

September 2013/20

Policy development

Consultation outcomes

This publication is for information

This document details the outcomes of a consultation on student number controls run by HEFCE from 3 May 2013 to 28 June 2013. It identifies the key points made by respondents (in their formal responses and at our consultation events) and our responses to these points, including where we have made changes to the proposals outlined in the consultation.

Student number controls

Outcomes of consultation on arrangements for 2014-15 onwards

Student number controls: Outcomes of consultation on arrangements for 2014-15 onwards

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of universities in Northern Ireland
Of interest to those responsible for	Senior Management, Admissions, Planning, Finance
Reference	2013/20
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Enquiries to	HEFCE-funded colleges and universities should raise any questions with their HEFCE institutional team (see www.hefce.ac.uk/contact/contactsforinstitutions/ for a searchable list of contacts). Queries from other interested parties should be sent to snc@hefce.ac.uk .

Executive summary

Purpose

1. This document details the outcomes of a consultation on student number controls run by HEFCE from 3 May 2013 to 28 June 2013. It identifies the key points made by respondents (in their formal responses and at our consultation events) and our responses to these points, including where we have made changes to the proposals outlined in the consultation. A full question by question analysis of the consultation is available as Annex A.
2. The HEFCE Board has agreed the outcomes as published here. They will go into operation for the academic year 2014-15.

Background

3. When universities and colleges recruit students to higher education courses, they cannot take on an unrestricted number. HEFCE has been asked by the Government to give an allocation of places to each university and college for the number of students they may recruit. The purpose of setting an allocation is to restrict the overall size of the higher education student population, and thus to control the level of public funding needed for student support and loans. This allocation is referred to as the 'student number control allocation'.
4. From 2012-13, higher education providers may also admit as many high-achieving students with certain qualifications as they wish, over and above their student number control allocation. Government decides on an annual basis where to set the high-grades threshold for these qualifications, and HEFCE provides a document, known as the 'exemptions list' providing details of all the qualifications and relevant grades that are not included within the student number control. For 2013-14 and 2014-15 admissions, it stands at ABB+ for A-level and certain equivalent qualifications. HEFCE refers to this as the 'high grades policy'. The student number control allocation is only designed to control the number of students entering university or college. It is not designed to influence decisions about the suitability of candidates. Universities

and colleges are autonomous organisations and such decisions are entirely theirs to make. They have always admitted students on the basis of academic excellence and potential, and they should continue to do so.

5. In 2013-14, only students applying with high grades from a set of the same qualifications (for instance three A-levels or three BTEC qualifications) were exempted from the student number control allocation. Students applying with a combination of qualifications (for instance two A-levels and one BTEC qualification) were counted within a university or college's student number control allocation.

6. For 2013-14 admissions, HEFCE was also asked by Government to allow all universities and colleges some flexibility in their student number control allocations, to make sure that they could better cater to student choice and demand. From 2014-15, Government also asked HEFCE to look at how we might be able to offer more places to universities and colleges where there was evidence of demand from students, and treat those institutions that have less demand less favourably. HEFCE consulted on how we should implement this guidance.

7. We were also asked to look at how publicly funded providers that do not currently receive funding from HEFCE might become HEFCE-funded and therefore have their numbers controlled by HEFCE in the future. Forthcoming changes to student support regulations mean that publicly funded providers of higher education need to have a funding relationship with HEFCE in order for their students to access student support and loans.

What are the changes for 2014-15 admissions?

8. The main change for 2014-15 admissions is that, provided the Government's financial circumstances allow, universities and colleges that recruit significantly below their student number control allocations will lose some of their places, and these will be reallocated to those universities or colleges that recruit well. Those universities and colleges that lose places will have an opportunity over the next year to recover some of the places lost.

9. We have also agreed through consultation to run an application process for new publicly funded providers of higher education to apply for student numbers from 2015-16, thereby joining the HEFCE-funded sector. We will be issuing guidance on this process in spring 2014.

10. Following consultation, we are also making changes to the way in which we implement the high-grades policy, namely that universities and colleges will now be able to recruit an unlimited number of students applying with certain combinations of high-grade qualifications, in the same way that they have been able to recruit students with single sets of qualifications in 2012-13 and 2013-14. We have developed some criteria to identify the relevant combinations of qualifications. We are not able to exempt every possible combination of qualifications because we need to make sure that we can protect government spending by accurately predicting how many students may not be subject to student number controls, and because we need to ensure that universities and colleges can implement the policy in a workable way. We have produced a short summary list of all qualifications and grade combinations that are exempt from student number controls.

11. Students applying to higher education with qualifications, grades or combinations of qualifications that do not appear on our exemptions list should be reassured that we provide all universities and colleges with enough places in their student number control allocations to ensure that they can treat all applicants fairly. Any university or college that does not think that it has sufficient places to enable fair admissions can appeal to HEFCE for an increase in its allocation.

12. We will be closely monitoring the impact of these policies to detect any unintended adverse effect on any group of students.

Where to find out more

13. The rest of this document provides more detail on the outcomes of HEFCE's consultation on student number controls. We have also produced a guide to student number controls on our web-site, which includes a video explaining how the policy works in practice: this can be found at www.hefce.ac.uk/whatwedo/lt/howfund/studentgrades/.

14. If you have any specific queries or concerns, please e-mail the HEFCE Learning and Teaching Policy team at snc@hefce.ac.uk.

Action required

15. This publication is for information.

Background

Why did HEFCE consult?

16. We consulted because Government asked us to make some changes to the student number control (SNC) for 2014-15. We proposed to introduce a new mechanism for calculating the SNC allocation for institutions, to bring new publicly funded providers into the higher education sector, and to amend the existing high-grades policy to allow the exemption of some students holding combinations of qualification types¹.

17. The SNC restricts the numbers of certain types of student that a publicly funded university or college can recruit, to help manage government expenditure on higher education². The SNC allocation is set by HEFCE each year for each institution that receives HEFCE funding. In January 2013, the Department for Business, Innovation and Skills (BIS) noted that there was capacity to apply student number controls less rigidly. Ministers asked HEFCE to give institutions some flexibility from 2013-14, and to liberalise the system further from 2014-15, increasing flexibility for institutions with strong recruitment patterns and treating those with less demand less favourably. In response, HEFCE developed a flexibility mechanism that would allow numbers to be redistributed on an annual basis based on recruitment in the previous year. This could be seen as a significant change to the way in which the SNC allocation process currently operates.

18. BIS also asked HEFCE to consider implementing a mechanism to allow new providers to enter the HEFCE-funded system. It was announced that from 2014-15 the Student Support Regulations would be amended, so that publicly funded institutions would need a funding relationship with HEFCE for students undertaking courses at those institutions to claim student support from the Student Loans Company³. We therefore proposed that publicly funded higher education providers currently offering higher education courses, but not in a funding relationship with HEFCE should be invited to join the HEFCE-funded sector from 2014-15. We also determined that other publicly funded institutions might wish to offer higher education in the future, and that we would therefore need a process to allow these providers to enter the HEFCE-funded sector from 2015-16 onwards.

19. The Government has a policy (referred to by HEFCE as the 'high-grades' policy) to the effect that students who achieve ABB and above at A-level (or certain equivalent qualifications and grades) are exempt from the SNC. This means that institutions funded by HEFCE can recruit as many such students as they wish and are able to accommodate without these students counting against the SNC allocation. BIS asked us to consider how we could expand the list of qualifications included under this policy to exempt more students from the control, while maintaining the existing grade threshold. We provide a document known as the 'exemptions list', providing details of all the qualifications and relevant grades that are not included within the student number control. We had received separate feedback from a number of sources that the exemptions list was potentially unfair, as it only included students who had a single type of

¹ 'Student numbers controls: consultation on arrangements for 2014-15 onwards' (HEFCE 2013/10), available online at <http://www.hefce.ac.uk/pubs/year/2013/201310>

² There is further explanation of the student number control and high-grades policies on our web-site: www.hefce.ac.uk/whatwedo/lt/howfund/studentgrades/

³ See the Education (Student Support and European University Institute) (Amendment) Regulations 2013, available online at www.legislation.gov.uk/ukSI/2013/1728/contents/made

qualification (who only held A-levels, for instance, or only an International Baccalaureate) and students who held a combination of qualifications (for example two A-levels and one qualification from OCR) would not be exempt, even if they had high grades. We therefore developed criteria that would allow us to meet the request from BIS and address the feedback received, by exempting a limited number of qualifications from the SNC.

20. Our consultation therefore made proposals in three main areas: increasing student number control flexibility, addressing publicly funded providers of higher education not currently in a relationship with HEFCE, and exempting certain combinations of qualification types from student number controls.

What were the proposals?

21. Our specific proposals on SNC flexibility were to introduce a mechanism for redistributing student numbers within the sector based primarily on student demand. We proposed that all institutions be given flexibility to recruit above their SNC allocation, providing them with an opportunity to increase their student numbers, provided the government signalled that such flexibility was affordable. We proposed that institutions recruiting above their SNC allocation and within the flexibility range would receive some increase to their SNC allocation in the following year, and continuing flexibility beyond this. Any significant over-recruitment would mean an institution would be subject to a future reduction in the level of grant it receives from us. For institutions with significant under-recruitment against their SNC allocation, we proposed that we would make a reduced allocation in the subsequent year. These institutions would continue to benefit from flexibility against their new allocations, and we might provide additional flexibility for one year as an opportunity to recover the lost numbers. We consulted to gauge support for the proposed mechanism, to gain views on whether it would achieve the policy aims, and to identify any potential undesirable or unintended consequences.

22. We also sought views on the mechanism that we should implement for new publicly funded institutions wishing to offer higher education from 2015-16 and gain an SNC allocation. We set out options for how we might ask these providers to enter the system (for example, through making an application or bidding for an allocation) and how we might redistribute numbers from existing providers to these new providers. Since this has the potential to impact upon all existing providers in the sector, we wanted to understand respondents' views on how we might develop and implement this process.

23. In relation to the exemptions list, we recognised the need carefully to balance the aim of exempting more students from the SNC with the need to protect the student support budget from increased risk, and to protect institutions from the increased complexity and burden of having to evaluate students' qualifications against the exemptions list. We were also concerned that any changes should be guided by the principle of fair admissions. We considered a number of options and detailed our preferred option of exempting the most common combinations of qualifications based on specific criteria. We sought respondents' views on whether these criteria were reasonable and whether there were more that we should consider. Additionally, we also wanted to hear views on whether there were further fair access considerations to take into account when implementing the high-grades policy to ensure that particular groups of students are not disadvantaged.

When and how did HEFCE consult?

24. Our consultation proposals were approved by the HEFCE Board on 29 April 2013 and published on 3 May 2013, having previously been informally shared with some stakeholders for early feedback and advice through HEFCE's Teaching, Quality, and the Student Experience Strategic Advisory Committee and High-Grades Policy Working Group⁴. We also provided on our web-site a hypothetical model of how the proposed flexibility mechanism could operate, that allowed respondents to adjust particular variables to gauge the potential impact of the proposed changes.

25. We publicised the consultation through a number of channels such as our web-site, e-mail alerts, and social media. We wrote to a number of stakeholders (including examining bodies and school associations) who had previously provided feedback to HEFCE on the policies affected by the proposals, alerting them to the consultation. We asked certain sector representative bodies to make their members aware of the consultation and to encourage responses.

26. We held two consultation events, on 20 May 2013 in Birmingham and 30 May 2013 in London. These consultation events were open to representatives of institutions within the higher education sector and other stakeholders who were likely to be affected by our proposals. The events featured presentations of the proposals by HEFCE staff, and opportunities for delegates to discuss the proposals, pose questions to HEFCE and provide informal feedback prior to the deadline for their formal response. HEFCE staff also responded to invitations to speak to the Mixed Economy Group of colleges, the Association of Colleges conference and a meeting of the National Planners' Group, where we presented and answered questions on the consultation proposals and encouraged responses.

Responses to the consultation

27. We received 172 responses to the consultation; the total numbers of respondents by type are set out in Table 1.

Table 1: Numbers of respondents by type

Respondent type	Number of responses
Higher Education Institution (HEI)	98
Further Education College (FEC)	46
As an individual	3
Other providers of higher education	2
Other organisations	23

28. We also received some informal feedback from institutions that did not submit a formal response. Additionally, some institutions made reference to the consultation proposals in their

⁴ The High-Grades Policy Working Group provides a forum for discussion and expert advice from a range of stakeholders to the HEFCE Board (via the HEFCE Executive) on the implementation of the Government's high-grades policy. For further information see HEFCE 2012/19, available at www.hefce.ac.uk/pubs/year/2012/201219/

response to a separate HEFCE consultation on the 2013-14 funding agreement. Where possible we have taken the feedback from all sources into consideration.

29. A number of the responses also gave feedback on elements of the SNC system that were not explicitly being consulted upon (for example, the protected core allocation for the most selective institutions). Where clear themes emerged, we have addressed these in our response and the resultant outcomes.

Consultation events

30. A total of 245 delegates registered to attend our consultation events in Birmingham and London. Delegates represented a range of organisations, including universities, colleges, alternative providers of higher education, examination awarding bodies, sector representative bodies, regulators, industry representatives and individuals. A number of points were raised by delegates at both events. Prior to the consultation closing we published a summary of the views expressed at these events in order to help respondents (particularly those who could not attend an event) formulate their responses⁵.

Outcomes of the consultation

Key points made by respondents and decisions made

31. A number of respondents made similar points to one another. In this section we set out the key themes that emerged from the consultation. We consider these and then give our response in relation to each theme.

32. A full analysis of the responses made to each individual question is included as Annex A.

Student number control flexibility

33. There were four key themes that emerged from the feedback on the flexibility mechanism. These were as follows.

- a. Issues in calculating the size of the flexibility range; in particular, whether this should be based on a percentage of the total recruitment of HEFCE-fundable students at each institution, or on the number of students recruited within the SNC allocation.
- b. A perception of the flexibility of 3 per cent or five places offered to institutions with small levels of recruitment as insufficient to meet policy aims.
- c. A perceived risk that places allocated through the protected core might not be utilised, and that this would not be in the interests of students.
- d. Concerns about the period of time for which institutions subject to an SNC reduction are granted additional flexibility as an opportunity to recover.

Size of the flexibility range (no change from proposals)

34. Some respondents felt that we should not consider the number of exempt students recruited by an institution when calculating the level of flexibility available, believing that institutions with a substantial number of exempt students might thereby benefit from an ability to grow disproportionately relative to others. We will set out some of the pros and cons that we

⁵ 'Summary of consultation events', available online at www.hefce.ac.uk/whatwedo/lt/howfund/studentgrades/haveyoursay/

considered while developing this approach and in finally deciding that the arguments in its favour still outweigh any alternatives.

35. In developing the proposals we considered alternative methods of calculation, but judged this to be the best approach as it is based on total demand at an institution.

36. Moreover, an institution that mainly recruits students exempt from the student number control may still see a reduction to its SNC if it recruits at a level below the flexibility range. Some places from such an institution will be released into the system, and may not be fully replaced by the additional places that the institution gains through additional flexibility.

37. This approach is also sensitive to the size of institutions, and benefits all institutions, not just the most selective. It enables us to ensure that all institutions have the capacity within the student number control to offer fair access to all applicants, and to make decisions solely on the basis of academic merit, regardless of whether or not the qualifications with which they apply are exempt from student number controls.

38. We were also conscious of BIS's request to HEFCE to treat institutions with strong demand from students more favourably than institutions enjoying lower levels of demand. Calculating the level of flexibility on the basis of student number control recruitment only would not facilitate the dynamism sought by Government, as it would not sufficiently reflect the full range of institutions that students had found attractive or the extent of their demand.

Minimum level of flexibility (change from proposals)

39. Our proposals stated that in 2013-14 the flexibility range for an institution would consist of 3 per cent of an institution's total HEFCE-fundable recruitment from the previous year, or five places, whichever was larger. This was intended to ensure that small institutions would not be offered a flexibility of just 1 or 2 places. The actual level of flexibility available (including the minimum level of flexibility) will be set annually on the basis of sector recruitment and guidance from Government.

40. Regarding the current minimum level of flexibility, a number of respondents highlighted that five student places were too few to meet the policy aim of allowing popular institutions to grow, and in some cases might not successfully reduce caution in recruitment due to institutions wishing to avoid exceeding the level of their SNC allocation. An increase of five students was considered to be insufficient to start a new course.

41. These arguments were well made, and we judge that a change in our approach is needed. We understand these concerns that five students generally do not offer enough flexibility to allow smaller institutions to grow through offering additional programmes or other provision. We have therefore decided that the flexibility available to institutions from 2014-15 will be a minimum of 12 places, or 3 per cent, whichever is larger. This will provide smaller providers with more realistic capacity to start a new course, while ensuring that we do not expose the student support budget to unmanageable risk. If the 3 per cent level changes following future direction from BIS, this minimum level of flexibility will be adjusted accordingly.

42. We will allocate these additional places without making reductions to other institutions' SNC allocations, as we did when providing the flexibility for 2013-14. This method increases the risk to the student support budget, however, and will be kept under review. Institutions should be aware that the extent to which we allocate above the numbers planned for in the Government's

spending review assumptions may need to be reduced in future years, if the risk of excess costs to Government increases.

Use of the 'protected core' (minimal change to proposals)

43. Some respondents were concerned that HEFCE's policy of providing a protected core allocation to some institutions was not in the student interest if these places were not utilised by institutions.

44. The protected core is intended to ensure that institutions have sufficient numbers in their SNC allocation to recruit in a similar way as before the current SNC policy; for example, on the basis of contextual factors, or high-grade qualifications not covered by the exemptions list. The places allocated to institutions who qualify for the protected core have not been re-allocated from other institutions; they represent a further allocation of student numbers above the levels planned for in the Government's spending review assumptions by HEFCE to protect the student interest. While it is not in the student interest for places to remain unfilled in the sector, other institutions have not been disadvantaged in their SNC allocations by HEFCE's provision of the protected core.

45. We will continue to review the use of the protected core by institutions; we will speak to institutions allocated a protected core if it remains unused in consecutive years, with a view to reducing it if appropriate. Since these places have been over-allocated, however, it should not be assumed that such reductions will increase the number of places redistributed within the sector.

46. Some feedback from the consultation highlighted a potential misunderstanding of the purpose of the protected core, with some respondents seeing it as a way for HEFCE to protect certain types of institution. This is not the intention: the purpose of the protected core is to protect students and ensure sufficient places at all institutions for fair admissions. To ensure clarity as to the purpose of the allocation, we will in future refer to the allocation as '**fair-access protection**'.

Opportunity to recover (no change from proposals)

47. Some respondents felt that the proposed recovery mechanism (additional flexibility for one year following a reduction to an institution's SNC allocation) should be extended for a longer period. Some felt that the flexibility mechanism would encourage short-term portfolio management that would not be in the interests of students, and that the annual approaches could have an impact on curriculum innovation.

48. We believe that allowing a longer period as standard for recovery would impact the redistribution of numbers from less to more popular institutions. The policy aim is to aid student choice by allowing popular institutions to grow, and an argument could be made that innovation will be equally constrained if popular institutions are not given adequate opportunities to capitalise on demand. We note that the recruitment cycle is longer than a year, and that with the recovery mechanism it will actually be two years before any significant reductions in the SNC allocation would be applied. The recovery mechanism is designed to help institutions who may experience a temporary fall in demand, not to compensate for longer-term demand issues.

49. The approach of automatically offering a longer period of recovery would inhibit growth in unaffected institutions, without evidence that the institutions holding places for recovery purposes would rectify their position. As noted previously, it is not in the student interest for places to remain with institutions where there is no longer demand from students to fill them.

50. We noted in the consultation that we would continue to operate a process through which institutions would be able to appeal their provisional SNC allocation each year. We consider this a more pragmatic approach, as it enables us to consider reasoned and evidence-based cases from institutions that believe there are exceptional, specific circumstances justifying a recovery allocation for a period longer than a year.

Publicly funded providers of higher education that do not currently have a relationship with HEFCE

51. This section did not make specific proposals. The main issue of concern arising from the consultation related to new entrants, and a clear preference was expressed which we plan to follow provided we receive no government guidance to the contrary. It should be noted also that some feedback received through the consultation process highlighted the misunderstanding that this proposal related to allocating places to alternative (also known as private) providers of higher education. We reiterate that this is not the case: these providers are subject to processes overseen by BIS⁶. HEFCE was not consulting on allocating places to alternative providers.

52. Most respondents believed that there should not be a pro-rata reduction in numbers across the sector to free up places for these new publicly funded providers. We therefore plan to operate a system of redistributing places removed from other institutions through the flexibility mechanism, while requiring new providers to submit evidence of both the quality of their provision, and evidence of student demand as part of an application process to become HEFCE-funded and to receive a student number control. This will serve both the student interest and the flexibility mechanism's policy aim of offering more places to institutions with demand from students.

53. To mitigate the risk that all the places being redistributed will be allocated to institutions entering the sector, the number of places that can be applied for will be capped. We anticipate running the first application process in spring 2014, to inform allocations for 2015-16.

54. Institutions entering through this application process will be subject to all of the same conditions as existing institutions, including for example the requirements to provide data returns and Key Information Sets, and to subscribe to the Quality Assurance Agency.

Exempting certain combinations of qualification types from student number controls (no change to key proposals)

55. No changes were made to the key proposals in this area, but the advice we received on related matters will inform our future decision-making.

56. Four key themes emerged from the feedback on the proposal for exempting certain combinations of qualification types. These were as follows.

- a. Concerns about the implementation of the exemptions list, and particularly about identifying exempt students.
- b. The potential for including qualifications from other EU states.

⁶ See 'Alternative providers: Specific course designation – guidance for providers', available online at <https://www.gov.uk/government/publications/alternative-providers-specific-course-designation-guidance-for-applicants>

- c. Concerns about the centrality of A-levels in the policy, and a preference for using an agreed tariff system to determine equivalences.
- d. The ability of specialist institutions to opt out of the high-grades policy.

Implementation and identifying students

57. A significant number of responses focused on the complexity of the current exemptions list, and the greater complexity that further change would bring. A particular issue was that institutions need to identify exempt students for their data returns based on available data about their past qualifications, which is not always a straightforward process.

58. We recognise the concerns that institutions have, and are sensitive to their issues regarding identifying exempt students; we are keen to assist the sector where we can. That said, we would emphasise that there is a need for institutions to adapt their systems to allow for the longer-term implementation of this policy, and many have already done so.

59. To make the exemptions list more accessible, we will produce single-page summaries for each qualification covered by the exemptions list, detailing the range of grade requirements for each qualification (and exempted combinations). We will also produce an Excel workbook for stakeholders detailing the full range of qualifications and grades that can be easily filtered in order to display the required information. This gives interested stakeholders a better understanding of the qualifications and grades that will exempt a student, without consulting the full exemptions list which is aimed at admissions and planning officers in institutions.

60. Some respondents felt that it would be helpful for HEFCE to make available more of the data used to estimate the number of students likely to be exempt. We are actively investigating which additional data we can provide to institutions, including liaising with the external stakeholders whose data we use in our calculations, with a view to releasing more in future.

61. A number of respondents expressed a view that the most helpful outcome for them would be for UCAS to identify exempt students and flag them to institutions at the points of application and confirmation. We have informed UCAS, which will feed this information into its discussions with HE providers about the priorities for improvements to the admissions process.

Qualifications from other EU states

62. Some respondents suggested that we should consider exempting students with high-grade qualifications from other EU states. The consultation proposals stated our position that institutions should have sufficient places available within their SNC allocation to admit students holding such qualifications, including those with high grades. If they consider that they do not, all institutions have the ability to appeal their allocations.

63. A particular challenge is the lack of agreed equivalences between EU qualifications and their grades, and the lack of available data on the number of these qualifications held by students at universities and colleges in England. Both of these are important factors, as making appropriate reductions to institutions' SNC allocations with due regard to risk to the student support budget entails accurately estimating the number of exempt students likely to enter higher education. Being able to identify the students and population size does not in itself mean that the level of risk involved in exempting such students would be acceptable.

64. Our view (particularly noting other feedback concerning the complexity of implementing the current exemptions list) remains that no mechanism could allow us to implement such a change

in the short term. We will however remain in regular dialogue with organisations over developments that may help towards this, particularly with the UK National Recognition Information Centre, and with UCAS over the planned developments to its tariff system.

65. To address the lack of data, we will consider requiring information on EU qualification breakdowns in the Higher Education Statistics Agency record, although the earliest such a change could be introduced would be for the 2015-16 return. This in itself would give us only one year of data to base assumptions on, meaning the earliest exemptions based on this data could apply would be the 2017-18 academic year. In the meantime we will continue to monitor the acceptance rates of EU students, to ensure there is no evidence of their being disadvantaged by this policy.

Preference for an agreed tariff system, and the centrality of A-levels to the policy

66. A number of responses expressed a preference for an agreed tariff system that would allow easy comparison between qualifications and grades, including those taken by students in combination. Most acknowledged and agreed with the consultation's assertion that such a tariff does not presently exist, and that it is likely to be outside HEFCE's remit to create one.

67. As with the matter of EU qualifications, there is no short-term solution to this situation. We will continue to work closely with UCAS as it develops the new tariff, and to consider whether this might form the future basis for the exemptions list.

68. Additionally, some respondents felt that using the A-level as the central qualification favoured certain student groups, particular the more traditional, young entrant, and that we should therefore consider other qualifications (particularly BTECs) when determining equivalences between qualifications taken in combination. The use of A-levels as a key criterion in exempting a limited number of combinations of qualifications reflects our analysis, which suggests that the majority of students entering higher education holding a combination of qualifications do so holding an A-level and one other qualification. The centrality of the A-level is a key aspect of our attempt to ensure that our approach is workable and that the exemptions list is expanded in a pragmatic manner.

69. We do not propose revisiting the A-level criterion at this time, but we will closely monitor the potential impact on mature students, and students applying to higher education through less traditional routes. We reiterate that the SNC allocation and the new flexibility mechanism should provide sufficient places for institutions to recruit students holding other combinations of qualifications.

Opt-out for specialist institutions

70. Specialist institutions in the performing and creative arts which recruit primarily on the basis of audition or portfolio were permitted to opt-out of the high grades policy. This means that all students recruited by these institutions count towards their SNC allocations, but that these allocations have not been reduced based on the number of students holding high-grades qualifications. A number of specialist institutions asked in their consultation responses whether this opt-out, which was for a period of three years from 2012-13, would be extended.

71. The opt-out period currently runs until 2015-16, to cover that of the Government's spending review assumptions. We will review the opt-out towards the end of that time, with a view to making decisions for 2016-17 onward. Specialist institutions cannot opt out of the flexibility mechanism, which will apply to them as to all other institutions. This means that specialist

institutions may see changes to their student number control allocations from 2014-15 onwards, based on their recruitment in 2013-14.

General points raised

72. A number of points were raised generally that relate to all of the proposals made within the consultation and the advice we received on related matters will inform our future decision-making. These can broadly be classified as the need to monitor the impact on particular student groups and demographics, the timing of changes in relation to the student number control allocation and the associated notification to institutions, and the need for the policies to be communicated widely, to ensure that a broad range of stakeholders understand what is being implemented and that any misconceptions and misunderstandings are addressed. A concern was also raised that universities and colleges might use the flexibility mechanism to increase their recruitment beyond reasonable capacity, which might result in more students 'dropping out', and decreases in the quality of provision.

73. Finally, despite general support for the proposals, there was also an overriding sense from respondents that they would like to see a level of stability introduced into the system. This would ideally mean that any policies implemented are maintained for a number of years, to create a less volatile and unpredictable environment for institutional planning.

Next steps

Communications with the sector and all relevant stakeholders

74. Following the publication of the outcomes of the consultation we want to ensure that the higher education sector, the school and college sector, students and relevant stakeholders understand what has been decided and the rationale for introducing certain changes. We also want to ensure that stakeholders understand the full operational implications of the approach taken. We will use our communications channels systematically to ensure a good level of awareness about the outcomes of the consultation. We will be asking HEFCE Directors, stakeholder relationship managers, institutional teams and others to talk about the consultation outcomes in the course of their routine meetings and presentations including those with Government.

75. Throughout this consultation process we have continued to identify new stakeholders in the school and college sector with a specific interest in the high-grades policy. As the policy was designed to introduce dynamism that would enhance student choice, we feel that our communications with schools and colleges are very important. We will be working hard to ensure that the changes to student number control policy are communicated clearly to the broad range of stakeholders, in a way that can be understood by potential applicants, their parents and advisors and schools.

Monitoring of any adverse impacts of the mechanisms being introduced

76. We will continue to monitor the broader impact of the mechanism for flexibility (for example, whether provision is lacking in any region, impacting on students who are unable to move away from home to access higher education). We will engage with the sector to ensure that any adverse impacts of the mechanisms are recognised and mitigated as far as possible. We will specifically be monitoring any changes to regional mobility and to the type of subjects taught in England as a result of the reforms, through our broader work assessing the impact of

the 2012 changes. We will be monitoring key datasets, such as participation in higher education from low-participation neighbourhoods and data from UCAS, to understand whether these policies are impacting differentially on specific groups of people. We will continue to work closely with BIS to inform it of any changes to the provision being delivered across England.

77. We will regularly review the exemptions list and any emerging qualifications, and continue to convene a High-Grades Policy Working Group to provide feedback and advice on implementing the high grades policy. We will continue to develop our relationship with key school associations, which will help us to monitor any change to the policies for the education of 14- to 19-year-olds, and how these may interact with the high-grades policy.

78. We will also continue to monitor closely the quality of provision and student experience in institutions, particularly through data such as the National Student Survey, through the QAA Concerns scheme and in discussions with institutions themselves. If we believe in future that institutions are not meeting expectations for quality and retention as a consequence of our policies, we may consider adapting the mechanism to take such considerations into account. We would provide advance notification and guidance to the sector prior to any such change.

Notification of student number control allocations

79. We are aware that the timing of student number control allocations comes late in the admissions cycle, and institutions have drawn our attention to this particular concern. Unfortunately we are not in a position to bring this announcement forward, particularly since Government informs us of our budget and overall student number allocations on an annual basis in the light of recruitment levels across the sector. We will however endeavour to release early indications of recruitment and implications at a sector level in December 2013.