loans are being recovered and to which graduates are able to repay. Going forward, it is recommended that processes are put in place to enable this to be measured, monitored and trends identified. The terms of the repayment model are set out in Section 2 of this report, which show the favourable conditions and affordable repayment terms of the loan.

16. **Students in RoI** – the current arrangements for Northern Ireland students studying in RoI are outlined in paragraph 42 of section 2. The recommendation is that the policies regarding maintenance grant and fee payment for NI students studying in the RoI should be reviewed, as they are currently out of step with those which apply to NI students studying at higher education institutions in the UK.

17. **School pupils** – it is difficult to ascertain whether the introduction of variable fees impacted on the decisions school pupils made with regard to entering higher education, particularly within the lower socio-economic groups. Although the data from the School Leavers survey indicates an increase in the numbers continuing into higher education and there has been no significant decrease in participation rates, it is still important that the views of this stakeholder group are included in the consultation process.

18. **Communication** – throughout the evidence gathering of the review it was apparent that the student finance arrangements, in particular the terms of the subsidised loans, are not widely understood. It is recommended that the detail of the student finance package and the benefits within, for example subsidised loans, are better communicated to parents, careers teachers and prospective students.

19. The report is structured as follows:

Section 1 Introduction and Background to the Review

Section 2 Current Arrangements

Section 3 Impact of the Introduction of Variable Student Fees

Section 4 Future Fee Scenarios for Northern Ireland

Section 5 Future Maintenance Grant Entitlement Options

Section 6 Recommendations

Joanne Stuart

Independent Chairperson

Section 1

Introduction and background to the Review

The Northern Ireland Higher Education Sector

1. The university sector in Northern Ireland is small, by GB, RoI, and other comparisons but it has a significant place within our society, the economy and cultural development. There are five higher education institutions (HEIs) in NI, three of which are universities namely, Queen's University, Belfast (QUB), the University of Ulster (UU) and the Open University (OU). The other two institutions (Saint Mary's University College and Stranmillis University College) specialise in, though do not deal exclusively with, teacher training. Both of these institutions are academically integrated as university colleges of Queen's University Belfast.
2. In 2008/2009 the profile of students at Northern Ireland HEIs was as follows:
    - 29,800 full-time undergraduates
    - 8,160 part-time undergraduates
    - 4,745 full-time post-graduates
    - 5,535 part-time post-graduates.
3. While the overall sector is small, the institutions are of considerable size, in UK terms. The further education colleges also provide a significant number of higher education places (3,848 full-time undergraduates and,6,393 part-time undergraduates for the same period) both through Higher National Certificate and Higher National Diplomas and through degrees franchised through QUB and UU, for example foundation degrees.
4. The Department's primary aim for higher education is to promote and sustain the development of an internationally competitive higher education sector, accessible to all who are able to benefit and meeting the needs of the Northern Ireland economy and wider society. It is important for Northern Ireland to continue to maintain its HEIs as strong, dynamic bodies, which embrace the highest standards and which can compete and collaborate successfully with their counterparts in Great Britain, the Republic of Ireland, and, increasingly in a world-wide context.
5. Table 1 illustrates the comparative spend per capita in each of the UK administrations. Northern Ireland has a similar expenditure per capita on higher education to England. This is not surprising given the parity that exists between the two administrations. Spend per capita is significantly higher in Scotland which may in part be due to the student finance arrangements that exist there i.e. Scottish and EU students studying in Scotland have fees paid in full on their behalf by the Student Awards Agency for Scotland – see paragraph 39 at Section 2.

Table 1. Public expenditure on higher education

UK Country	2007-08	2007 mid-year population estimate	Expenditure per Capita
	£million	('000)	£
England	9,373	51,092	183
Northern Ireland	316	1,759	179
Scotland	1,454	5,144	282
Wales	445	2,980	149
UK total	11,588	60,975	190

Source: Public Expenditure Statistical Analysis (HM Treasury)

Source: NISRA

Variable Fees

6. Northern Ireland's higher education sector makes an essential contribution to the economy and wider society. Our institutions are well respected and benchmark well against their counterparts throughout the world. Yet, in common with all UK universities, they are required to compete in a global market for the best teachers and researchers so that they can maintain these high standards. Variable fees were introduced in September 2006 to ensure that this could be achieved. In introducing variable fees, the Department's aim was to increase the level of funding available to higher education in Northern Ireland and to do so in a way which took account of two essential principles. Firstly, the Department believed that a larger share of the cost of higher education should fall to graduates as the direct beneficiaries of higher education but that this should be done in a fair way and therefore a fee loan deferral system was introduced with repayments linked to income. Secondly, the Department wanted to ensure that a first rate system of higher education continued to be available to all in Northern Ireland and that institutions should not be allowed to become under funded, with the inevitable result that the best higher education would only be available to those who could afford to travel outside Northern Ireland. In addition, the Department wanted to ensure that the Northern Ireland higher education sector was not progressively disadvantaged against the English sector where variable fees applied (they were introduced in Wales in September 2007). Local institutions needed to have the same opportunity to secure the additional funding which variable fees would bring to help meet long term challenges to maintain and improve standards, widen access, strengthen links with business and become more internationally competitive.

7. The maximum fee level or cap was initially set at £3,000 (an increase of £1,800 from the maximum of £1,200 pre 2006), rising only in line with inflation until January 2010, the earliest date at which an Assembly debate can vote to increase the cap beyond inflation. The maximum fee level for the incoming academic year 2010/2011 is set at £3,290. Eligible students can finance their fees through a fee loan and repayment is income contingent, commencing only when earnings exceed £15k per annum. The repayment percentage is 9% of earnings above this limit. This equates to a monthly repayment of £7.50 for every £1000 earned per annum in excess of the repayment threshold.

8. The introduction of variable fees in Northern Ireland in the absence of an Assembly proved controversial and there was, as expected, significant interest in, and reaction to, the proposals. Whilst all Northern Ireland political parties agreed that additional funding was required to enable HEIs here to continue to meet long term challenges, to maintain and improve high standards, expand and widen access, strengthen links with business and compete globally, none agreed with the principle that graduates should meet a higher proportion of the cost through variable deferred fees. However, neither the policy consultation nor the legislation consultation elicited proposals for a viable alternative.

9. In March 2009, the National Union of Students published a report entitled ‘Five Foundations for an Alternative Higher Education Funding System for England’ which outlined their approach to higher education funding and set out the key principles that would underpin a better system. This report was followed up by ‘Funding our Future - Blueprint for an Alternative Higher Education Funding System’ which explained in more detail how a better funding system could be structured. Both reports can be downloaded from www.nus.org.uk. Since these proposals for an alternative funding system became available after the introduction of variable fees in 2006, I recommend that the Department review these proposed structures in more detail.

10. Since devolution has been restored, there has continued to be significant political, media and stakeholder interest in the subject of variable tuition fees. As mentioned above, variable fees were capped initially at £3000 rising only in line with inflation until January 2010, the earliest date at which an Assembly debate can take place to increase the maximum fee level beyond this cap. These annual inflationary increases have also proved controversial. The proposed increase for academic year 2008/2009 resulted in the Employment and Learning Assembly Committee voting to annul the statutory rule, which provided for the inflationary increase. This led to an Assembly debate at which the motion to annul the statutory rule was narrowly defeated.

11. This underlines the political sensitivity of variable fees which has been further endorsed by my evidence gathering meetings with the Employment and Learning Assembly Committee members and political parties.

12. It is worth noting that, under the terms of university access agreements, HEIs are required to pay a minimum bursary to students in receipt of the full statutory maintenance grant (the minimum amount for academic year 2010/11 is £329). Institutions in Northern Ireland are currently giving bursaries in excess of £1,000 to students from lower income households. The Department’s rationale for year on year inflationary uplifts to the maximum fee level was to ensure that, in light of the reduced income stream to the institution by way of the freeze on maximum fee levels, the current higher levels of bursary support was not put at risk.

Terms of Reference

13. Due to the contentious nature of variable fees, one of the Minister for Employment and Learning’s first commitments was to commence a review of variable fees and student finance arrangements in academic year 2008/09.

14. The purpose of this review is to determine the impact of the introduction of variable fees, which were introduced in academic year 2006/07. The review has taken account of data available from a range of sources, including the Higher Education Statistical Agency (HESA), Universities and Colleges Admissions Service (UCAS), the Student Loans Company (SLC), the Department for Employment and Learning and the Department of Education as well as written and verbal evidence from a range of stakeholders.

15. The review has worked on the basis of evidence from the first three years’ operation of the variable fee arrangements to help inform future student finance policy for Northern Ireland. It has covered the following main areas:

- The impact of the current fee arrangements on institutions delivering higher education in Northern Ireland; and
- The impact of the current student finance arrangements on students and prospective students.

16. The terms of reference for the review can be downloaded from the Department for Employment and Learning’s website www.delni.gov.uk.

Approach to the Review

17. I was appointed as independent chairperson of the review on 3rd December 2008. In terms of my background, I am currently the chairperson of the Institute of Directors in Northern Ireland, having taken up this post in May 2008.

18. A review steering group, chaired by myself, was established by the Minister, to represent stakeholder interests. This steering group met on seven occasions during the course of the review. A breakdown of the composition of the steering group can be found at Annex 1.

19. A small team from within Student Finance (Future Policy) Branch in the Department provided a secretariat function for the review.

ESRC Project

20. An Economic and Social Research Council (ESRC) project entitled "Utilisation of existing data sources to contribute towards an evidence base for the review of variable fees in Northern Ireland" was commissioned by the Department. It should be noted that this research was conducted on the basis of the two years data which was currently available then (AY 2006/2007 and AY 2007/2008). The research was undertaken by Dr Alessandra Faggian to consider the following aspects:
    - The impact of the introduction of variable tuition fees on student participation;
    - The impact of the introduction of variable tuition fees on student retention (both in terms of drop-outs and migration patterns to and from the rest of the UK and possibly RoI); and
    - The impact of the introduction of variable tuition fees on student finances (uptake and repayment of loans, uptake of maintenance grants, uptake of institutional bursaries, overall debt levels).
21. High level findings from this project are outlined at paragraph 2 of Section 3. A copy of the full report is available from the Department for Employment and Learning's website www.delni.gov.uk.

Stakeholder Evidence Gathering

22. In addition to evidence received during meetings of the stakeholder steering group, invitations were extended for meetings with a range of other stakeholders including Northern Ireland political parties.
23. Stakeholders were asked to provide their views in the form of written evidence using a template as a guide. There was criticism from NUS/USI that the template posed leading questions. However the template was intended only as a guide to stimulate views and/or discussion on variable fees and student finance arrangements. In addition, the template included a free text section to take account of the fact that the questions may not be comprehensive enough to allow the organisation's views to be expressed in full. Twelve responses were received to this call for evidence.
24. In general, stakeholders have restated their respective positions at the time of the 2004 consultation on the proposals to introduce variable deferred fees insofar as additional funding is needed for the sector to enable HEIs to continue to provide education to the highest international standards. The majority of the respondents agreed that graduates should contribute towards the cost of their higher education. However, other points were raised about issues such as:
    - The income threshold for loan repayment;
    - The fee cap - there was no explicit support or call for an increase in the current fee cap. However, issues such as parity with the rest of the UK and the need to ensure that funding of HEIs remains in line with the rest of the UK were raised in this context. This could mean that an increase in the cap may need to be considered in the future, particularly if fees are increased in England;
    - Graduate contributions – some argued that graduates should contribute based on benefits accrued from their higher education;
    - The fact that graduates are not the only beneficiaries of their higher education and that contributions from other beneficiaries should be examined;
    - Investment in widening participation was strongly supported.
25. It should be noted that the majority of the political parties, who gave verbal or submitted written evidence during the review, expressed the view that student fees should be abolished. In addition, during discussions with the political parties, questions were raised about student numbers, transparency of spend by the HEIs, joined up approach to funding of HEIs, validity of the continuous drive to increase participation rates in higher education, collaboration between higher education and further education and the possibility of HEIs increasing revenue through other means. These issues were not part of the remit of this review, and a number of these may be addressed as part of the development of a Higher Education Strategy, announced by the Minister for Employment and Learning in October 2009, which will be chaired by Sir Graeme Davies. They are outlined in paragraphs 27 – 34 below.
26. A list of those who responded to this evidence gathering stage of the review is attached at Annex 2. The full detail of the responses is available from the Department's website www.delni.gov.uk.

Development of a Higher Education Strategy

27. Throughout the review, wider issues within higher education were raised and discussed. These were outside the remit of the review and are excluded from the recommendations. For completeness they are detailed below. These areas should be discussed as part of the development of a Higher Education Strategy announced in October 2009 by the Minister for Employment and Learning and chaired by Sir Graeme Davies.
28. **Student Numbers** – According to the NISRA, NI Population Projections (based on 2008 numbers), over the next ten years, young people (18-20 year olds) who represent a significant proportion of entrants into HE, project a reduction of 13.5%. This reduction has the potential to change the profile of students studying at HEIs and may require more flexibility in the student finance arrangements.

29. HEIs in Northern Ireland are currently subject to a cap on student numbers, MaSN (Maximum Student Numbers) which is specific to publicly funded undergraduate places for home and EU students and is to control public spending. The aim of the Programme for Government is for Northern Ireland to be a knowledge based economy with a significant improvement in productivity. Research shows that to meet this objective the higher education sector needs to provide high quality graduates with skill levels relevant to the needs of the economy.

30. However, to date we have not made any progress in closing our productivity gap with the rest of the UK. We need to review whether the restriction on student numbers is having an impact on the number of graduates and the profile of degree subjects that students are studying and how this is balanced against public expenditure on higher education.

31. **Type of study** – the Economic and Social Research Council report, commissioned by the Department to provide an evidence base for the review, was unable to provide any conclusive evidence that the introduction of variable fees had impacted the percentage of students studying on a part-time basis. The funding arrangements for part-time students, which differs significantly for those undertaking full-time study were not within the remit of this review. In light of the continuing economic difficulties an increasingly competitive market place and a requirement to up skill our workforce further work is required to explore whether a more flexible provision between part-time and full-time study could provide improved outcomes.

32. **Incentives for students** – There has been, and continues to be, a decline in graduates in the Science, Technology, Engineering and Mathematics (STEM) disciplines. The reasons for this are highlighted in the Report of the STEM Review, published in October 2009, which identifies that some of the challenges arise earlier in the education system. This means that there are not enough pupils continuing to study STEM subjects at school which has an impact on the number of students studying these subjects at higher education level. This raises a number of issues, for example, to encourage more take-up within higher education, should we provide more incentives to students, and if so, should it be built into the fee structure or through bursaries and scholarships? However, we need to consider how we do this without altering the fundamental role of higher education which is to provide a place of learning which affords the student a choice of subjects to study.

33. **Quality of teaching and resources** - the review found it difficult to link the additional income generated from the introduction of variable fees with an improved student experience. There is a quality framework in place which is audited by the Quality Assurance Agency for Higher Education, (QAA). QAA works with the Department for Employment and Learning and the HEIs to maintain the quality and academic standards of the higher education sector in Northern Ireland. An institutional audit was completed for Queens University, Belfast in March 2009. This audit incorporated Stranmillis and St Mary's, which are academically incorporated with Queen's. A collaborative provision audit was completed in November 2006 for the University of Ulster. These reports set out the judgements of the auditors, commendations for the institutions and recommendations for improvement. It is difficult to measure improvement in teaching quality through these audit reports.

34. If serious consideration is to be given to increasing the fee cap, then the HEIs will need to be able to show the improvements to the quality of the student's educational experience. In essence, students are customers and will rightly demand a high level of service and the ability to see how their money is being spent. Currently, only a portion of the income generated through the increase in student fees in 2006 has been ring fenced for reporting purposes, for example bursary support under access agreements. It is, therefore, difficult to report exactly on how the revenue has been spent and any improvements that have been made as a direct result of the additional income. There should be greater transparency of how additional income from fees is being spent and clearer quality metrics in place. A recent report, "Making it count: How universities are using income from variable fees" by Universities UK outlines what students and England have begun to get in return for their money since variable fees were introduced.

Limitations of the Review

35. This review is limited in that it cannot consider the impact of variable fees on students studying courses of longer than three years duration. It should be noted also that this review is specific to students funded by the Department for Employment and Learning and as a result does not extend to those funded by the Department of Health and Social Services and Public Safety e.g. nurses and allied health professionals.

36. The remit of this review does not extend to the recovery of student loans. Therefore no recommendations have been proposed on the repayment threshold, percentage paid per month or interest levels. In the main, loan recovery is made on a UK wide basis through the taxation system and as a result Northern Ireland maintains parity with the rest of the UK on recovery and collection policies. Any changes would require UK wide endorsement. Within the report, for completeness, the detail of how the current system works, including the repayment facilities for student loans has been outlined in Section 2 paragraphs 7 to 10.

37. Lord Mandelson has stated that the current review in England will report after the next General Election. The Review's first call for evidence ran from 7th December 2009 to the 31st January 2010. A second call for evidence is currently underway until 14th May 2010.

38. It is imperative that the position in Northern Ireland is reviewed in light of any findings from the review in England. The impact of any recommendations, for example, an increase in the fee cap or any proposals to make changes to the recovery and collection policies for student loans, will need to be assessed. It is important to ensure that HEIs or students/graduates in Northern Ireland are not disadvantaged as a result of any recommendations that emerge from the review in England.

Section 2
Overview of Current Student Finance Arrangements

1. This review is also tasked to consider student finance arrangements for Northern Ireland students. Currently the financial support available consists of means-tested non-repayable grants and bursaries, deferred and subsidised loans to cover fees and maintenance costs and supplementary grants to assist, for example, students with disabilities or dependants. The maximum levels of support for the current academic year 2010/11 are;

   • Tuition Fee Loan £3,290

   • Maintenance Loan

     - Living at Home £3,750

     - Living away from Home £4,840

     - Living in London £6,780

   • Maintenance Grant (means tested) £3,475

2. The maximum maintenance grant is payable at household incomes below £19,203 and no maintenance grant is awarded when the household income exceeds £41,065. These income threshold levels for means testing differ to those which currently apply in England, although the maximum grant for Northern Ireland students is £569 higher than that for English students.

Student Finance Budget

3. The following paragraphs outline the amount of budget cover required to sustain the current student finance arrangements for Northern Ireland students and are based on outturn figures for financial year 2008/2009. It is made up of four elements:

   Tuition Fee Loans
   Budget cover is required each financial year to provide loans to students to enable them to pay their tuition fees. Loans for tuition fees were introduced in 2006. Applications for fee loans are assessed by the Education and Library Boards and the Student Loans Company (SLC) makes payments directly to institutions in respect of students who have applied for a loan and are in attendance at the institution. Loans are then repaid through the taxation system under the terms outlined at paragraphs 7 and 8.

   Maintenance Loans
   Budget cover is required each financial year to provide loans to students to assist them with their living costs during their studies. Maintenance loans were introduced in 1990. Applications for maintenance loans are assessed by the Education and Library Boards. Payment is made by the Student Loans Company directly to the student. Maintenance loans are also repaid through the taxation system under the terms outlined at paragraphs 7 and 8.

   Notional Loan Subsidy
   In terms of all loans provided, Government bears a charge to reflect;

   (i) the proportion of loans that will be written off due to death or permanent disability of borrowers,

   (ii) incomes not being sufficient to fully repay the loan, and

   (iii) the subsidised nature of student loans which are charged interest equivalent to the rate of inflation rather than at commercial rates.

   Maintenance Grants
   Budget cover is required each financial year to provide means-tested maintenance grants to students. Means-tested higher maintenance grants (up to £3,200) were introduced in 2006 to support students on the variable deferred fee arrangements. Means-tested higher education bursaries (up to £2,000) continue to be paid to students who entered higher education prior to 2006. Applications for maintenance grant support are assessed by the Education and Library Boards. Payment is made by the Student Loans Company directly to eligible students. Maintenance grants are non-repayable.

4. Table 2 illustrates the budget cover which was required to fund the variable fees and associated student finance arrangements in financial year 2008/2009. These out-turn figures relate to a three year full cohort of students i.e. academic years 2006/2007, 2007/2008 and 2008/2009. Figures for next financial year 2009/2010, when available, will include students on four year courses.

Table 2. Budget outturn 2008/09

	Budget Outturn (£m) 2008/09
Tuition Fee Loans (AME Budget)	76.105
Maintenance Loans (AME Budget)	111.819
Notional Loan Subsidy (DEL Budget)	57.004
Maintenance Grant (DEL Budget)	51.970

Source – Department for Employment and Learning

* please refer to section 4 paragraphs 2 and 3 for an explanation of AME and Department for Employment and Learning budgets

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5. In addition, funding is made available to support students in particular circumstances for example, students with children and/or caring responsibilities or students with a disability. This funding is by way of supplementary grants and the expenditure for financial year 2008/2009 was over £3m. Finally, support funds are made available to the institutions to assist students who fall into financial hardship during their course. Unlike the other student finance budgets which are demand driven, support funds are a limited, discretionary budget administered by the institutions on the basis of need within the limits of the funding available. In 2008/2009, £1.8m was allocated towards support funds. This allocation has remained constant since 2005/2006, the year prior to the introduction of variable fees. It should be noted that all of the student funding outlined is in addition to widening participation funding (£2.5m) set out at paragraph 30, table 6.
6. Each of the HEIs receives core funding from the Department – Teaching Grant. Table 3 below outlines details of the allocations from 2004/05 to 2008/09. The income that the HEIs receive from fees (basic and variable elements) is in addition to this core funding.

Table 3. Institutional Funding (Teaching Grant) to NI Higher Education Institutions

	Financial Year (£m)				
	04/05	05/06	06/07	07/08	08/09
Queen's University	58.515	61.318	64.022	67.253	72.083
University of Ulster	61.537	63.872	65.982	67.786	69.611
Stranmillis University College	4.783	5.419	5.572	5.572	5.722
St. Mary's University College	4.772	5.204	5.319	5.319	5.456
Total Teaching Grant - £m	129.607	135.813	140.895	145.93	152.872
Annual % increase	N/A	4.78%	3.74%	3.57%	4.75%

Source: Department for Employment and Learning

The annual percentage increase is made up of a number of factors, for example, inflation, changes to student numbers and/or funding methodologies.

Loan Repayment

7. Students who have entered higher education after September 1998 are eligible for subsidised "income-contingent repayment" loans for maintenance costs. In 2006, a loan for fees was introduced in tandem with the variable deferred fee arrangements. This policy resulted in a cost to Government of £34m in the academic year 2006/2007 for the additional loan cover for fees. Repayment commences when the borrower's subsequent gross taxable earnings exceed £15k per annum. The repayment percentage is 9% of earnings above this limit. This equates to a monthly repayment of £7.50 per month for every £1000 earned per annum in excess of the repayment threshold.

   Loans are written off if the borrower dies or becomes permanently disabled. In addition to this, in 2006, a 25 year write off period was introduced. The repayment terms and conditions remained the same. This write-off provision is of particular benefit to those who choose to work part-time (and therefore earn less over the repayment period) or who need to take career breaks for any reason, for example as a consequence of their responsibilities as a parent or carer.

   Student loans are unlike commercial credit primarily because the annual repayment burden is linked to a borrower's income and is therefore similar to a tax deduction.

8. Table 4 shows the monthly amount that a student loan borrower would repay based on annual income, and how much the repayments would be as a percentage of annual income. The interest rate applied to student loans is linked to the Retail Price Index (RPI) and is applied to all publicly funded student loans issued in the UK. The repayment model is favourable due to all the terms set out above but it was very clear through the evidence gathering that the benefits of the student loan compared to other forms of debt are not clearly understood and need to be better communicated, for example to parents. Information received from the HEIs indicated that approximately 20% of students are 'self payers', that is they don't take out a loan for fees, although this could be due to personal choice. Initiatives such as Money+ (an initiative of Queen's University students' union) have an important role to play in helping students and prospective students understand the finance arrangements and support that is available.

Table 4. Monthly Repayment Profile

Gross taxable income	Monthly repayment	Repayment as a percentage of income
up to £15,000	0	0%
£16,000	£7	0.6%
£17,000	£15	1.1%
£18,000	£22	1.5%
£19,000	£30	1.9%
£20,000	£37	2.3%
£21,000	£45	2.6%
£22,000	£52	2.9%
£23,000	£60	3.1%
£24,000	£67	3.4%
£25,000	£75	3.6%

9. Under the current student finance arrangements, a student on a 3 year degree programme who avails of the maximum fee loan and maintenance loan could accrue between £20,000 and £24,000 in student loans.

10. Assuming a constant inflation rate over the maximum repayment period of 25 years and factoring in estimated real income growth, it is estimated that a graduate would need to begin work and earn at least £21k if full repayment of the loan could be expected. It should be noted that it is current government policy that any loan that remains unpaid after 25 years will be written off. As repayment of the loan is based on earnings, in the situation where a graduate's earnings falls below the threshold, currently £15k per annum, then the repayments on the student loan will be suspended.

    This system is well subsidised by Government and provides beneficial repayment terms for graduates.

Widening Participation

11. In introducing variable fees, the Department was committed to ensuring that fair access to higher education continued and to ensure it built on the good tradition in Northern Ireland of widening access to higher education for the most disadvantaged. This commitment remains, and a key aim of the Department is to ensure that all those who have the potential to benefit from higher education should have the opportunity to do so. There is no simple means of achieving wider access. Success in opening up higher education to all who have the potential to benefit from it depends on building aspirations and attainment throughout all stages of education. However, to ensure access to higher education was safeguarded in light of the introduction of variable fees, the Department continued to fund the higher level maintenance grant (£500 more than that which applied in England) introduced to support less well off students. In addition, institutions charging the maximum variable fee were required, through their access agreements, to provide access bursaries of at least £300 to students in receipt of the maximum statutory maintenance grant.

12. It is evident that the four HEIs are offering bursaries significantly higher (more than three times) than the minimum requirement for access agreements. Furthermore, the HEIs are offering generous levels of bursary support to those in receipt of partial maintenance grant. Indeed, some institutions are offering bursaries to some students who are not being charged the maximum fee, for example foundation degree students and those on placement years. A Comparative Analysis of Bursary Criteria 2008/09 for each of the HEIs is included at Annex 3.

13. The Office for Fair Access (OFFA), in its annual monitoring report on access agreements for the academic year 2007/08, acknowledges that uptake of institutional bursaries was lower than predicted, as was the case in 2006/07. This was due in part to students not consenting, when applying for statutory financial support, to share household income details, the key element for HEIs to determine individual bursary awards. Measures to increase uptake have subsequently been implemented, whereby students must now opt out of not sharing household income at the point of application for student finance through the Education and Library Boards. This resulted in a significant improvement in academic year 2009/10, 97% of students in receipt of means-tested support consented to share details of household income.

14. Table 5 below from the Access Agreement Monitoring Report compiled by OFFA indicates the level of institutional bursaries awarded to students in comparison to the additional income generated by increased fees for academic year 2007/08. Table 11 in Section 3 illustrates the amount of fee income paid to HEIs from the Student Loans Company.

Table 5. Institutional bursaries as a percentage of additional fee income

Institution	% of *additional fee income spent on bursaries (note, this does not include spend on other access measures such as outreach programmes)	Total Bursaries Paid (£ 000)
Queens University Belfast	19.3	2,211
St. Mary's University College	30.3	271
Stranmilllis University College	12.3	113
University of Ulster	21.0	2,681
Belfast Metropolitan	15.2	145

Source - OFFA

Note - additional fee income is all fee income above the basic fee (£1,225 in 2007/08) for home/EU full time undergraduates.

15. The difference in the proportion of additional fee income that HEIs spend on bursaries is due to:
    - the numbers of lower income students at each institution;
    - the amount of bursary that students receive; and
    - the individual priorities of the institution on widening participation and recruitment – largely based on the current make-up of their student body.
16. By comparison, according to OFFA's monitoring report on institutions in England and Wales for 2007/2008, institutions charging the full fee spent on average 21.5 per cent of their additional income on bursary and scholarship expenditure for lower income students. More than half of the institutions fell within the 15 to 25 per cent range.
17. The Department is awaiting comment from the OFFA on the extent of compliance by Northern Ireland institutions (similar to that which it has produced for England and Wales) with regard to the provision of bursaries and scholarships for the 2007/08 academic year. However, as mentioned above, institutions here provide bursary support well in excess of required maximum.
18. The Department continues to support HEIs in their efforts to reach out to students from non-traditional backgrounds through funding premia and outreach work.
    In academic year 2008/09, the Department spent almost £2.5m to support widening participation in higher education in Northern Ireland.

19. This funding is made up of a number of elements. This includes a widening participation premium of £1.422m paid to institutions to help meet the additional costs of supporting students from disadvantaged backgrounds, thus assisting with retention rates. Also, a premium of £343k was paid to institutions to assist with the provision of specialist facilities for students with a disability.
20. In addition, approximately £700k was made available for specific widening participation projects such as the Discovering Queen's and the University of Ulster "Step Up" programme. These are outlined below.

Discovering Queens

21. Through summer schools, the aims of the Discovering Queens programme are to stimulate demand for higher education from under-represented groups, to raise aspirations and improve attainments and progression rates and effectively tackle the marginalisation and exclusion of students from disadvantaged backgrounds. It includes certified learning which allows students to enter a degree programme of their choice with other than normal A-Level requirements.
22. The targeted group are pupils in secondary schools who have experienced disadvantage of opportunity, in particular pupils who have no family experience of HE, have limited family income, are a member of an ethnic minority group or whose progress has been limited by adverse personal circumstances e.g. divorce, disability or bereavement.
23. Since its inception in 2000, 15,120 pupils from secondary schools across Northern Ireland have engaged in the programme (3,636 of whom engaged in 2008/09).

Step-Up Programme

24. The Department provides funding for the Step-Up programme at the University of Ulster. The programme encourages pupils from secondary schools in disadvantaged areas in Londonderry and Belfast to study science at university. The aim of the Step-Up programme is to provide an opportunity for disadvantaged pupils, who have low attainment levels and relatively low expectations, to improve their academic performance, self esteem and motivation and gain entry to and complete programmes of study at university.
25. The programme has been running successfully for 8 years and actively involves the university, schools, local industry, local hospitals and government agencies. The success of the Step-Up programme has also received considerable attention across the sector and has been described by Universities UK, in independently commissioned reports, as an "outstanding example of best practice in the provision of educational opportunities for students from socially and economically disadvantaged backgrounds".

26. The initiative consists of 4 stages of involvement with students who are studying for double award Applied A levels in Science:

(i) **Tutoring** – to provide students with experience of university teaching and research methods through a programme of staff – student contact sessions (lectures, seminars, tutorials and practicals) both in the school and the University.

(ii) **Summer School** – To build on the experiences of stage 1 through a four day residential summer school.

(iii) **University Induction** – To help ease the transition from school to university of those “target” students who have applied and been accepted to undertake a programme of study at the university.

(iv) **Mentoring** – To provide support and guidance to “target students” during their university course through the assignment of a postgraduate “student mentor”.

27. The programme initially targeted pupils in schools located in socio-economically deprived communities in Londonderry. The initiative was subsequently extended to the University’s Jordanstown campus in September 2006 with pupils recruited from targeted schools in the Belfast area.

28. In 2008/09 there were 108 students from the Belfast area and 68 students from the Londonderry area who completed the programme. The 2008/09 Belfast cohort has achieved an overall pass rate of 98% at applied ‘A’ level standard, with 64% achieving A/B grades, 26% C grades and 8% D/E grades. This compares favourably with the Londonderry cohort which has achieved an overall pass rate of 97% with 62% A/B, 28% C and 7% D/E grades.

29 The evidence provided to the review showed that there had been no impact on participation rates from those from lower socio-economic groups and this could be linked to the additional funding made available for widening participation, as detailed below, and the programmes described above. However, schools and school pupils were not consulted to identify whether the introduction of variable fees had been a barrier to higher education being considered. The evidence shows that the percentage of school leavers going into higher education has continued to increase, but this stakeholder group should be considered as part of the consultation process.

Widening Participation - Funding

30. Table 6 outlines the funding made available since 2006/07.This illustrates that the levels of funding for widening participation have continued to be made available, from the Department for Employment and Learning budget, since the introduction of variable fees. Table 3 illustrates that has also been the case for levels of institutional funding. Variable fees have therefore provided an additional income stream on top of both core grant and widening participation funding.

Table 6. Investment in Widening Participation initiatives

Widening Participation Initiative	Academic Year (£m)		
	2006/07	2007/08	2008/09
Widening participation - disadvantaged backgrounds	1.363	1.398	1.439
Widening Participation – Disabilities	0.396	0.391	0.342
University of Ulster - Step Up	0.620	0.416	0.464
Discovering Queens	0.204	0.231	0.235
Total	2.583	2.436	2.480

Source – DEL

Widening Participation Strategy

31. In addition, the Department is taking forward the development and delivery of an integrated regional strategy for widening participation. This strategy will aim to help more students from under-represented groups, particularly lower socio-economic backgrounds and students with learning difficulties and disabilities to participate successfully in higher education. The strategy will also examine the most effective way of using the resources available to ensure that the opportunity to participate in higher education is maximised for those from under-represented groups. It is anticipated that emerging findings from the strategy will help to inform widening participation budget allocations for academic year 2010/2011.

32. A Widening Participation Strategy Group of key stakeholders, including senior management of the Universities, the University Colleges, FE Colleges, Schools, all appropriate Government Departments and the NUS/USI, has been established to oversee the development and implementation of the strategy and a Widening Participation Regional Coordinator has been appointed to take forward its implementation.

33. In addition four sub-groups have been established to consider and provide advice to the Department on how widening participation can be embedded into aspects of the student cycle. These groups will consider issues such as: raising aspiration & attainment of students; the recruitment and selection of students into higher education and the retention and progression of students. The other sub-group is a “Targets” group. The role of the targets group shall be to advise the Regional Strategy Group on projected requirements of specific target groups and make recommendations on the steps required to meet identified needs.

34. The HESA “Performance Indicators in Higher Education in the UK 2007/08”, which can be accessed at www.hesa.ac.uk, include statistics on the participation rates for young full time undergraduate entrants to higher education from SEC groups 4-7 (refer to Annex 4 for SEC group definitions). As can be seen from Table 7, Northern Ireland continues to have the highest participation rates in the UK.

Table 7. HE Participation rates in UK – SEC Groups 4-7

	NS-SEC classes 4-7				
	2003/04	2004/05	2005/06	2006/07	2007/08
UK	28.6	28.2	29.3	29.8	9.5
England	28.2	27.9	29.1	29.8	29.4
Wales	29.5	28.4	29.0	30.1	30.4
Scotland	26.9	26.7	27.3	25.9	26.3
Northern Ireland	42.4	41.2	41.0	41.7	40.6

Source – Higher Education Statistics Agency

Position in other regions of UK and the Republic of Ireland

35. To compare the student support arrangements in other parts of the UK and the Republic of Ireland I have met with David Lammy MP, Fiona Hyslop MSP and Jane Hutt AM, the Ministers for higher education in England, Scotland and Wales respectively. I have also met with Tom Boland, the chief executive of the Higher Education Authority in Dublin.

Position in England

36. Variable fees were introduced in England, from September 2006, in tandem with their introduction in Northern Ireland. Policies in relation to variable fees are the same as those which apply in Northern Ireland in that they are capped at £3,000 rising only in line with inflation until 2010. The current maximum fee level for the incoming academic year 2010/2011 has been set at £3,290. All eligible UK and EU students are liable to pay though they can defer payment by taking out a fee loan.

37. Student support arrangements differ in that the maximum maintenance grant for Northern Ireland students is currently £500 higher than that which is available for English domiciles. However, the income thresholds for the means testing of this grant are higher in England. This means that more English domiciled students can potentially benefit from the non-repayable element of the student finance package.

38. An independent review of variable fees and student finance arrangements has recently been launched in England under the independent chairmanship of Lord Browne of Madingley. The review is not due to report until after the General Election in 2010.

Position in Scotland

39. Fee arrangements in Scotland differ from those which apply in the rest of the UK. Eligible Scottish and EU students studying in Scotland have fees paid on their behalf by the Student Awards Agency for Scotland. Scottish students studying outside Scotland are liable to pay variable fees but can defer payment by taking out a fee loan under the same terms and conditions as their other UK counterparts. A consultation in Scotland on the student support for higher education learners concluded at the end of May 2009. The Scottish Government recently announced the outcome of this consultation and has proposed a range of measures to further improve support available for students and to ensure funds are targeted as effectively as possible.

Position in Wales

40. Variable fees were introduced in Wales from September 2007 but the arrangements differed in the fact that eligible Welsh and EU students studying in Wales were eligible for a tuition fee grant (£1,940 in 2009/10) to offset the higher fees being charged.

41. However, following a review by the Welsh Assembly Government of student finance arrangements in Wales, the intention is now to phase out the tuition fee grant. This would align fee arrangements with those which currently apply in England and Northern Ireland. Other proposals for Wales from 2010/11 include:

- Increase the Assembly Learning Grant for maintenance to a maximum of £5,000
- Increase the upper threshold for means testing of the Assembly Learning Grant entitlement to £50k
- Options to introduce a graduate recruitment grant
- Up to £1,500 part cancellation of maintenance loan (debt relief) for Welsh students.

Position in the Republic of Ireland

42. There is currently a “free fees” policy in the RoI in that the cost of tuition fees in higher education is borne by the Irish Government. This “free fees” policy extends to eligible Northern Ireland domiciled and EU students studying at RoI institutions. In addition, RoI institutions charge a registration fee which, for academic year 2009/20010, is €1,500. This is paid in full by the Education and Library Boards on behalf of Northern Ireland students. Eligible Northern Ireland students studying in RoI are also eligible for a means-tested maintenance grant of up to £2,000. These policies are currently out of step with those which apply to NI students studying at HEIs in the UK and a recommendation has been included that the policies, for NI students studying in the RoI, should be reviewed.

43. The Irish Government has been reviewing its "free fees" policy and, having considered findings in a recent report on policy options for the introduction of student fee contributions, has decided to "park" the introduction of tuition fees during the current Government term.

44. We will need to take account of developments in the RoI as this review progresses to ensure a favourable package of student finance measures are available to Northern Ireland students who choose to study there and that these are equitable to those which are available to their counterparts who study in the UK.

45. Annex 5 illustrates the varying student support arrangements across the UK and RoI.

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Section 3
Impact of the Introduction of Variable Fees

This section sets out the evidence base used to determine the impact of variable fees. There are three elements:

- Evidence base;
- Impact on Higher Education Institutions; and
- Impact on Students

Part One - Evidence Base

The review has taken account of evidence from the following sources:

- Economic and Social Research Council (ESRC) Project
- Department of Education
- Department for Employment and Learning
- HESA Performance Indicators

It should be noted that not all of this was available at the time of the ESRC project.

Economic and Social Research Council (ESRC) Project

1. As mentioned previously an independent research project was commissioned which was conducted by Dr Alessandra Faggian, a research fellow from the ESRC. The report entitled “Utilisation of existing data sources to contribute towards an evidence base for the review of variable fees in Northern Ireland” considered the following aspects;
   - The impact of the introduction of variable tuition fees on student participation;
   - The impact of the introduction of variable tuition fees on student retention (both in terms of drop-outs and migration patterns to and from the rest of the UK and possibly RoI); and
   - The impact of the introduction of variable tuition fees on student finances (uptake and repayment of loans, uptake of maintenance grants, uptake of institutional bursaries, overall debt levels).
2. An overview of Dr Faggian’s findings are summarised below, and the full report is available from the Department’s website. It should be noted that this research was based only on data for a two year cohort, whereas this report has considered evidence from a three year cohort which has since became available in January 2010.
   - There was a dip in both the number of total enrolments and new entrants in 2006/07 (the first year of variable fees), but the trends that were evident prior to their introduction appear to be re-establishing, albeit this is based on only one extra year of data (academic year 2007/2008);
   - This dip also applied to enrolments from lower socio-economic classification groups (SEC 4-7). However, the data shows that the trend of students coming from these groups parallels the general participation trends of the whole population. This means that, in percentage terms, the number of students from lower socio-economic groups (SEC 4-7) has not substantially declined since 2002. (It should be noted that performance indicators from the HESA data on participation rates for young full-time undergraduate entrants to higher education from SEC groups 4-7, which is detailed in Section 2 paragraph 34, shows a slight decrease of 1.1 percentage points for academic year 2007/08. However the participation rates for NI remain significantly higher at 40.6%, compared to the UK average of 29.5%);
   - Participation rates for those with a disability have increased over time;
   - There has been a slight decline in participation rates for those from racial groups other than white. However, it should be noted that this analysis is based on relatively smaller total numbers for these groups; and
   - There has been a continued decline in the number of students studying subjects in Science, Technology, Engineering and Mathematics (STEM).

   The ESRC findings were shared with steering group members prior to finalising this report and members were given the opportunity to include their organisation’s interpretation of the findings as part of this evidence base. The University of Ulster stated that “the fall in enrolments in 2006/07 was not as a result of the introduction of variable fees (as implied), but as a consequence of an enforced decrease in recruitment due to MaSN implications. The full response is set out at Annex 9. Other stakeholders did not provide any comment.

   In addition to the research carried out by Dr Alessandra Faggian, the review has considered further information which has since been made available from the Department for Employment and Learning and the Department of Education. This is outlined in the following paragraphs.

Department of Education

3. The Department of Education produces a report entitled ‘Destinations of School Leavers’ which contains information on the destination of school leavers from the Department’s Annual School Leavers Survey. In the recent publication, which details the information from 2003/04 through to 2007/08, it reports that the number of school leavers going into higher education increased by 1.1 percentage points in 2006/07 with a further 1.4 increase for 2007/08.

Department for Employment and Learning

4. In February 2010 the Department for Employment and Learning published the final analysis on the number of accepted applications through UCAS for entry into the UK HEIs in 2010/11. Key findings are outlined below:
   - The total number of students applying to NI HEIs has increased by 7% between 2008 and 2009, increasing from 18,072 in 2008 to 19,294 in 2009.
   - The total number of NI domiciled students applying to UK HEIs has increased by 5% rising from 16,689 in 2008 to 17,451 in 2009.
5. The Department's report "Summary of Most Recent Higher Education Statistics" published on 4th November 2009 included the 2007/08 Participation from Young People (the next update will be summer 2010). The Age Participation Index (API) is used to measure the participation of young NI domiciled people in HE over time. It expresses the number of NI domiciled entrants to full-time higher education (in the UK or RoI) aged under 21 as a percentage of the 18 year old NI population.
   - The NI API for the 2007/08 academic year is 49.6%, an increase of 3.5 percentage points from the 2006/07 academic year.
   - The 2007/08 API has doubled since 1989/90 – at which stage it was 24.6%.

HESA Performance Targets

6. The HESA "Performance Indicators in Higher Education in the UK 2007/08" statistics, which are available from www.hesa.ac.uk, provide the 'non-continuation rates after first year at institution'. These are only available up to 2006/07, but show that Northern Ireland was the only region in the UK to show a reduction in non-continuation rates, in the year that variable fees were introduced, for both young and mature entrants. This is not enough data to make any assumptions on the impact of variable fees, and this will be reviewed as the information becomes available.

Table 8. Non-continuation rates (%) for young entrants after year 1 at HEI

	Young entrants				
	2002/03	2003/04	2004/05	2005/06	2006/07
UK	7.8	7.7	7.2	7.1	7.4
England	7.3	7.2	6.8	6.7	7.1
Wales	8.0	8.5	8.2	7.8	8.9
Scotland	10.7	10.0	9.0	8.7	9.0
Northern Ireland	9.7	11.2	10.1	11.0	8.8

Source – Higher Education Statistics Agency

Table 9. Non-continuation rates (%) for mature entrants after year 1 at HEI

	Mature entrants				
	2002/03	2003/04	2004/05	2005/06	2006/07
UK	15.4	15.6	14.4	14.3	14.8
England	15.1	15.4	14.0	14.2	14.5
Wales	17.2	17.2	16.7	15.2	17.1
Scotland	17.3	16.9	17.0	15.1	16.0
Northern Ireland	11.9	12.1	11.3	12.3	11.3

Source – Higher Education Statistics Agency

7. It should be noted that the Department has established a working group to look at improving retention rates for all students including those from traditionally under-represented groups.
8. A commentary on drop out rates from the Sunday Times league tables of UK universities is included at Annex 8.

Part Two
Impact of Introduction of Variable Fees on HEIs

Variability introduced by fees

1. The rationale for introducing Variable Fees was to ensure that the Northern Ireland higher education sector was not progressively disadvantaged against the English sector where variable fees applied (they were introduced in Wales in September 2007). Local institutions needed to have the same opportunity to secure the additional funding which variable fees would bring to help meet long term challenges to maintain and improve standards, widen access, strengthen links with business and become more internationally competitive. In addition, the concept of variability was to allow the system to be permissive rather than prescriptive. Government wanted the institutions to have the freedom to vary the fees they charged so that they could have the flexibility to be responsive to changes in demand for particular courses.
2. However, as can be seen in the table below, none of the HEIs introduced variability to the fee structures and only a limited amount of variability was introduced by some of the Further Education Colleges. This means that there is no competition between Higher Education Institutions in Northern Ireland on price. It can be argued that with a small higher education sector, it is not possible to create a competitive market place. However, this lack of variability is also the case across the majority of Universities in the UK.

Table 10. Fee variability indicator by NI HEI

HEI	Variability Introduced
Queens University	NONE
University of Ulster	NONE
Stranmillis College	NONE
St Mary's College	NONE
Further Education	Range of Variability introduced with fees at £2,000, £2070 and £3145

Each of the HEIs has increased fees to the maximum amount (from £1,200 to circa £3,000) and the income generated from student fees is detailed in table below:

Table 11. NI HEI fee income from 2005/06

Fee income to NI institutions since 2005/06 - paid by SLC on behalf of assessed students (Home and EU)

Institution	Academic Year - amount in £m			
	2005/06	2006/07	2007/08	2008/09
Queen's	6.093	13.214	19.352	23.658
University of Ulster	9.131	16.571	22.256	28.884
St. Mary's	0.716	1.407	1.653	1.998
Stranmillis	0.621	1.209	1.526	1.790

Notes: Figures include cumulative fees paid by SLC on behalf of assessed applicants (Home and EU) Figures from 2006/07 will include element of fee grant payable for pre-2006 students Figures do not include "self-payers" i.e those students who pay the institutions directly and do not take out a loan from the Student Loans Company.

Anecdotal evidence suggests self payers represent around 20% of an institution's fee income.

Source: Student Loans Company

3. Apart from the requirement to report on the percentage of income spent on access measures detailed in the institution's Access Agreement, the additional income generated through the introduction of variable fees has not been ring-fenced for reporting purposes. Therefore it is difficult to account for exactly how all of the additional monies have been spent. However, based on information received from the HEIs, the additional income has been used in the retention and recruitment of teaching staff and in investment of infrastructure and resources to increase the student educational experience including:
   - Additional student computer facilities at St Mary's;
   - Investments in library and learning resources at Stranmillis;
   - New Library, Sports facilities, student accommodation and investment in the Students Union at Queens University, Belfast; and
   - Investment in infrastructure and supporting staff salaries at University of Ulster.

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Impact on range, mix and take-up of subjects

4. The independent research project commissioned as part of this review looked in particular at the impact of increased student fees on STEM subjects. In the report, two distinct definitions of STEM subjects were used:
   - Broad –(definition taken from DfES 2006) – includes: Engineering, Mathematics, Computing, Physical Science, Biological Science, Agricultural Science, Architecture and Medicine and Allied Health
   - Narrow – excludes Medicine and Allied Health, Architecture and Agricultural Sciences from the Broad definition
5. The data shows that the number of students studying STEM subjects, for both Broad and Narrow definitions, did decline in the two years post the introduction of variable fees. As has been detailed within this report, student numbers overall reached a minimum in 2006/07. These numbers increased in 2007/08 however, the number of students studying STEM subjects continued to decline and showed no percentage change in 2008/2009. However, the number of full-time first year undergraduate STEM enrolments at NI HEIs increased by 4% between 2007/08 and 2008/09.
6. A more detailed review on STEM has recently been completed, and the report on the STEM Review was published in September of this year. This report provides more information on the underlying detail as there are differences between the individual subjects. The report can be downloaded from http://www.delni.gov.uk/index/publications/pubssuccessthroughskills/stem-review-09.htm or by contacting the Department for Employment and Learning.
7. Anecdotal information obtained as part of the evidence gathering could provide some insight to the reasons for students deciding not to choose a degree within the STEM disciplines. This includes for example:
   - Amount of study time required on the course which impacts on the ability of students to take on part-time work;
   - Cost of additional resources required and costs of additional qualifications; and
   - Not enough communication and careers advice or visibility of the employment opportunities in Northern Ireland.

Future Funding Pressures for Institutions

8. In a recently published report, by the Confederation of British Industry (CBI), entitled “Stronger together – businesses and universities in turbulent times”, the CBI Higher Education Task Force acknowledged that given the constraints on public sector finances, an increase in the fee cap is inevitable. A copy of this report is available at www.highereducation.cbi.org.uk.
9. A review of fees has recently been launched in England, though it will not report until after the General Election. Any plans to increase the fee cap there would have implications with regard to the long-standing fee parity situation that applies between Northern Ireland and England. Any changes to the current system could have an impact on our competitive position with the rest of the UK.
10. Institutions believe that higher education in Northern Ireland continues to be underfunded and that funding levels going forward must be maintained in line with HEIs in England, Scotland and Wales. As can be seen in Table 1, in section 1 of this report, public expenditure on tertiary education in NI, expressed on a per head of capita basis, is on a par with England and over 20% more than that in Wales.
11. Availability of high quality graduates is a key factor for growth in the economy and a major determinant of long term economic sustainability. Northern Ireland universities need to be able to attract and retain the highest quality students. Ensuring that students enjoy a standard of educational experience that is comparable to those students domiciled in Northern Ireland who choose to study elsewhere, requires ongoing investment to attract and retain the highest quality staff, and to provide world class infrastructure and services to optimise the student experience.

Part Three
Impact of Introduction of Variable Fees on Students and Prospective Students

Student Support Arrangements

1. New students commencing higher education in the incoming academic year (2010/11) are eligible to apply for a loan to cover tuition fees, a means-tested grant and/or loan for living costs and a range of supplementary grants to assist if the student has, for example, dependants or a disability.
2. The statutory support for full-time undergraduates is summarised in Table 12.

Table 12. Statutory student support for NI domiciles

Student Support product	Maximum (£) (per annum)
Tuition fee loan	3,290
Maintenance Loan – Living at parental home	3,750
Maintenance Loan – Living away from home	4,840
Maintenance Loan - Living in London	6,780
Maintenance Grant	3,475
Higher Education Bursary (for students who entered higher education prior to 2006)	2,000
Disabled Students Allowance - Specialist equipment allowance	5,266
Disabled Students Allowance - Non-medical helper	20,938
Disabled Students Allowance - General allowance	1,759
Disabled Students Allowance - Additional Travel Costs	N/A
Adult Dependants Grant	2,695
Parents Learning Allowance	1,538
Childcare Grant - for one child	7,735
Childcare Grant - for two or more children	13,260

Source: DEL

Support Funds

3. Aside from the statutory support administered jointly by the Education and Library Boards and the Student Loans Company and the bursaries offered by the institutions, an additional source of financial support is available through higher education support funds. Over £1.8 million was allocated in support funds by the Department to the NI institutions in the last financial year.
4. These support funds are discretionary and are administered directly by the institutions. More specifically, they are designed to meet particular course and living costs not met from other grants and to assist students in financial hardship. They can provide emergency payments for unexpected financial crises and can help students who may consider dropping out because of financial problems.
5. It is worth noting that the Department of Finance and Personnel and the Executive has agreed to the closure of the Education, Training and Leaving Care (ETLC) Rate relief scheme. It is anticipated that the savings will be redirected to the institution's support funds.

Student flows

6. Tables 13 and 14, using data on enrolments produced by HESA, illustrate student flows between Northern Ireland / Republic of Ireland and vice versa and the flow of Northern Ireland domiciles to the rest of the UK. There has been an increase in the outflow of students from Northern Ireland, from 2006/07, to the rest of the UK, with the majority appearing to go to study in England. This coincides with the introduction with variable fees. However, as Northern Ireland has parity with England with regard to fees, there is not a cost benefit to studying in England, and therefore it can be determined that the fee level has not been a contributory factor. Recent research commissioned by the Department for Employment and Learning would confirm this assertion in that the majority of students who decide to study outside Northern Ireland do so because they are "determined leavers", that is, they leave Northern Ireland because they want to.
7. The table below shows the trends in enrolments at institutions in the UK and RoI from academic year 2003/2004.

Table 13. NI Domiciled Students enrolled at HEIs in UK and ROI (F/T undergraduates) expressed as a % of total enrolments

Academic Year	Location									
	NI		England		Scotland		Wales		ROI	
	Student No.s	%	Student No.s	%	Student No.s	%	Student No.s	%	Student No.s	%
2003/04	27575	69.3%	6130	15.4%	4760	12.0%	245	0.6%	1055	2.7%
2004/05	28750	69.7%	6685	16.2%	4645	11.3%	240	0.6%	935	2.2%
2005/06	29105	69.3%	7230	17.2%	4480	10.7%	265	0.6%	900	2.2%
2006/07	28320	68.4%	7600	18.3%	4335	10.5%	275	0.7%	860	2.1%
2007/08	27795	67.6%	8130	19.7%	4130	10.1%	275	0.7%	770	1.9%
2008/09	27735	67.5%	8200	20.0%	4115	10.0%	300	0.7%	765	1.8%

Source: HESA and HEA – DEL Statistical Bulletin – student enrolments on HE courses 2008/09

Table 14. Enrolments at NI HEIs by domicile (F/T undergraduates)

Academic Year	Domicile		
	GB (exc NI)	ROI	Other EU
2003/04	265	1615	95
2004/05	280	1675	110
2005/06	295	1695	90
2006/07	305	1415	130
2007/08	370	1210	125
2008/09	450	1060	90

Source: HESA

Choice of institution and course, mode of study (full-time/part-time)

8. The Economic and Social Research Council project, commissioned as part of this review, looked at the impact on students opting for part-time study. The report stated “it is unclear what the effect of the introduction of tuition fees might be on the percentage of ‘part-timers’ in higher education. On one side, as part-timers tend to be older, already employed or from lower SECs, one might expect a reduction in their numbers as fees are introduced. On the other side, students who otherwise would have entered higher education full-time might decide instead to work part-time for financial reasons and carry on with their study only on a part-time basis.” Table 15 provides an analysis of enrolments of NI domiciles by mode on first degree courses in UK and RoI from 2005/06.

9. The funding arrangements for part-time students, which differs significantly for those undertaking full time study was not within the remit of this review. In light of the continuing economic difficulties, an increasingly competitive market place and a requirement to upskill our workforce, further work is required to explore whether a more flexible provision between part-time and full-time study could provide improved outcomes. This area will be looked at in more detail as part of the Development of a Higher Education Strategy currently ongoing.

Table 15. Analysis of enrolments for NI domiciles by mode on first degree courses in UK and RoI from 2005/06

Year	Full-Time		Part-Time		Total
2005/06	40775	85.9%	6685	14.1%	47460
2006/07	40390	86.7%	6200	13.3%	46590
2007/08	40370	86.7%	6215	13.3%	46585
2008/09	40960	87.3%	5945	12.7%	46905

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Student Experience

10. With the introduction of variable fees, expectations of students have increased. To understand the impact on the student experience since the introduction of variable fees, the review has considered 3 student surveys:

    a. The National Student Survey (NSS), launched in 2005, measures overall satisfaction rates among graduates on an annual basis;

    b. The NUS Student Experience Report provides an overview of students' experiences across the UK, from a programme of research, carried out between May and November 2008, looking at a variety of areas, including accommodation, finances, assessment, teaching and resources; and

    c. The Royal Bank of Scotland, Annual Report - The Student Living Index which measures living costs for 27 university towns including Belfast.

11. The National Student Survey measures overall satisfaction of final year undergraduate students and has remained between 80% and 82% for both universities since its launch in 2005.

12. With variable fees being introduced in academic year 2006/07, the NUS Student Experience report gives some indications of the initial impact of variable fees on the university experience of students. However, the results from a future survey would be able to show if any trends are emerging as a result of the introduction of variable fees. Overall, 75% of students say they are enjoying their experience and 85% of students rate their teaching and learning experience as either good or excellent. Among those who are not enjoying their experience, the two key reasons given are the quality of teaching and the level of debt/concerns about the cost of studying at university.

    The main areas of particular interest to this review are:

    - Living costs
    - Part-time working
    - Debt

13. Living costs - students significantly underestimate their basic living costs, by 39% for their groceries and 35% for routine travel.

14. Part-time working – according to the Student Experience report, 75% of students undertake paid employment while at university, either during term time (35%) or during the holidays (51%). Almost half (46%) of working students are reliant on paid employment to fund their basic living expenses. It would appear from the findings that the more hours a student works during term time, the greater the negative impact on their academic study.

15. Living costs and part-time working are also measured through the Royal Bank of Scotland, annual report - The Student Living Index. The RBS Student Living Index is calculated as follows: for each university town, average local weekly student expenditure on living and accommodation costs (comprising alcohol, books and course materials, cigarettes, going out, buying clothes, laundry, transport costs, utility bills, telephone bills, eating out, buying CDs, DVDs and videos, photocopying and library costs, supermarket food shopping and rent) was divided by the average local weekly income for working students. The index ranks 27 university towns, including Belfast.

16. For 2007, the index ranked Belfast 19 out of 27 university towns. This was a significant drop from the previous year when Belfast was ranked 6 in the Index. The report also stated that Belfast, along with Dundee, has the 'hardest working students, with 61% of students taking term-time employment'. This compares to an average of 41% across all university towns included in the index.

17. The RBS Student Living Index appears to indicate that living costs, including costs associated with course work, have increased in Northern Ireland. This increase cannot be attributed directly to the introduction of variable fees, as the loan facilities enable the total fee costs to be deferred until after graduation. However, this area merits further research. In addition, the recommendation with regard to the student maintenance grant has taken account of the increasing living costs, and the proposal put forward for consideration could benefit up to 2,000 additional students.

18. Finance and Debt – According to the Student Experience report, just over a third (34%) of students are "more than somewhat concerned" about their current levels of debt.

19. The primary source of funding is, not surprisingly, the student loan. Two thirds of current students possess a student loan to cover their living expenses, and three in four prospective students plan to take out such a loan.

20. Taking out the student loan is an almost universal step for students as a result of its favourable conditions, encouragement from teachers and careers advisors, and in many cases, because taking the loan has almost become part of the university experience. Indeed, for most the student loan is not seen as true 'debt', partly due to its favourable repayment conditions, and partly because of the speed and ease of obtaining the funds. Obtaining a student loan is, in fact, becoming a social norm, and a part of the student experience which students feel should be obtained regardless of their financial situation.

21. One area that the review has not been able to obtain any information on is the amount of commercial debt that students are availing of. Therefore, it has not been possible, to ascertain the impact of the introduction of variable fees on the level of commercial debt held by students. Access to this information will continue to be pursued as the review progresses through consultation stage.

22. For many, the loan ‘cycle’ dictates the way they behave financially throughout the academic year; spending an abnormally large amount at the start of the year and reducing their spend drastically later on in the year. A slightly smaller percentage have taken, or will take out, a loan to cover tuition fees. Among current students, these sources of funding are far more prevalent than any others.

Patterns in subsequent employment or further study

23. Data is available from the Destination of Leavers from Higher Education (DLHE): Northern Ireland 2007/08 survey, published in August 2009 from which we can further measure the impact of the introduction of variable fees.

24. There were 9,445 NI domiciled leavers attaining qualifications through full-time study at HEIs in the UK in 2007/08 who had DLHE data returned to HESA.

25. Of the NI domiciled undergraduate full-time qualifiers whose activity was known;

- 74% (Male 70%, Female 77%) were in employment at the time of the survey compared with 71% of all UK domiciled:
- 91% of those (who completed studies in NI HEIs) whose location of employment was known, remained in NI, 5% went to GB and 3% went to RoI;
- 38% of those (who completed studies at HEIs in GB) whose location of employment was known, returned to NI, 57% remained in GB and 2% went to RoI;
- The average salary for NI domiciled leavers entering employment was £18,900;
- 14% of NI domiciled undergraduate full-time qualifiers were undertaking further study compared to 16% of all UK domiciled undergraduates.

26. In the academic year 08/09 there has been a significant downturn in the economic climate, and it is particularly difficult for graduates to gain employment. The figures available from the Destination of Leavers in Higher Education from 2005/06 to 2007/08, show an increase year on year of graduate unemployment. This is expected to continue, with some estimates as high as 1 in 10 graduates for those graduating in 08/09. Figures from the Department of Enterprise Trade and Investment for the last quarter of 2009 showed that 87% of working age graduates were in employment, with the majority of the others being economically inactive.

Table 16. NI graduate unemployment rates and median salary for employed graduates

Year	% Unemployed	Median Salary for those in employment
2005/06	4%	£17,000
2006/07	5%	£19,000
2007/08	7%	£19,000

Source: DEL/HESA - Destination of Leavers from Higher Education Survey

27. The Department for Employment and Learning has enhanced its Steps to Work programme to meet the needs of unemployed graduates. The Graduate Acceleration Programme (GAP) developed by Business in the Community (BITC) in partnership with the Department, Queen’s University and the University of Ulster, will help address the increasing number of graduates who find themselves unemployed as a result of the economic downturn. The programme will improve their employability skills and help accelerate their job prospects to help them move into work. GAP involves a work placement lasting up to 26 weeks, during which graduates also undertake a project or specific piece of work, while studying for one of two specially developed qualifications: the Graduate Certificate in Organisation and Management with Queen’s University Belfast or the Graduate Certificate in Professional Practice with the University of Ulster.

Longitudinal survey - “Destination of Leavers in Higher Education”

28. In December 2008, the Department produced a report on the first longitudinal survey of graduates from higher education. The survey was carried out among the cohort of students who completed a HE course at a UK HEI in 2002/03. The students were surveyed at both six months and three and a half years after graduation. Although this report covers a cohort of students prior to the introduction of variable fees, the findings do give an indication of the prospects for students, over a longer time period and in itself should be considered.

29. The NI Longitudinal DLHE report is available to download at www.delni.gov.uk/destinationofheleavers.htm The findings are summarised below:

- Nine out of ten graduates were in employment;
- 80% of these were in a graduate job compared to 73% six months after graduation;
- The median salary of First Degree Qualifiers was £20,000;
- The median salary of Postgraduate qualifiers was £24,000;
- 86% of qualifiers were ‘very satisfied’ or ‘fairly satisfied’ with their career to date.

Section 4
Future Fee Scenarios for Northern Ireland

1. This review is limited in terms of the data currently available and can therefore only consider the impact of variable fees based on a three year cohort of students. This limitation suggests caution in the range of realistic change available. In an effort not to compromise Government's preferred evidence based policy making approach, this review was restricted to considering the following options for change in relation to fees:

   (1) Maintain the status quo in relation to fees;

   (2) Abolish fees at Northern Ireland Institutions; or

   (3) Increase the fee cap.

   However, this does not preclude other options becoming available for consideration as the review progresses through consultation stage and more data becomes available.

Costing Assumptions

2. Projected costings within the options are based on internal analysis undertaken by the Department for Employment and Learning. Costing assumptions are outlined in Annex 6. For clarity, Departmental Resource Budgets are classified as either Departmental Expenditure Limits (DEL) or Annually Managed Expenditure (AME). DEL budgets form part of the Northern Ireland block grant allocation and are firm three year plans set in the Comprehensive Spending Review (CSR).
3. All budgets are in DEL unless the Treasury has determined that they should be in AME. Treasury may agree to put programmes into AME if (as in the case of student loans) they are demand-led or exceptionally volatile in a way that could not be controlled by the Department and where the programmes are so large that Departments could not be expected to absorb the effects of volatility in their DELs.

   The following options consider the effect of the proposed policy on both types of budget.

   Option 1 Maintain Status Quo (Fees)

4. This option would see fees remaining capped at their current levels with only inflation-linked increases each year. In terms of student finance this would mean no additional budget implications for either AME or DEL budgets with the cost, per annum, of financing the fee system remaining at current levels. Outturn figures for 2008/2009 show that just over £76m (AME) was required for the provision of loans and approximately £23m (DEL) was required to subsidise them. This £23m is a portion of the total notional loan subsidy required for both fee and maintenance loans.
5. It should be noted that if graduate unemployment continues to rise there may be additional budget required to support the longer period of time before graduates are in a position to start repaying their student loan.

Option 2 Abolish Fees at Northern Ireland Institutions

6. The review has not re-opened the debate on the principle that graduates should contribute to the cost of their higher education. For completeness and to enable an informed debate, the option to abolish fees has been included and costed.
7. This option would see the abolition of tuition fees for all UK and eligible EU students at Northern Ireland institutions, in essence a "free fees" policy. As a consequence it is assumed that the Department would compensate institutions for lost income by way of a grant. This would create an additional resource pressure in the region of an additional £75m - £80m per year (based on a full cohort of students) from the Northern Ireland block allocation (DEL budget). Loans would continue to be made available to Northern Ireland students studying in GB.
8. This estimate takes into account savings which would accrue to the notional loan subsidy (approximately £20 - £25m per annum) and assumes this could be redirected to financing the additional £75 - £80m which would be required to finance the institutions by way of grant.
9. As Northern Ireland students would be better off staying in Northern Ireland to study this may displace students with lower grades (students from lower income families are over-represented in this subgroup). Additionally, places at Northern Ireland universities are likely to become more attractive to students from the rest of the UK and the EU which may result in the further displacement of Northern Ireland students.
10. A variance of this option would be to pay tuition fees only for Northern Ireland domiciled students at Northern Ireland institutions. According to EU law, this will also include any eligible EU students from outside of the UK. In terms of cost, the only real difference would be the treatment of GB students at NI universities. It is estimated that this would reduce the estimated additional resource pressure of between £75m - £80m per year by about £1.5m.
11. For information, it should be noted that, variable fees were introduced in Wales from September 2007 with a tuition grant of up to £1,200 available to eligible Welsh and EU students studying in Wales to offset the higher fees being charged.
12. However, following a review by the Welsh Assembly Government of student finance arrangements in Wales the intention is now to phase out this tuition fee grant which would align fee arrangements with those which currently apply in England and Northern Ireland.

Option 3 Increase the Fee cap

13. For the purposes of this report, this option has been costed based on an increase in fee cap to £5,000. If this option is to be given further consideration, then a number of different cap limits should be included for comparison purposes. This example would see the fee cap raised in Northern Ireland to a maximum of £5,000 per year rising in line with inflation over a pre-determined timescale.

14. Upon full roll-out i.e. a three year cohort, this would cost the Government an estimated additional £42m per year for increased amounts of fee loan and an estimated additional cost to the Department of £18m per year in terms of the higher notional loan subsidy (the cost of subsidising loans) to reflect the increased loan budget. In light of the current and future constraints on public expenditure budgets, this £18m would place an additional pressure on the NI Block grant assuming the Department would subsidise the additional loan cover.

15. There is a risk to Government that the costs will be higher due to the increasing levels of graduate unemployment and therefore it will be longer before graduates are able to start repaying the loan.

16. Within the review, this option is costed as additional income for the HEIs i.e. there would be no reduction in the current block grant to HEIs. Table 18 below details the estimated additional income that would be generated through an increase in the fee cap to £5,000. These estimates are based on a student population of 11,000 students per year and the assumption that fees are charged at the maximum amount. The increased fee is based on the difference between £5,000 and the current maximum fee level of £3,225 for academic year 09/10. Any students currently enrolled, would complete their studies on their current fee level.

Table 17. Estimated additional income generated from a potential increase to the fee cap of £5k

	Students on higher fees	Increased Fee	Total Additional Income (£m)
Year 1	11,000	1,775	19.525
Year 2	22,000	1,775	39.050
Year 3	33,000	1,775	58.575

17. This option would also call into question the potential need to increase maintenance grant levels in light of higher fees. The general principle has been to ensure the maximum amount of maintenance grant available at least equates to the maximum fee level which could possibly be charged. To increase the maximum grant levels would have an obvious impact on cost for the Department.

18. The remit of this review was specifically the impact of the increase to student fees and did not extend to looking at current expenditure of HEIs or the ability to raise additional revenue through areas such as, Research & Development and/or increasing the number of international students. Therefore it is not possible to ascertain the level of efficiency savings that could potentially be made or the income that could be raised from different revenue streams that could be offset against the fee level.

19. There has been a lot of speculation in the media with regard to the expectation that the UK government will raise student fees, especially in light of the potentially significant cuts required to Public Expenditure. Therefore any further funding requirements for HEIs would need to be met outside of government budgets. The UK government has just announced its review of student fees, though it will not report until after the General Election in 2010. The CBI Higher Education Task Force set out the case for raising student fees in its report, published in September this year, and it should be noted that in order to increase student fees, a number of other elements need to be reviewed. The areas that arose during this review are detailed in paragraph 23.

20. The Higher Education Policy Institute (HEPI) has published a paper - Funding Higher Fees: Some Implications of a Rise in the Fee Cap. This is available at http://www.hepi.ac.uk/466/Reports.html. The paper acknowledges that there will be considerable pressure for a rise in the maximum fee level but that the Government may not wish to increase the amount it provides through the subsidisation of fees and maintenance loans at no real rate of interest. Since the report was published, the overall economic situation has significantly deteriorated and future levels of public expenditure are likely to be curtailed.

21. The HEPI report outlines a number of scenarios whereby the fee cap could be increased without a further increase in public expenditure. Four options are outlined in the report:

    Option 1 – Fully Subsidised Loans with a portion of the additional costs borne by students used to defray the additional taxpayer costs

    Option 2 – Mixed Loans with subsidy for the existing fees but no subsidy for fees above this level. Institutions would receive all the additional income and the extra costs would fall on graduates of courses charging higher fees.

    Option 3 – Partial subsidy which is a uniform subsidy across all students. Institutions would receive all the extra income from higher fees and the extra costs would be borne by all students

    Option 4 – Subsidy would continue for the current fee levels with no subsidy for fees above this level.

22. These arrangements would further complicate the tuition fee system but it will be for Government to decide on the future policy and expenditure levels.

23. During discussions of this option, a number of areas were highlighted that would need to be reviewed before any decision could be made with regard to increasing student fees. These are:

Employability Skills – more emphasis needs to be given to increasing employability skills and students' understanding of the workplace environment, as part of students' educational experience. In December 2007, the Institute of Directors published their results of a member survey on the employability skills employers look for – and find – in recent graduates. The research emphasised the importance attached by employers to graduates' employability skills – the more generic and transferable skills needed in employment. Whilst it revealed a high level of satisfaction with the overall quality of graduate recruits, employability skills were an area of weaker performance. The CBI report in September 2009 also identified this as a concern for employers.

Financial Support from Business – if fees are to be increased, business, as one of the beneficiaries of higher education, will need to provide more financial support to students. This could be in a number of different ways:

(i) Bursaries and scholarships;

(ii) Payment or part payment of student loan as part of the salary and benefits package; and

(iii) Sponsorship of resources required to study particular degrees.

As part of the development of a Higher Education Strategy for Northern Ireland, an Economy Expert Group has been tasked with, amongst other things, examining the role of the business sector in higher education in terms of employer engagement and graduate employability. The STEM report also identified the role that business had to play and one of the recommendations called for the introduction of scholarships.

Better Informed Career Advice – students need to have a better understanding of the career opportunities available and the qualifications and skills that employers are looking for. This will enable students to make more informed decisions about their subject choices and weigh up the opportunity costs and future financial and career benefits of choosing a particular degree.

Quality of Teaching and Resources – if students are going to pay more towards their study costs, then the HEI's will need to be able to show the improvements to the quality of the student's educational experience. In essence, students are customers and will rightly demand a high level of service and the ability to see how their money is being spent. Currently, the income generated through the increase in student fees in 2006 has not been ring fenced for reporting purposes, so it is difficult to report exactly on how the revenue has been spent, and the improvements that have been made as a result of the additional income.

Student Numbers – According to the NISRA NI Population Projections (based on 2008 numbers), over the next ten years, Young People (18-20 year olds) who represent the majority of entrants into HE, show a reduction of 13.5%, which could have an impact on the profile of students studying at HEI's.

Section 5
Future Maintenance Grant Entitlement Options

1. The remit of this review also extends to the consideration of the current student finance arrangements for Northern Ireland students in light, of the introduction of variable fees.
2. In terms of maximum grant, Northern Ireland students benefit from an additional £500 per annum compared to that which is available to their English counterparts. In academic year 2010/2011 the differential is increasing to £569 with the maximum Northern Ireland maintenance grant £3,475 compared to England's £2,906.
3. However, the means-testing arrangements for this grant differ and, in England, higher household income levels for means-testing have applied since academic year 2008/2009, meaning that more students can benefit from non-repayable public support.
4. Under the current Northern Ireland arrangements, students from households with incomes in excess of £41,238 are not entitled to maintenance grant support. In England, the higher cut off point is at household income levels in excess of £50,020. In addition, the lower cut off point for full grant entitlement is higher in England at £25,000 compared to £18,820 in Northern Ireland.
5. There is the potential within the system to increase household income thresholds for means testing of the maintenance grant to allow more students to benefit from non-repayable support. Consideration was given in the last spending review to aligning the Northern Ireland income thresholds in line with England and, in addition, maintain the differential to the maximum grant amount. The Minister was only successful in his bid to maintain the differential which will continue to apply throughout the current spending review. Two options for increasing the thresholds were considered:

   Option 1 – Increase thresholds and remove the differential.

   Option 2 – Increase thresholds and retain the differential.
6. Given that a similar review of higher education student finance in England is currently underway, consideration could be given to an alternative means-testing system for maintenance grant entitlement in Northern Ireland rather than adopting what could potentially be a short-term alignment measure.
7. Using existing data on household income for Northern Ireland domiciles applying for student support in academic year 2008/2009 and moving forward to proposed student support arrangements for academic year 2010/11, table 18 below estimates the resource requirement and the effect on student numbers benefiting from increased support.

Table 18. Potential effect of changes to maintenance grant entitlement rules

	Cost £m	Saving/ cost £m	No. of additional students receiving grant	No. of students with increased grants	No. of students with decreased grants
Existing NI arrangements AY 2009/10	61.7	N/A			
Option 1 – align income thresholds with England and remove the differential	59.6	-2.1 (saving)	1778	9819	14796
Option 2 – align income thresholds with England and retain the differential	70.8	9.1	1778	10378	N/A

Source: Department for Employment and Learning

8. It can be seen from the estimations above that to align fully the income thresholds and maintenance grants at which students are entitled to full or partial maintenance grant with those that currently apply in England and maintain the differential would cost in the region of an additional £9.1m per annum from 2010/11. However, this change would benefit approximately 10,000 students of which 2,000 would be additional i.e. not entitled to support under the current thresholds. However, given the current constrained public spending environment a compromise position could be reached, for example, increase the lower threshold only which would cost in the region of an addition £3m per annum.

9. Table 19 illustrates the impact of the options above on maintenance grant levels at various income levels. Please note that the grant levels are indicative only.

Table 19. Comparative grant entitlement at indicative thresholds

Income Threshold	NI System 09/10	Option 1	Option2
18000	3406	2906	3406
21000	2927	2906	3406
25000	2048	2906	2906
30000	1128	1906	1906
40000	50	711	711
50000	NIL	50	50

Source: Department for Employment and Learning

Section 6
Recommendations

Fee Levels

1. The review has found limited evidence to fundamentally change the system, and there is no evidence of an adverse impact on participation or in subject areas as a direct result of the introduction of variable fees. The recommendation, therefore, is to maintain student fees at the current levels in real terms.
2. It is further recommended that this position is reviewed in light of the outcomes of the Browne review in England, particularly if the recommendations of that review could impact significantly on student flows between Northern Ireland and England.

Maintenance Grant

3. The recommendation is to align the maintenance grant thresholds for means testing closer to those currently applicable in England and retain the differential – currently a differential of £569. This would have the effect of increasing the number of students eligible for non repayable support.
4. It is recommended the £569 differential for Northern Ireland students is retained as it underpins the need to increase the participation in higher education among lower socio economic groups. Also, I believe it can be reasonably assumed that the differential has contributed to Northern Ireland's better than average participation rates in comparison with the rest of the UK.
5. The RBS Student Living Index appears to show an increase in living costs (in the widest definition) in 2007/08. This recommendation could potentially extend the eligibility of maintenance grant to an additional 2,000 students, providing additional support towards living costs.
6. Increasing both the lower and upper thresholds for means testing and retaining the differential will require up to an additional £9M per annum in funding. Despite the financial implications, this merits serious consideration, especially in the current economic climate, as it will provide support to more students during their years of study.
7. In light of the current financial constraints on public spending, it is recommended that a compromise position is explored which would see an increase at the lower threshold only and it is estimated that this would cost an additional £3m (an increase from £19,203 to the current lower threshold in England of £25,000 was used to cost this option).
8. It is further recommended that, as with fee levels, it would be prudent to review the Northern Ireland maintenance grant package once the Browne review reports in England, particularly if that review makes recommendations in terms of income thresholds.

Development of a Higher Education Strategy

9. Throughout the review, wider issues within higher education were raised and discussed. These are outlined in Section 1 of the report and are summarised below. These areas should be discussed as part of the Development of a Higher Education Strategy, announced in October 2009, by the Minister for Employment and Learning, chaired by Sir Graeme Davies.
   - Student Numbers - in terms of (a) demographic trends and (b) the MaSN cap on student numbers.
   - Type of study – in the context of the balance between part time and full time provision.
   - Incentives for students – for example bursaries for STEM or economically relevant subjects.
   - Quality of teaching and resources – in terms of the transparency between fee income and improvements in the quality of teaching and the student experience.

Other Recommendations

10. **Loan Recovery** – it is too early to gauge the impact of variable fees on the loan repayment profiles of a full cohort of graduates under variable fee arrangements for example, the extent to which loans are being recovered and to which graduates are able to repay. Going forward, it is recommended that processes are put in place to enable this to be measured, monitored and trends identified. The terms of the repayment model are set out in Section 2 of this report, which show the favourable conditions and affordable repayment terms of the loan.
11. **Students in RoI** – the current arrangements for Northern Ireland students studying in RoI are outlined in paragraph 42 of section 2. The recommendation is that the policies regarding maintenance grant and fee payment for NI students studying in the RoI should be reviewed, as they are currently out of step with those which apply to NI students studying at HEIs in the UK.
12. **School pupils** – it is difficult to ascertain whether the introduction of variable fees impacted on the decisions school pupils made with regard to entering higher education, particularly within the lower socio economic groups. Although the data from the School Leavers survey indicates an increase in the numbers continuing into higher education, and there has been no significant decrease in participation rates, it is important that the views of this stakeholder group are included in the consultation process.
13. **Communication** – throughout the evidence gathering of the review it was apparent that the student finance arrangements, in particular the terms of the subsidised loans are not widely understood. It is recommended that the detail of the student finance package and the benefits within, for example subsidised loans, are better communicated to parents, careers teachers and prospective students.

ANNEX 1
Members of the Stakeholder Steering Group

The steering group is comprised of representatives from;

- National Union of Students/Union of Students in Ireland
- National Association of Student Money Advisors
- Queen's University Belfast
- University of Ulster
- St. Mary's University College
- Stranmillis University College
- Association of Northern Ireland Colleges (ANIC)
- Open University
- Education and Library Boards
- Department of Health, Social Services and Public Safety
- Department of Finance and Personnel
- Department of Agriculture and Rural Development
- Department for Social Development
- Department of Education

ANNEX 2
Organisations who responded to the evidence gathering for the Review

- Adult Learner Finance Project
- Education and Library Boards
- National Association of Student Money Advisers
- National Union of Students/Union of Students in Ireland
- Queen's University, Belfast
- Open University
- Sinn Fein
- Social Democratic and Labour Party
- St. Mary's University College
- Stranmillis University College
- Students' Union, QUB
- University of Ulster

ANNEX 3

Comparative Analysis of Bursary Criteria 2008/09

Institution	Maximum Tuition Fee	Bursary Type	Bursary Amount	Household Income Bands
Queen's University Belfast	£3,145 (Undergraduate)	Institutional Bursary	£1,050	< £18,360
			£530	£18,360 - £23,360
	£2,097 (Foundation)		£700	< £18,360
			£353	£18,360 - £23,360
	£ 625 (Year Out)		£210	< £18,360
			£106	£18,360 - £23,360
		Sports and Books Bursary	£110	< £33,820

Institution	Maximum Tuition Fee	Bursary Type	Bursary Amount	Household Income Bands
St. Mary's University College	£3,145	Institutional	£1,260	< £18,360
			£530	£18,360 - £39,305

Institution	Maximum Tuition Fee	Bursary Type	Bursary Amount	Household Income Bands
Stranmillis University College	£3,145	Institutional	£1,050	< £18,360
			£525	£18,360 - £23,485

Institution	Maximum Tuition Fee	Bursary Type	Bursary Amount	Household Income Bands
University of Ulster	£3,145	Institutional	£1,040	< £18,360
			£620	£18,360 - £21,100
			£310	£21,000 - £39,305

Institution	Maximum Tuition Fee	Bursary Type	Bursary Amount	Household Income Bands
Belfast Metropolitan College	£2,070	Institutional	£305	< £55,000
North West Regional College	£3,145 - Degree	Institutional	£500	< £17,910
			£320	£17,911 - £38,330
	£2,000 - HND/Foundation		£400	< £17,910
			£320	£17,911 - £38,330
South Eastern Regional College	£3,145 (Social Work Degree only)	Instutional	£310	< £55,000
South West Regional College	£3,145 Degrees £1,255 HND/ Foundation	Institutional	£400	< £25,000

ANNEX 4

Definition of SEC Groups

Group 1 - Higher managerial and professional occupations

Group 2 - Lower managerial and professional occupations

Group 3 - Intermediate occupations e.g intermediate clerical and administrative

Group 4 - Small employers and own account workers

Group 5 - Lower supervisory and technical occupations

Group 6 - Semi-routine occupations

Group 7 - Routine occupations

ANNEX 5

Table 1. The level of support available to students domiciled in England in the respective areas of the United Kingdom

England	Wales	Scotland	Northern Ireland
English students studying in England or Wales receive the same package of grants and loans. 1. Students entering HE on or after 1 Sept 2006 (“current system” students) (a) Fee loan – to meet full costs of variable fees – up to £3,225. (b) Maintenance Grant or Special Support Grant – up to £2,906. (i) New entrants in 2009/10 – full amount available to those with household incomes up to £25,000; partial grants up to household income of £50,020. (ii) New entrants in 2008/09 – full amount available to those with household incomes up to £25,000; partial grants up to household income of £60,032. (iii) new entrants in 2006/07 or 2007/08 – full amount available to those with household incomes up to £18,360; partial grants up to household income of £39,333. Different rules apply to students on postgraduate courses of initial teacher training – they are eligible for at least a partial maintenance grant regardless of the level of their household income. (c) Maintenance loan – three rates depending on whether the student is living at home while studying (H); living away from home & studying in London (L); or living away from home and studying elsewhere (E). (i) New entrants in 2009/10 – up to £3,838 (H); £6,928 (L): £4,950 (E); 28% of the loan is subject to income assessment. (ii) New entrants in 2006/07, 2007/08, 2008/09 – up to £3,673 (H); £6,643 (L); £4,745 (E). 25% of the loan is subject to income assessment. For all cohorts, lower amounts apply to final year students. 2. Students entering HE before 1 Sept 2006 (“old system” students) (a) Fee grant and/or fee contribution loan – up to £1,285 in aggregate. (b) Maintenance loan – up to £3,673 (H); £6,643 (L); £4,745 (E). 25% of the loan is subject to income assessment. Lower amounts apply to final year students. (c) Higher Education Grant – up to £1,000. Full amount available for incomes up to £16,750; partial grant available up to household income of £22,735. Only available to old system students entering higher education on or after 1 September 2004.		We will pay the same package of grants and loans as for English students studying in England. The fee levels at Scottish HEIs for first degree, PGDE and PGDipCE courses are [£1,820], with the exception of medical courses which are [£2,895]. Fees may be deferred by taking out a non-means-tested loan for fees.	We will pay the same package of grants and loans as for English students studying in England. Northern Irish HEIs will charge variable fees of up to £3,225 in the same way as for English students studying in England. Fees may be deferred by taking out a nonmeans-tested loan for fees.

Table 2. The level of support available to students domiciled in Wales in the respective areas of the United Kingdom

England	Wales	Scotland	Northern Ireland
Variable fee rate up to a maximum of £3,225. Fees may be deferred by taking out a non-means tested loan for fees. Living costs support as for Welsh students studying in Wales (Maintenance loan and Assembly Learning Grant)	Fee grant – non means-tested grant of £1,940 available towards variable fees of up to £3,225. Fee loan – remaining fee can be deferred by taking out a non-means tested loan for fees. Maintenance loan – 3 rates depending on whether they are studying; at home, up to £3,673; away from home, up to £4,745; or away from home in London, up to £6,648. Assembly Learning Grant – up to £2,906 for students from low incomes. Full amount available to those with household income of £18,370, partial grants up to household incomes of £39,329	The fee levels at Scottish HEIs for degree courses are £1,820 with the exception of medical courses which are £2,895. Fees may be deferred by taking out a non-means tested loan for fees. Living costs support as for Welsh students studying in Wales (Maintenance loan and Assembly Learning Grant)	Northern Irish HEIs will charge variable fees of up to £3,225. Fees may be deferred by taking out a non-means tested loan for fees. Living costs support as for Welsh students studying in Wales (Maintenance loan and Assembly Learning Grant)

Table 3. The level of support available to students domiciled in Scotland in the respective areas of the United Kingdom

England	Wales	Scotland	Northern Ireland
Fees - Variable fee rate as for English students studying in England. Fee may be deferred by taking out a non-means tested loan. Maintenance loan – as for Scottish students studying in Scotland except when living away from home and studying in London, when amount increases to £5,710. Maximum available where household income is less than £24,275 reducing to a minimum loan entitlement of £915 when income exceeds £67,000 Students' Outside Scotland Bursary – for young & mature students studying elsewhere in UK – up to £2,150 for income less than £19,310, decreasing to £0 for income over £34,195	Fees - Variable fee rate as for Welsh students studying in Wales. Fee may be deferred by taking out a non-means tested loan for fees. Maintenance loan – as for Scottish students studying in Scotland Students' Outside Scotland Bursary – for young & mature students studying elsewhere in UK – up to £2,150 for income less than £19,310, decreasing to £0 for income over £34,195	Fees - No charge for fees to eligible students. Fees will be paid by SAAS Maintenance loan – rates vary depending on whether they are studying; at home, up to £3,665; or away from home, up to £4,625. Dependent students from low income backgrounds may have part of the loan replaced by Means tested Young Students Bursary. Full loan entitlement is available for households where income is less than £24,275, reducing to a minimum loan entitlement of £605 for incomes of over £53,000 when living at home, or £915 for income greater than around £60,000 when living away from home. An additional loan of up to £605 is available for those on incomes up to £21,760. Young Students Bursary – up to £2,640 for students where household income is less than £19,310 decreasing to £0 for income over £34,195.	Fees - Variable fee rate as for Northern Ireland students studying in Northern Ireland. Fee may be deferred by taking out a non-means tested loan for fees. Maintenance loan – as for Scottish students studying in Scotland Students' Outside Scotland Bursary – for young & mature students studying elsewhere in UK – up to £2,150 for income less than £19,310, decreasing to £0 for income over £34,195

Table 4. The level of support available to students domiciled in Northern Ireland in the respective areas of the United Kingdom

England	Wales	Scotland	Northern Ireland
Fees as for English students in England. Fee may be deferred by taking out a non-means tested loan for fees. Same package of maintenance grant and loans as for NI students studying in NI.	Fees as for English Students studying in Wales. Fee may be deferred by taking out a nonmeans tested loan for fees. Same package of maintenance grant and loans as for NI students studying in NI.	Fees as for English Students studying in Scotland. Fee may be deferred by taking out a nonmeans tested loan for fees. Same package of maintenance grant and loans as for NI students studying in NI.	Fee loan – to meet full costs of variable fees – up to £3,225 Maintenance loan – 3 rates depending on where they are studying; at home, up to £3,673; away from home, up to £4,745; away from home London rate, up to £6,643. Maintenance grant - up to £3,406. Full amount available to those with household incomes up to £18,820, partial grants up to household income of £40,238.

Table 5. The level of support available to EU students in the respective areas of the UK

England	Wales	Scotland	Northern Ireland
Fees as for English students in England. Fee may be deferred by taking out a non-means tested loan for fees. No maintenance support	Fee grant – non means-tested grant of £1,890 available towards variable fees of up to £3,225 Fee loan – remaining fee can be deferred by taking out a non-means tested loan for fees. No maintenance support.	Fees as for Scottish students in Scotland. Same fee support as Scottish students studying in Scotland No maintenance support.	Fees as for NI students studying in NI. Fee may be deferred by taking out a non-means tested loan for fees. No maintenance support

ANNEX 6
Assumptions used in costing student finance options

Fee levels

NI institutions

Fees at NI institutions for all students (including HE at FE) have been assumed as follows:

2009/10 £3,225 (published)

2010/11 £3,305 (2009/10 level plus 2.5%)

2011/12 £3,390 (previous year plus 2.5%)

2012/13 £3,475 (as above)

2013/14 £3,560 (as above)

2014/15 £3,650 (as above)

GB institutions

Fee levels in England and Wales are assumed the same as for Northern Ireland

Fee levels in Scotland are assumed to be:

2009/10 Medicine £2,895 others £1,820 (published)

2010/11 Medicine £2,965 others £1,865 (2009/10 level plus 2.5%)

2011/12 Medicine £3,040 others £1,910 (previous year plus 2.5%)

2012/13 Medicine £3,115 others £1,960 (as above)

2013/14 Medicine £3,190 others £2,010 (as above)

2014/15 Medicine £3,270 others £2,060 (as above)

Maintenance Grant

Assumption - Maximum grant of £3,406 (2009/10) for those from a household with an income of £18,820 or less tapering pro rata to the current system for those with a household income up to £40,238.

Take up rates

*Maintenance grants
It is assumed that there will be 100% take up by all students qualifying for a grant to meet tuition fee or maintenance costs.

*Tuition fee loans
Uptake of tuition fee loans will be equivalent to all students having to pay fees taking out a loan for 75% of the maximum fee level. (Equates to approximately 80% of students being charged an average of 90% of the maximum fee with the remaining 20% funding their fees from other sources) This is line with current experience.

*Maintenance loans
Uptake of maintenance loans is based on uptake of 75% of an average loan of £3,600 in 2007/08, uprated by 2.5% per annum for the base case

Student Numbers (Source HESA Enrolments 2007/2008)

NI domiciled students enrolled at NI Institutions = 31,395

EU students enrolled at NI Institutions = 1,325

GB students enrolled at NI Institutions = 370

NI domiciled students enrolled at GB Institutions = 12,535

ANNEX 7

Tables included in this report

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ANNEX 8

Sunday Times League Table of UK Universities

Non-continuation rates, also referred to as dropout rates, are a concern for the universities and significant work is taking place to reduce dropout rates. For completeness, it should be noted that in September 2009, the Sunday Times published their league table of UK Universities which were ranked according to marks in nine key performance areas. One of the rankings was dropout rate which was based on the number of students who drop out before completing their courses, using figures from 2006/07, and was compared with the number of students expected to do so.

This differs from the figures in tables 9 and 10 which are based on students who drop out within their first year of study. In the Sunday Times rankings, Queens University dropout rate is 15.2% compared to 11.4% expected, and University of Ulster is 18.6% compared to 15.9% expected.

The overall ranking for Queens University was 42 and University of Ulster 55. The full detail on the Sunday Times League Tables can be accessed at http://www.timesonline.co.uk/tol/life_and_style/education/sunday_times_university_guide

ANNEX 9
UU Comments on ESRC Report Findings

The University of Ulster experienced a rise of 12.8% in UCAS applicants for entry in 2005/06 and this produced an over-recruitment beyond planned numbers of new entrants to full-time undergraduate programmes.

This explanation formed part of Ulster's response to HESES verification in 2005/06 and in consultation with Department for Employment and Learning, the University agreed to a phased reduction in intakes to bring the MaSNable student population within the allocated MaSN plus permissible margin.

This phasing commenced in 2006/07 and had a significant impact on undergraduate intakes and this was reflected in the HESES tables.

ANNEX 10
Glossary

AME	Annually Managed Expenditure
CBI	Confederation of British Industry
DEL	Departmental Expenditure Limit
Department	Department for Employment and Learning
ELB	Education and Library Board
ESRC	Economic and Social Research Council
HEI	Higher education institution
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics
IoD	Institute of Directors
MaSN	Maximum student numbers
NASMA	National Association of Student Money Advisers
NISRA	Northern Ireland Statistical Research Agency
NUS	National Union of Students
OFFA	Office for Fair Access
OU	Open University
QUB	Queen's University, Belfast
UCAS	Universities and Colleges Admissions Service
UU	University of Ulster