

## HEFCE 2013/20 Student number controls for publicly funded higher education providers: Outcomes of consultation on arrangements for 2014-15 onwards

### Annex A: Analysis of responses to consultation

1. This is a detailed analysis of responses to 'Student number controls: Consultation on arrangements for 2014-15 onwards' (HEFCE 2013/10), and the considerations by HEFCE that have informed the decisions taken by the HEFCE Board.
2. We have read, recorded, and analysed the views of every response to this consultation in a consistent manner. In some instances, similar arguments and views were expressed but across a range of questions – there is therefore some significant overlap in the analysis of individual questions and the HEFCE response. For reasons of practicality, a fair and balanced summary of responses rather than the individual responses themselves has informed any decision made. In most cases the merit of the arguments has been given more weight than the number of times the same point is made. Responses from organisations or representative bodies which have high relevance to or interest in the area under consultation, or a high likelihood of being impacted by the proposals, have carried more weight than those with little or none.

#### Consultation questions

##### Section 1: Student number control flexibility

Question 1: Do you agree with our proposed approach to offering ongoing flexibility and some increase to the student number control allocation for those institutions demonstrating strong demand?

Question 2: For institutions whose SNC allocation has been reduced, should we offer a) only a degree of flexibility equivalent to that provided to those that have not had their allocations reduced, or b) as we have proposed, the potential of further flexibility for one year that provides a greater opportunity to recover?

Question 3: Do you agree that the proposed characteristics of an approach to flexibility will meet the needs of those institutions that wish to grow, while appropriately protecting others from volatile changes in student number control allocations?

Question 4: Will the proposed approach offer students more choice while also protecting the student support budget?

Question 5: Can you envisage any unintended or undesirable consequences of the proposed approach?

Question 6: Do you have any comments on the proposed methods for publicly funded institutions who wish to enter into a relationship with HEFCE so that their students are able to receive student support from 2015-16 and beyond?

##### Section 2: Exempting certain combinations of qualification types from student number controls

Question 7: Do you agree that the key requirements we have set out are reasonable? Are there other key requirements that you think we should take into consideration?

Question 8: In Table 1 we have set out a number of options for exempting combinations of qualifications from the student number control which we do not believe are viable. Do you agree that we should discount these options? Do you think there are other options that we should consider?

Question 9: We have set out proposed criteria in this section for exempting a limited number of the most common combinations of qualification types from student number controls. Do have any comments on the proposed criteria? Do you have any comments on the approach in general?

Question 10: Do you have any further suggestions for additional or different criteria for excluding combinations of qualifications?

Question 11: Do you have any comments on our proposed approach for implementing a change to the exemptions list? Are there other aspects which we should consider?

Question 12: Do you consider that there are any equality considerations we have not taken into account? Does the proposed approach require an institution either to disadvantage a particular group of students, or prevent steps being taken to assist a particular group? If so, which group(s), and how may the approach be modified to reduce these effects?

## Summary of responses to quantitative response questions

**Table 1: Summary of number of responses by respondent type**

Respondent type	Number of responses
Higher education institution (HEI)	98
Further education college (FEC)	46
Individual	3
Other provider of higher education	2
Other organisation	23
TOTAL	172

**Table 2: Summary of responses to Question 1 by respondent type**

<i>Do you agree with our proposed approach to offering ongoing flexibility and some increase to the student number control allocation for those institutions demonstrating strong demand?</i>		
Respondent type	Response	Number of responses
HEI	Strongly agree	14
HEI	Agree	64
HEI	Neither agree or disagree	9
HEI	Disagree	8

HEI	Strongly disagree	1
FEC	Strongly agree	10
FEC	Agree	26
FEC	Neither agree or disagree	4
FEC	Disagree	4
FEC	Strongly disagree	1
Others	Strongly agree	4
Others	Agree	15
Others	Neither agree or disagree	5
Others	Disagree	1
Others	Strongly disagree	1

**Table 3: Summary of responses to Question 2 by respondent type**

<i>For institutions whose SNC allocation has been reduced, should we offer a) only a degree of flexibility equivalent to that provided to those that have not had their allocations reduced, or b) as we have proposed, the potential of further flexibility for one year that provides a greater opportunity to recover?</i>		
<b>Respondent type</b>	<b>Response</b>	<b>Number of responses</b>
HEI	Only standard flexibility	4
HEI	Standard and an opportunity to recover	91
FEC	Only standard flexibility	1
FEC	Standard and an opportunity to recover	43
Others	Only standard flexibility	0
Others	Standard and an opportunity to recover	20

**Table 4: Summary of responses to Question 3 by respondent type**

<i>Do you agree that the proposed characteristics of an approach to flexibility will meet the needs of those institutions that wish to grow, while appropriately protecting others from volatile changes in student number control allocations?</i>		
<b>Respondent type</b>	<b>Response</b>	<b>Number of responses</b>
HEI	Strongly agree	4

HEI	Agree	44
HEI	Neither agree or disagree	31
HEI	Disagree	13
HEI	Strongly disagree	4
FEC	Strongly agree	6
FEC	Agree	17
FEC	Neither agree or disagree	10
FEC	Disagree	10
FEC	Strongly disagree	2
Others	Strongly agree	1
Others	Agree	12
Others	Neither agree or disagree	8
Others	Disagree	1
Others	Strongly disagree	0

**Table 5: Summary of responses to Question 4 by respondent type**

<i>Will the proposed approach offer students more choice while also protecting the student support budget?</i>		
<b>Respondent type</b>	<b>Response</b>	<b>Number of responses</b>
HEI	Yes	23
HEI	No	22
HEI	Unsure	51
FEC	Yes	17
FEC	No	7
FEC	Unsure	22
Others	Yes	11
Others	No	3
Others	Unsure	10

**Table 6: Summary of responses to Question 7 by respondent type**

<i>Do you agree that the key requirements we have set out are reasonable? Are there other key requirements that you think we should take into consideration?</i>		
<b>Respondent type</b>	<b>Response</b>	<b>Number of responses</b>
HEI	Strongly agree	22
HEI	Agree	121
HEI	Neither agree or disagree	13
HEI	Disagree	6
HEI	Strongly disagree	0
FEC	Strongly agree	5
FEC	Agree	33
FEC	Neither agree or disagree	4
FEC	Disagree	1
FEC	Strongly disagree	0
Others	Strongly agree	7
Others	Agree	11
Others	Neither agree or disagree	2
Others	Disagree	1
Others	Strongly disagree	0

**Table 7: Summary of responses to Question 8 by respondent type**

<i>In Table 1 we have set out a number of options for exempting combinations of qualifications from the student number control which we do not believe are viable. Do you agree that we should discount these options? Do you think there are other options that we should consider?</i>		
<b>Respondent type</b>	<b>Response</b>	<b>Number of responses</b>
HEI	Strongly agree	12
HEI	Agree	69
HEI	Neither agree or disagree	11
HEI	Disagree	2

HEI	Strongly disagree	0
FEC	Strongly agree	4
FEC	Agree	23
FEC	Neither agree or disagree	12
FEC	Disagree	3
FEC	Strongly disagree	0
Others	Strongly agree	5
Others	Agree	11
Others	Neither agree or disagree	3
Others	Disagree	0
Others	Strongly disagree	1

## Section 1: Student number control flexibility

### Question 1

**Do you agree with our proposed approach to offering ongoing flexibility and some increase to the student number control allocation for those institutions demonstrating strong demand?**

3. The vast majority (79 per cent) of respondents supported the proposed approach to offering ongoing flexibility and to providing some increase to the student number control (SNC) allocation for those institutions demonstrating strong demand. In particular, a number of respondents supporting the approach commented that the proposals would facilitate growth without having too great a destabilising effect, and that the flexibility range would be helpful to institutions that had been overly cautious in recruitment in previous years due to concerns about a grant reduction.
4. Among those strongly agreeing, a small number of respondents indicated that such flexibility would provide institutions with sufficient leeway to recruit students holding qualifications with grades that are not included on the exemptions list, including those applying with EU qualifications, and to provide contextual offers. A number of respondents were clear that any growth in the sector should not come at the expense of the quality of the provision delivered.
5. There was an overriding sense from several respondents that they would like to see a level of stability introduced to the policy environment. This would ideally mean that any policies implemented would be maintained for a number of years, to create a less volatile and unpredictable environment for institutional planning. There was a particular concern about the stability of the population that would be controlled, and that the lower numbers of students than expected achieving AAB at A-level or equivalent in 2012-13 (which left many institutions short of their recruitment targets) might re-occur in 2013-4. The concern was that this could ultimately reduce choice for students, as more than expected would fall within the SNC population. A small number of respondents felt that the proposals outlined could lead to a short-term approach and

that institutions should bear in mind the need to uphold the interests of students if the proposals were implemented.

6. A number of reasons for disagreement were expressed by those who disagreed or were neutral. A small number of respondents disagreed with the formula for calculating the flexibility range: a particular concern was that the baseline for calculating the top of the flexibility range would be based upon the total recruitment at that institution including the exempt (ABB+) population. Some respondents considered that institutions that recruit a large proportion of exempt students are already in a more favourable position to expand their overall population, and that places might be reallocated to these institutions which they subsequently would not need or use. The concern was that this approach might ultimately limit student choice.

7. A small number of respondents suggested that institutions might use the flexibility mechanism to expand their student numbers aggressively, at the expense of quality of provision. In particular, respondents were concerned that institutions might recruit students as a means of increasing revenue, which could result in a decrease in retention due to unsatisfied students.

8. A small number of respondents were concerned that the one year set aside as an opportunity for institutions recruiting below the flexibility range to recover was quite a short period. In particular, respondents felt that poor recruitment in one year might not always be related to lack of quality or popularity of provision, but might reflect unexpected issues with an impact lasting longer than a year.

9. A small number of respondents were concerned that the proposals outlined in the consultation might result in disproportionate shifts in allocations that could weaken provision within certain regions of England. In particular, there was a view that some areas might be at greater risk, such as large rural areas or regions containing few higher education (HE) providers. The fear was that any significant reduction in allocations to certain providers in such areas could result in a significant decline in HE options for students who needed to remain in those areas. In addition, a couple of respondents were concerned that a similar issue might arise in certain subject areas, as institutions continued to recruit to their most popular courses at the expense of others.

10. A small number of respondents felt that the flexibility of 3 per cent or a minimum of five students allocated to universities and colleges in 2013-14 would allow only minimal expansion. A particular concern was that such a minimal expansion would not be sufficient to allow a small provider to launch a new course or be able to respond to the demands of local industry.

11. A small minority of respondents were concerned about the annual announcement of the SNC allocations. Their opinion was that under the current arrangements the recruitment process is increasingly challenging to manage, requiring ever more complex analysis to model and implement. In particular, a number of institutions felt that the notification of allocations occurred at too late a stage in the application cycle. This made managing the process more challenging for universities, and could make it difficult to respond to opportunities for marginal growth. In addition, a small number of respondents suggested that it would make planning easier if HEFCE were to share the data it has access to National Pupil Database and Individualised Learner Record data with institutions.

12. A small number of institutions were keen to see the protected core maintained, as this would ensure that all institutions had sufficient leeway to offer fair access to all students.

However, this was tempered by a handful of respondents who felt that institutions that do not use their protected core allocation should see these reduced in future years.

13. A small minority of respondents indicated that although they were broadly happy with the proposals outlined for the flexibility mechanism, they would still appreciate an opportunity to bid for extra numbers to allow 'step change' growth. A handful of respondents felt that the proposals would only allow for marginal year-on-year growth, as opposed to significant change that would enable them to respond positively to local needs and demands.

14. A final point made was that under-recruitment does not necessarily equate to lack of demand: institutions may choose to hold a particular tariff as a minimum requirement for entry, and hence admit fewer students to their institution. It was suggested that it would be unfair and unjust – as well as counter to our policy aims – to reward institutions that expand by dropping entry tariffs to exceptionally low levels, while penalising those that take a strategic decision on student quality.

#### HEFCE response

In view of the majority support that we received in response to this proposal, we intend to proceed with the approach as proposed: to offer ongoing flexibility and some increase to the student number control for those institutions demonstrating strong demand, subject to overall sector recruitment and guidance from the Department for Business, Innovation and Skills (BIS).

We note the concern raised by some respondents that the use of total recruitment levels to determine the flexibility for institutions perhaps benefits those institutions with a larger proportion of students exempt from the student number control, and that this may result in places being allocated to these institutions that are subsequently not utilised.

We intend to continue to calculate flexibility on the basis of total recruitment. We do not believe that there is sufficient strength to the argument to change our position, and re-emphasise that the top of the flexibility range is a maximum and not a target. HEFCE has always set SNC allocations such that, if all institutions filled the available places, the sector would exceed the numbers in the Government's spending review assumptions. This approach acts in the collective student interest as, in the past, institutions were likely to be prudent in ensuring that they recruited under their SNC allocation. The approach proposed is sensitive to the size of institution and benefits all institutions, not just the most selective. It also enables us to ensure that all institutions have capacity with the student number control to offer fair access to all applicants, regardless of whether their qualifications are exempt from the SNC, and to make decisions solely on the basis of academic merit. We emphasise that the Government priority is to ensure that student numbers follow student choice and student demand.

In developing our proposals we have been aware that an institution may recruit beneath its SNC allocation but still increase its overall population by recruiting of students who are exempt from the SNC. In such circumstances the SNC allocation would be reduced in line with the proposals outlined in the consultation. If an institution's overall recruitment does grow, the flexibility that grows with it will continue to serve as an active mechanism by which institutions can maintain fair access.

Some respondents raised concerns that institutions allocated a small number of additional places



through the protected core may not be using them accordingly, potentially meaning that these places remain unused. We intend to continue to provide highly selective institutions with adequate places within their student number control that they can recruit based on contextual data, or among students holding qualifications not covered by the exemptions list. We intend to rename this allocation '**fair-access protection**'.

The numbers set aside for fair-access protection are not allocated by a means of redistribution from those that have under recruited. They are additional numbers to the system, provided at a risk to HEFCE. However, alongside the introduction of the flexibility mechanism we intend to monitor the use of the fair-access protection allocation, and discuss with institutions when we see this allocation consistently not being used, with a view to removing numbers in future years when appropriate. Any changes to the fair-access protection will be undertaken in full discussion with the institution concerned. In future, the flexibility mechanism may remove the requirement for HEFCE to provide an additional fair-access protection, but we will need to monitor this carefully before making any change in policy.

In response to the concerns raised about the current minimum level of flexibility for smaller institutions, and specifically that such a small number is insufficient to allow any real change in growth (five places would not be sufficient capacity to start a new course, for example), we will look to increase the minimum level of flexibility for smaller providers to 3 per cent or 12 places, whichever is the larger. The extent to which we can deliver this will depend on the overall level of standard flexibility available. For example, if sector recruitment means that standard flexibility is set at a lower percentage, the minimum level of flexibility for smaller providers will be reduced accordingly.

We take seriously the concerns that the mechanism being proposed may have a detrimental impact on certain regions – for example, a lack of provision which may impact on students who are unable to move away from home to access higher education. We will monitor the overall impacts of the mechanisms that we introduce, and will engage with the sector to ensure that any adverse impacts are recognised and mitigated as far as possible. We will specifically be monitoring any changes to regional mobility in England as a result of the reforms, through our broader work on the impact of the 2012 changes. We will continue to work closely with BIS to inform it of any changes that may be happening to the provision being delivered throughout England.

We fully recognise institutions' concerns that the timing of student number control allocations comes late in the admissions cycle. We are not in a position to bring this announcement forward, however, particularly since Government informs us of our budget and overall student number allocations on an annual basis in light of recruitment levels across the sector. We will nevertheless endeavour to release early indications of recruitment and implications at a sector level as soon as possible following the submissions of Higher Education Students: Early Statistics and Higher Education in Further Education: Students survey data in December 2013.

HEFCE will be releasing data and technical guidance for each institution by 16 September 2013, which will provide modelling for each institution of the proportion of its students who will become newly exempt for 2014-15. We will also be providing a web facility output that enables institutions to establish how we intend to use their HESA and ILR data to inform 2014-15 student number control setting in January 2014.

We are continuing to explore with the Department for Education as to whether we may share

detailed National Pupil Database data with institutions, and will continue to keep universities and colleges updated on any additional data that we may be able to release in due course.

## Question 2

**For institutions whose SNC allocation has been reduced, should we offer a) only a degree of flexibility equivalent to that provided to those that have not had their allocations reduced, or b) as we have proposed, the potential of further flexibility for one year that provides a greater opportunity to recover?**

15. The vast majority of respondents supported the proposed approach to offering additional flexibility for a year to provide a greater opportunity for recovery after a reduction to the SNC allocation. The proposal was considered appropriate given the current dynamism in the market, recognising the potential for temporary and uncharacteristic fluctuations in demand and factors outside of institutional control. In general, it was felt that the proposal should help to protect the financial stability of institutions and safeguard the student interest.

16. In support of the proposal, a small minority of respondents commented that a recovery mechanism would be particularly necessary for further education colleges (FECs) and other small or specialist institutions, where fluctuations in employer demand can have a proportionally higher impact and small numbers make year-to-year volatility more likely. In addition, two higher education institutions (HEIs) commented that a recovery mechanism would be particularly important for the most selective institutions, to ensure that recruitment of 'widening participation' students could be maintained.

17. Also in support of the proposal, a sizeable minority of respondents commented that to achieve dynamism and reflect student choice, the recovery mechanism should be offered for one year only, as proposed. One commented that exceptional circumstances inhibiting quick recovery could be dealt with through an appeals process.

18. Some possible negative effects of the policy were raised. Two respondents commented that a one-year recovery mechanism could encourage short-term reactive portfolio management which might not be in the interest of students. Two commented on the possible negative impact on the recruitment of 'widening participation' students under the new fee and funding regime and following the recent spending review, and suggested that adequate protection should be put in place. One respondent commented on a possible negative impact on strategically important and vulnerable subject (SIVS) provision, arising from expansion of more popular subject areas.

19. A small minority of respondents preferred option a), whereby the flexibility offered would be equivalent to that provided for those that have not had their allocations reduced. These respondents commented that this approach would be simpler, reduce the risk to the student support budget and offer (perhaps in conjunction with an appeals process) sufficient flexibility for recovery.

20. Conversely to the views detailed in paragraph 14, a sizeable minority of respondents commented that the proposed recovery mechanism should be extended to perhaps two or three years following any reduction to the student number control allocation. This argument was made largely on the grounds that the institutional recruitment cycle is longer than a year, and an extended recovery period would therefore be required to provide a realistic timeframe for action.

21. Within the respondents in support of an extended recovery period, some argued that this would be particularly necessary for FECs or other smaller institutions. At these institutions, the recruitment cycle typically happens later in the academic year, there may be a narrower curriculum restricting options for recovery, and cash reserves may be more modest. Many such institutions are working to manage a loss of franchised provision, with limited scope to increase recruitment among exempt students. Provision is typically employer-led and skills-based, attracting mature students and those from disadvantaged backgrounds, and therefore demand is inevitably more volatile. Colleges seeking to widen participation receive less benefit from increased fees (after fees waivers and so on) compared with larger HEIs, and the shorter average course length means that the impact of the new fee and funding regime will be felt sooner. One HEI commented that institutions awarded places through the core and margin process should be excluded from reductions, or be given extended leniency to recover to allow time for the policy to be properly established.

22. Two FECs and one HEI commented that the size of the flexibility range should be calculated in proportion to the SNC allocation, and not total adjusted recruitment. The two FECs argued that the latter method would disadvantage FECs, granting them more limited opportunity for growth. The HEI argued that this method could be used to create 'headroom' in a system with an extended period of recovery beyond one year.

23. A small number of respondents (three HEIs and two 'Other organisations') commented that the timing of the communication of the SNC, flexibility range and opportunity for recovery should be transparent, and carefully scheduled in line with the institutional recruitment cycle so institutions could plan and respond accordingly. One other HEI commented on the language to describe the arrangements, and suggested that 'opportunity to partially recover' was a more accurate phrase.

24. A small number of respondents (two FECs and three HEIs) requested that institutions be given an opportunity to justify and explain any under-recruitment before reductions were implemented. Another HEI conversely suggested that additional flexibility for recovery should be offered on the basis of exceptional individual circumstances only, and that an appeals process be implemented to this end.

25. Two respondents commented that HEFCE could make use of trend data to inform decisions about student number control allocations as part of the main calculation or appeals process, thus ensuring that decisions were taken on a solid evidence base and in line with student choice.

26. Several respondents commented on the monitoring arrangements for the proposals: one suggested that the additional flexibility should be offered only if there was evidence that the numbers were being used, otherwise they would be better allocated to strongly recruiting institutions. One respondent commented that HEFCE should carefully monitor the impact of the policy on financial sustainability within the sector.

27. Other suggestions made by single respondents include:

- an opt-out mechanism for institutions not wanting to recover numbers, to enable them to be better allocated elsewhere
- a model focusing on student completion rather than recruitment

- a grace period before reductions to student number control allocations were implemented, for colleges new to HEFCE funding
- monitoring recruitment for two years, before implementing reductions to student number control allocations only for persistent and significant under-recruitment
- investigating a 'rolling average' approach to recruitment against the student number control allocation.

#### HEFCE response

Given the overwhelming support for implementing a recovery mechanism for one year, we intend to proceed with this option. Respondents generally felt that this would help to mitigate significant changes stemming from an uncharacteristic drop in recruitment. We note that a small number of respondents suggested that the recovery mechanism should be extended to two or three years to allow more time to recover. In the context of the proposed flexibility mechanism, we consider that this will not offer the dynamism sought by the Government through this policy, and may risk a significant number of places sitting unused in institutions. We will, however, consider any cases of extenuating institution-specific circumstances through our annual student number control appeals process, and will actively monitor the impact on individual institutions through regular discussions and interactions concerning institutional financial sustainability.

We are also keen to monitor any changes in regional and subject provision as a result of this policy, as part of our broader work looking at the impact of the reforms across the sector and of our SIVS policy. As stated in the consultation document, there may well be occasions when we are asked by Government to take a different approach to the flexibility mechanism, and indeed to any pro-rata reductions that we may be asked to make, for example to protect certain subject groups or to reflect other factors such as location.

For the timing of the announcement of student number control allocations, see our response to **Question 1**.

#### **Question 3**

**Do you agree that the proposed characteristics of an approach to flexibility will meet the needs of those institutions that wish to grow, while appropriately protecting others from volatile changes in student number control allocations?**

28. A majority of respondents agreed with the proposed characteristics of our approach to flexibility, with a significant minority neither agreeing or disagreeing and a small minority disagreeing with the approach. A slightly larger proportion of further education colleges than higher education institutions disagreed with the approach to flexibility.

29. A number of respondents commented that the approach struck the right balance and was an appropriate method to support institutional growth while protecting institutions from volatility.

30. A number of respondents focused on the flexibility for institutions to grow, particularly smaller institutions and further education colleges. Many believed that the minimum allocation of a minimum level of flexibility of five students would not be sufficient to support growth in such institutions, with several proposing that a limit of up to 15 would be more suitable to facilitate

growth. In addition, several responses proposed that growth should be increased beyond that envisaged in the proposals. One respondent suggested that a minimum of 20 full-time equivalents should be set per programme in order to provide institutions with the opportunity to expand.

31. This focus was not limited to respondents who agreed with the characteristics of our proposed approach, however. Many of the respondents who did not support the approach believed that the opportunity to grow would be constrained by the level of flexibility of 3 per cent, or a minimum of five places for small providers. A number wished to increase the proposed flexibility for growth to a higher percentage, although it was unclear what an acceptable increase would be.

32. Among those respondents who disagreed with the key characteristics, a substantive point was that our proposed mechanism would be based on total student recruitment and not solely on the previous year's student number control. Many respondents believed that this approach would benefit highly selective institutions who recruited a significant number of students exempt from the student number control. Of those who commented on this point, the majority highlighted the inclusion of students achieving high-grades in calculating the flexibility range. However, several respondents also commented that highly selective institutions would benefit from the protected core. One respondent proposed that institutions benefiting from a protected core should be required to account for their use of it, and demonstrate that they were meeting the Government's objectives on fair access.

33. Another area of contention was calculating the flexibility range annually. A number of respondents inferred that this would not be conducive to institutional long-term planning, or give sufficient protection from volatility. Several respondents proposed that the calculation should be made every three years to support longer-term planning for individual institutions.

34. Several respondents suggested that an unintended consequence of the mechanism's characteristics would be a negative impact on widening participation. One institution commented that the proposals might disadvantage institutions pursuing a widening participation agenda through advantaging the more selective institutions. Conversely, one respondent believed that the continuation of the protected core would benefit widening participation.

35. Several respondents also commented on the SNC allocation process, arguing that it needed to be reformed. They believed that the allocation announcement is made too late in the application cycle, with one respondent commenting that they would find it difficult to implement any change in their student numbers.

36. One respondent commented that the proposed mechanism would not take into account the diversity and distribution of higher education provision in England, and that these characteristics might change as a consequence. It was noted that the continued application of the creative specialist 'opt-out' is helpful for some providers, but not for all that contribute to the diversity of the sector.

37. Another respondent highlighted the current reforms taking place in A-level specifications, and their potential impact on the proposals. They contended that if the reform of A-levels resulted in fewer students achieving high grades in future years, this would have an impact on recruitment.

38. Finally, several institutions (some of whom supported the characteristics of the flexibility range while others did not) believed that institutions that did not wish to grow should be able to opt out of the growth mechanism, to avoid perverse consequences for the sector.

#### HEFCE response

We note that there is majority support for the proposed flexibility system, and are pleased to see that a number of respondents believe we have struck the right balance between protecting institutions from volatility and offering a mechanism for supporting growth. However, we also note a number of challenges and alternative suggestions.

We note the suggestion that institutions not wishing to grow should be given an opportunity to decline additional numbers. We will offer this opportunity to institutions as part of discussions following our provisional student number control announcement.

We will continue to monitor changes to education for 14- to 19-year-olds, and in particular will continue to develop our relationship with key stakeholders such as the Office of Qualifications and Examinations Regulation (Ofqual), school representative associations and our High-Grades Policy Working Group, to ensure that we are aware of any potential impact of changes on our estimate of the ABB+ population. This will require close working between BIS and the Department for Education (DfE) and we will continue to provide feedback to BIS on this issue.

We note that a number of respondents expressed concern at the annual calculation of the flexibility range, or a preference for calculation every three years to support strategic growth. We intend to continue to base this calculation on one year's recruitment data. In developing our proposals for the consultation, we considered whether the flexibility mechanism might operate on the basis of a rolling average over two or more years as opposed to a single year of data. We concluded that increasing the number of years' data considered would mean that the mechanism would not offer immediate benefits to institutions with strong recruitment patterns. We also believe that a multi-year calculation increases the complexity and potentially reduces the transparency of SNC allocations calculations. We believe that the opportunity to recover mitigates the risk of year-on-year volatility for institutions and the sector, by protecting institutions against any one-off changes in demand.

For the minimum level of flexibility for smaller institutions, the method of calculation of flexibility as it relates to our focus on supporting widening participation, and the timing of the announcement of student number control allocations, see our response to **Question 1**.

#### **Question 4**

##### **Will the proposed approach offer students more choice while also protecting the student support budget?**

39. The responses to this question were very mixed. Approximately half of all respondents were unsure whether or not the proposed approach would offer students more choice while also protecting the student support budget. Around a third answered 'Yes' in response to the question, and around one fifth answered 'No'.

40. Several respondents stated that it was too early to determine the outcome, with a great deal of uncertainty and too many variables making answering the question impossible. Respondents suggested that there had been a number of significant changes in policy over recent years, the impacts of which were not yet understood fully enough to predict the eventual outcome in terms of student choice, perception or behaviour. There were requests for a period of policy stability, to help reduce the volatility and uncertainty being experienced in the sector.

41. There was widespread agreement among respondents that the proposals would protect the student support budget, but significant disagreement as to whether students would be offered more choice. A number of respondents commented on the inherent tension and perhaps incompatibility between these two priorities. However, given the overarching need to protect the student support budget, many respondents acknowledged the proposals as appropriate.

42. The respondents who believed the proposals would offer students more choice ascribed this to the flexibility mechanism and resulting potential for popular institutions to grow, although some respondents noted that this growth would come at the expense of other institutions. Some respondents believed the proposals would provide students with greater opportunities to apply successfully to their chosen institution: more students should gain a place at their chosen institution as institutions became less cautious in making their offers. One respondent stated that this will enable their institution to increase the range of subjects it offers.

43. One respondent noted that the proposals could provide only a limited increase in student choice, as providing additional flexibility to institutions who recruit below their student number control could mean fewer numbers were distributed to those demonstrating strong demand. There could therefore be a time lag, while some institutions are offered a chance to recover before the numbers can be redistributed. Additionally, if the sector as a whole were to recruit well, popular institutions would not grow quickly, as incremental growth would only occur yearly.

44. One respondent noted a need to ensure that students were aware that more places would potentially be available at popular institutions, and that they might have a greater chance of successfully applying to their chosen institution. Communication of the policy and its outcomes as they develop will be extremely important for prospective students from all backgrounds to be aware of all the opportunities available to them.

45. Several respondents believed the proposals would offer more choice to students holding qualifications on the high-grades exemptions list who are also geographically mobile: if institutions who recruit high-grades students had the will and capacity to expand, there would be increased choice for these students. However, a small number of respondents believe this and increased aggressive marketing from some institutions may not be in the student interest, as over-expansion could reduce the quality of provision, negatively impacting on the student experience.

46. Of those respondents who said they were unsure, the majority did so because they believed that the proposals, while protecting the student support budget, would not mean that choice is enhanced for all prospective students. When considered in conjunction with those who answered that the proposals would not enhance choice, it can be seen that the majority of respondents overall do not believe the proposals will offer the **majority** of students more choice.

47. Several concerns were raised regarding the impact on widening participation and access, particularly at a local level. Respondents believe the proposals could limit student choice by

reducing the student number control allocations at institutions where particular subjects were taught or which recruited large numbers of widening participation and mature students. Such students might be unable to travel away from home for personal, family or financial reasons, and if their local HE institution were experiencing a reduction in its student number control allocation, their choices might be significantly reduced.

48. A number of respondents were concerned about a potential negative impact on HE provision at regional level. While there might be a substantial amount of provision in some urban areas which could withstand reductions in student number control allocations, in rural areas there could be a more significant impact. Rural areas with limited provision might see their student number control allocations substantially reduced, adversely affecting the type and diversity of provision and perhaps leading to some courses becoming unviable, ultimately resulting in potential institutional failure which would reduce student choice.

49. Concerns were also raised that student numbers might be redistributed away from institutions which were traditionally vocationally orientated or particularly active at recruiting widening participation students. Institutions given increases to their student number controls might not necessarily offer these places to widening participation students, reducing the choices available to these students.

50. A large number of respondents highlighted concerns about particular disciplines and subject areas which they considered internationally, nationally or locally strategically important. If a reduction in student number controls were to result in institutions rationalising their provision away from certain subject areas, this would not only adversely affect student choice, but could have negative consequences for UK HE and the UK's economic priorities. Respondents asked for this issue to be kept under close review.

51. A small number of respondents believed that the proposals might stifle innovation and curriculum development, as institutions became less inclined to launch cutting-edge new courses for fear of uncertain initial demand. These respondents believed that basing student number control allocations only on the previous year's data would be to take a short-term view of recruitment: they foresaw a risk that some programmes might be closed prematurely and the diversity of the sector reduced. Student choice could be limited as institutions opted for low-risk, high-demand, and high-volume provision. The UK HE sector is well known for its strength in diversity of provision, and some respondents felt that these proposals might put this reputation in jeopardy.

52. A small number of respondents believed that the proposals were weighted against smaller and perhaps specialist institutions, and could reduce student choice for those wishing to study at such institutions. Student number control allocations (even with a slight increase in flexibility) were felt by these respondents to be too rigid and not to allow for expansion of provision.

53. Two respondents believed that the protected core given to the most selective institutions should be abolished. They felt that such institutions already experience a significant amount of protection, as they recruit a high proportion of students from the uncontrolled population. One respondent requested that the unused numbers in the protected core be redistributed across the sector.

54. A small minority of respondents noted the annual uncertainty around their student number control allocations, and the difficulty this presented for planning purposes. Two respondents



asked for the announcements to be made earlier in the academic year, to give them more time to plan appropriately. A number of respondents also noted that the allocations are based on sector-wide recruitment, creating further uncertainty. Institutions recruiting within their flexibility range might find they were not allocated the level of increase they were expecting because of successful recruitment elsewhere in the sector.

55. A very small number of respondents observed that the student number control allocations would be based on historic data, potentially creating a time lag in places being redistributed to better meet student demand. One respondent suggested we should look at applications as well as recruitment to assess the level of demand for particular institutions. Another suggested we should observe each institution's recruitment over a longer period.

56. A few respondents noted the potential for exposure of the student support budget and reduction in student choice if the calculations used to estimate the number of students in the uncontrolled population were inaccurate. This was particularly pertinent given the proposed A-level reforms, which might lead to a change in levels of student attainment.

57. One respondent was concerned about the potential for unfilled places across the sector, particularly if some institutions chose not to utilise the full extent of their flexibility range. This could be detrimental for student choice. They requested that the possibility of an in-year transfer system for student numbers be explored.

58. Another respondent believed student choice was limited by the difficulties students experienced in transferring between institutions, for example at the end of a Level 4 qualification. This respondent suggested that students who were already studying and were dissatisfied with their course or institution, or whose personal circumstances meant they wished to transfer institution, should be excluded from the student number control. The mechanisms proposed to allow this were to include students who had completed Level 4 qualifications on the exemptions list, or to allow transferring students to be considered to be on an 'end-on' course. However, the respondent acknowledged that this could lead to destabilising behaviour whereby students entered one institution with the sole intention of transferring to another, oversubscribed institution after a year.

#### HEFCE response

We have received a wide range of views on this question, and thank respondents for raising particular concerns. We acknowledge the tension between controlling the student support budget and improving dynamism in the system. However, our aim is for the flexibility mechanism and other policy approaches to support both factors, including going some way towards improving choice for all students. HEFCE is committed to protecting the collective student interest, and will be closely monitoring any potential negative consequences of this policy. We will consider extenuating institution-specific circumstances within our annual student number control appeals process, and will actively monitor the impact on individual institutions and their students through our regular discussions and interactions on institutional financial sustainability.

As noted in our response to Question 1, we take seriously concerns that the proposed mechanism may have a detrimental impact on certain regions (for example a lack of provision which may impact on students who are unable to move away from home to access higher education), and will monitor the overall impacts of the mechanisms that we introduce. We will also engage with the

sector to ensure that any adverse impacts are recognised and mitigated as far as possible. We will specifically be monitoring any changes to regional mobility in England as a result of the reforms, through our broader work on the impact of the 2012 changes. We will continue to work closely with BIS to inform it of any changes to provision throughout England.

As expressed in our response to Question 2, we are keen to monitor any changes in subject provision as a result of this policy, as part of our broader work looking at the impact of the reforms across the sector and of our SIVS policy. As stated in the consultation document, there may well be occasions when we are asked by Government to take a different approach to the flexibility mechanism and indeed to any pro-rata reductions that we may be asked to make, for example to protect certain subject groups or to reflect other factors such as location.

We will work hard to ensure that the changes to student number control policy are communicated clearly to a broad range of stakeholders, in a way that can be understood by potential applicants, their parents and advisors and schools. We will continue to convene a High-Grades Policy Working Group to provide feedback and advice on implementing the high-grades policy, and are continuing to develop our relationship with key school associations, ensuring that the key messages are communicated to their partner schools.

For the protection provided to the most selective institutions to protect fair access and the minimum level of flexibility for smaller institutions, see our response to **Question 1**.

We take seriously the concern that aggressive recruitment may impact negatively on the quality of provision or the wider student experience. We will consult with stakeholders to monitor emerging developments. As stated in our consultation document, HEFCE seeks to act in the interest of students, and we believe it is important that institutions, whatever their circumstances, meet other expectations regarding their provision – for example, retention of students and meeting quality expectations.

We will continue to monitor closely the quality of provision and student experience in institutions, particularly through data such as the National Student Survey and the QAA concerns scheme, and in discussions with institutions themselves. If we believe in future that institutions are not meeting expectations for quality 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.

We do not intend to exempt transferring students from the student number control. This is because when we originally set student number control allocations, we took into account the number of students who transfer between institutions. We continue to believe that the system is sufficiently flexible to allow institutions to accept transferring students if they choose to do so. Exempting students who are part of the way through a formal qualification would add complexity to the SNC process, and represents a considerable risk to the effective control of the student support budget. We already allow students who have successfully completed a lower-level qualification to top up at another institution.

We also believe that implementing an transfer of numbers from one institution to another during the year based on under-recruitment could not be realistically undertaken within a reasonable time-scale. We recognise that the timing of provisional SNC allocations is already late in the admissions cycle for institutions, and we believe that making in-year changes will only increase uncertainty and complexity in institutions, rather than increasing choice for students. We believe

that the changes that we are proposing to the flexibility mechanism will help to increase dynamism and allow institutions to better meet student choice.

## Question 5

### **Can you envisage any unintended or undesirable consequences of the proposed approach?**

59. The majority view among respondents was that our proposed approach could potentially produce some unintended consequences. However, a number of respondents either did not envisage any undesirable consequences or were not in a position to comment in detail on potential future issues.

60. A number of respondents commented that the proposed approach might disproportionately benefit highly selective institutions, as the methodology used in calculating the flexibility range would include exempt students in addition to those within the student number control. Those who commented argued that this would also have a detrimental impact on widening participation. Some made alternative proposals, one of which would involve making the flexibility range at least partly dependent on the proportion of exempt students recruited. Conversely, one institution commented that the proposed method would disadvantage those recruiting exempt students as this would put their SNC at risk. Another mentioned that the current methodology would not take into consideration student retention or the student experience.

61. Many respondents commented that the current proposals would disadvantage further education colleges, primarily by preventing them from increasing their provision. Several respondents commented that the proposals would affect the sustainability of higher education in the further education sector. As in the responses to Question 3, respondents commented that a standard flexibility of 3 per cent or five students would not be sufficient for an FEC to grow. One respondent suggested a minimum level of 25. Parallel to these comments concerning FECs, several respondents raised concerns about the long-term viability and sustainability of small providers. One respondent was concerned about a possible disconnect between the SNC policy (which they perceived as market-driven) and the 'localism-driven' Local Economic Partnership agendas in other government departments.

62. A number of respondents commented that the proposals would affect the confirmation and clearing process. Several respondents inferred that institutions would delay the confirmation of prospective students, limiting the scope of the clearing process and contributing to a more challenging environment. Several suggested that this problem could arise from institutions recruiting at the top of their flexibility range, reducing the number of places released into the clearing process.

63. As with responses to Questions 1 and 4, several respondents commented on the implications for regional HE provision. They suggested that the proposal would reduce student choice and have a detrimental impact on local economies.

64. A number of respondents either explicitly or implicitly highlighted possible changes towards admissions culture and processes. Several believed that recruiting to the top of the flexibility range would damage the student experience. One respondent commented that universities might

accept students who were at risk of non-completion. Another suggested the correct infrastructure would not exist to accommodate students' needs.

65. A number of respondents commented on the communication of recent changes to funding and recruitment to students and society at large. Several respondents expressed particular concern at the possible reputational damage to an institution if the media were not aware of the process, especially if an institution was deemed or seen to be under-recruiting.

66. Several respondents reiterated a concern from earlier questions that the proposals could result in the closure of courses and departments, particularly in SIVS and science, technology, engineering and mathematics subjects. In particular, one respondent was concerned that student choice could conflict with the long-term needs of the UK economy. This respondent contended that the mechanism for growth could affect the sustainability of subjects important to the UK economy by incentivising institutions to move away from SIVS. They have suggested that HEFCE monitor and act to protect these subjects.

67. Several respondents considered that these proposals, and the introduction of greater competition in general, could reduce co-operation between institutions. Several respondents feared that HEIs would end franchise agreements with FECs in order to protect their own student numbers. One respondent suggested that installing greater competition would also result in less collaboration and less willingness to share best practice across the sector.

68. Finally, one respondent was concerned that the reforms of primary and secondary education would affect higher education. The respondent particularly highlighted the potential effect of increased 'rigour' in A-level qualifications on the number of exempt students, but mentioned other changes to post-16 education which might have an impact on schools' and colleges' behaviour towards HEIs.

#### HEFCE response

For the method of calculation of flexibility and our focus on supporting widening participation, the minimum level of flexibility for smaller institutions, and our intention to closely monitor any impact on regional and subject provision, see our response to **question 1**.

We read with interest the concerns regarding the potential impact on universities' and colleges' approaches to Confirmation and Clearing. HEFCE has no influence, and would wish none, over institutional admissions processes. However, we continue to work closely with Supporting Professionalism in Admissions (SPA) and support its work, and are particularly keen to understand any potential impact of these proposed changes on universities' and colleges' admissions behaviour. We do not agree that recruiting to the top of the flexibility range will, in itself, represent a risk to the student experience; institutions may manage their recruitment strategies on the basis of their individual resources. We do not believe that recruiting more students subject to the control represents a risk in itself, as this may, for example, be offset by a lower level of recruitment of exempt students.

We will monitor the impact on admissions behaviour through our work with SPA and the High-Grades Policy Working Group, and through our broader engagement with

institutions. UCAS encourages all institutions to take decisions swiftly to enable students who have not been confirmed to explore alternative opportunities. UCAS will take account of the consultation feedback in discussing Confirmation and Clearing improvements with the higher education sector.

We note the concerns about the possible reputational damage to institutions deemed as under-recruiting, from the media and society at large. We will monitor the situation to ensure that we communicate policy clearly and effectively.

We will closely monitor any long- or short-term changes in retention rates, through Higher Education Statistics Agency (HESA) performance indicators and through early data (within the year where possible) from the Student Loans Company. The HEFCE Observatory function will formulate part of our impact report to BIS. If in future we believe that institutions are not meeting expectations for quality 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.

We believe that the changes being implemented as part of the flexibility mechanism should have no direct impact on collaborative activity between institutions. However, we acknowledge that this could be an unintended consequence of broader changes to fees and funding.

## Question 6

**Do you have any comments on the proposed methods for publicly funded institutions who wish to enter into a relationship with HEFCE so that their students are able to receive student support from 2015-16 and beyond?**

69. There was a broad and diverse range of comments from consultation respondents on the proposed methods relating to publicly funded institutions wishing to enter a relationship with HEFCE.

70. There was general support from many respondents for the process to provide an SNC to publicly funded HE providers that currently had students claiming student support but no relationship with HEFCE. Respondents noted that these additional SNC places would be allocated to providers where students were already claiming support, so there would be no pressure to reduce other SNC places and few negative consequences for the sector.

71. Concerning the proposals for publicly funded providers that had neither a relationship with HEFCE nor students claiming student support, comments tended to support a competitive bidding process to facilitate their entry. Respondents suggested that this would help provide assurance that such providers would be able to meet demand and quality criteria and that the numbers would be allocated where they were of most benefit.

72. With regard to the method for allocating places for the new publicly funded providers from within the existing numbers, the greatest support favoured the option of allocating places removed from institutions through the flexibility mechanism, rather than top-slicing from the student number control. Respondents felt that this option would ensure student allocation remained where there was the strongest recruitment and demand, and therefore help to maintain student choice in the sector.

73. A minority of respondents favoured the option to fund providers by applying a pro-rata reduction of the SNC across all institutions, considering it fairer for the whole sector to shoulder any reduction than for this disproportionately to affect a minority of institutions.
74. Several responses suggested a combination of the two approaches as the most effective way to redistribute the required numbers to new publicly funded providers.
75. Many respondents expressed disagreement with the option of a pro-rata reduction. They suggested that this would reduce the ability of institutions to recruit from the non-exempt population, which could have a disproportionate impact on those institutions more reliant on such numbers. Concerns were also expressed that including all institutions, would entail making reductions to institutions with high demand and strong recruitment, which would harm student choice.
76. A number of respondents had concerns over the outlined approach of using numbers removed through the flexibility mechanism to fund new publicly funded providers, as they felt that it was unfair to reduce the opportunity for institutions that may have only suffered a temporary fluctuation in recruitment to regain their numbers. Respondents also suggested that using the flexibility mechanism in this way would limit the growth available for successfully recruiting institutions, which would limit student places where the demand was strongest.
77. A number of respondents had concerns about the principle of taking numbers away from established and proven institutions to benefit new and untried publicly funded providers. Concerns were raised over the quality of such new provision, and the HE experience that a student would receive at a new provider.
78. A number of responses noted the importance of any new publicly funded providers being subject to the same levels of scrutiny, compliance and regulation as existing institutions and providers, to provide accountability for the allocated places. It was suggested that this should cover a variety of the measures that HEFCE currently monitors, such as financial stability.
79. Several respondents noted that it was difficult to gauge their response, due to lack of clarity over the potential scale and therefore impact of these proposals. It was not known how many new publicly funded providers could be expected to seek student number places. These respondents expressed concerns about pressures on the student market, including uncertainties of demand, which new providers may create.
80. A small number of responses expressed concern that the proposals could have a disruptive effect on existing partnership and franchise arrangements. Respondents felt that it was unclear what pressures might be placed on current validating partners, and that these might lead institutions to reconsider their partnership arrangements.
81. A handful of responses suggested that there should be a fixed pool of SNC numbers available for new publicly funded providers to apply for, with a cap on any initial awards. This approach would minimise changes to SNC arrangements with existing institutions and would allow for the slower and more controlled growth of any new publicly funded providers.
82. A few respondents noted concerns that a potential drop in student numbers for research-active institutions would lead to less research-informed teaching, which would not be in the student interest and could harm the level of institutional investment in research.

83. A couple of responses recommended that we should maintain stability by protecting institutions with small SNC allocations from any reductions, especially those institutions who opted out of the high grades policy.
84. A couple of respondents suggested that we should promote affordability for students by considering fee levels in any plans to redistribute student numbers, perhaps by applying reductions only to institutions charging above a certain threshold in order to promote affordability for students.
85. One respondent expressed concern that the consultation process gives too much consideration to multiple smaller providers, and not enough to responses from larger institutions with many more students. The example given was that a large HEI might have thousands of students, but only make one response to this consultation, whereas dozens of responses might come from small FECs whose combined student numbers were far fewer. The respondents view was concerned that the majority student interest should be considered.
86. Some feedback received through the consultation process highlighted a concern that we were proposing that we would redistribute places to alternative providers (also known as private or independent providers) of higher education, reducing the number of places available at publicly funded institutions.

#### HEFCE response

We were pleased to see general support for our process to allocate a student number control to those publicly funded providers not in a relationship with HEFCE whose students already access student support. We are undertaking this process and expect it to be completed in late September.

Concerning new providers of HE from 2015-16, we propose on the basis of the responses to the consultation to implement a process (provided that we receive no government advice to the contrary) whereby such institutions must meet criteria similar to those formerly applied in the core and margin process, specifically those concerning demand and quality. We will work closely with the Skills Funding Agency to ensure that colleges brought into the HEFCE-funded sector are in good financial health.

We propose to administer an application rather than a bidding process for numbers, whereby such institutions apply for a maximum number of places. As we anticipate that the number of institutions entering through this route will be small, this approach avoids setting aside a particular number of places, which may not be required.

In line with the response to the consultation, where possible we will utilise numbers released through the flexibility mechanism (from institutions that significantly under-recruit) to be re-allocated to new providers that can demonstrate evidence of demand. This complements the priorities of the mechanism to meet student choice and demand.

We recognise that there are some concerns regarding the principle of enabling new providers to join the system at all. However, we believe that we need to be equitable to these providers, and in particular to provide a mechanism to move towards a level playing field for all providers. This approach is in line with government policy. We would reiterate however, that the proposals contained within the consultation, and the process that we intend to implement, relate only to

facilitating the entry of new publicly funded providers, and not alternative providers. These providers are subject to processes overseen by BIS.

Since we attach weight to strong arguments in responses, we do not consider that a convincing case has been made as to why new providers who meet the criteria of demand and quality should not enter the system. Such providers may be attractive to students, and we recognise that on occasion the wider student interest may not correspond with the interests of particular institutions.

We will issue guidance to such new providers in spring 2014 on the process for applying for numbers and thus joining the HEFCE-funded system.

## **Section 2: Exempting certain combinations of qualification types from student number controls**

### **Question 7**

**Do you agree that the key requirements we have set out are reasonable? Are there other key requirements that you think we should take into consideration?**

87. A large majority of respondents agreed that the requirements that we set out were reasonable. Many comments focused on the overall impact of the changes rather than the specific requirements, with only two respondents suggesting further requirements should be introduced.

88. Some respondents were concerned at the prospect of further changes to the exemptions list coupled with the introduction of flexibility around the SNC, as they felt that the sector has not enjoyed a period of stability for a number of years. Their opinion was that following these changes some degree of stability in policy would be needed in the medium term, so that individual institutions, and the sector as a whole, could evaluate the impact of the policy implementation and understand what influence it might have on their behaviour.

89. Many respondents felt that, although we had set out a requirement that any approach should be workable, this would perhaps be jeopardised by the increasing complexity of the exemptions list. A number noted that any further changes would risk violating this requirement. Particular concerns related to the need for institutions to identify exempt students consistently. It was felt that there would be a risk of increasing burden on institutions, and a need to develop systems to address the issue. Conversely, a small number of respondents suggested that the exemptions list should be further expanded with additional qualifications.

90. Some respondents noted that it would be helpful if UCAS would flag to institutions at the application stage students who held or were predicted qualifications and grades that would lead to them being exempt, and revised this information at the confirmation stage when their results were known. It was felt that having all institutions manage this process independently could lead to inconsistencies in methodology, increased burden on institutions and decreased data quality, and that this would not be in the student interest.

91. A number of comments highlighted the need for HEFCE to ensure that communications regarding the exemptions list were clear and designed to meet the needs of a wide range of stakeholders. The timeliness of such communications, in particular of any changes to the exemptions list, was also noted as important. Many comments highlighted a particular need for



HEFCE to ensure that the purpose and contents of the exemptions list were understood by students, prospective students, and those who advise them inside and outside the higher education sector.

92. A small number of comments highlighted concerns about the perceived impact of the high-grades policy on fair admissions. The principle that fair admissions would be a key requirement was welcomed, but it was felt that the outcomes would need to be carefully monitored to ensure that no particular demographic group of students was being unfairly excluded from higher education. A few respondents felt that EU students might be disadvantaged by their exclusion from the exemptions list, though some acknowledged the protections put in place by HEFCE to ensure that institutions' core SNC allocation would be sufficient for them to recruit non-exempt students. One respondent felt that this aspect of the core allocation had not been strongly articulated by HEFCE, and that clearer communication would be required.

93. A number of institutions queried the data used in determining reductions to the SNC for exempt students. Some institutions felt a need for greater transparency in this process; HEFCE utilises a number of different databases in these calculations to which institutions do not have access. Institutions felt that they should be able to understand how the calculations had been made.

94. Two institutions suggested alternative requirements: one suggested ensuring that high-quality recruitment was encouraged, while the other made a range of suggestions for criteria linked with maintaining the quality of the student experience, the provision of information, social mobility, and graduate outcomes.

#### HEFCE response

We received a generally positive response to the requirements set out in the question, and will therefore continue to work to these requirements. They apply generally in case of a need to consider changes to the exemptions list in the future. We do however note the concerns raised by respondents, particularly in relation to the principle of fair access and the workability of the policy. The small number of respondents who disagreed with the requirements did so largely on the grounds of complexity and of the challenges posed for institutions through not having access to the same data sources as HEFCE to enable them to plan and model the impact of the proposals. The respondents who disagreed did not suggest alternative requirements.

In relation to fair access, as stated elsewhere, we are committed to closely monitoring the impact and potential unintended consequences of this policy. We are particularly keen to monitor any impact on groups under-represented in higher education. In responding to the concerns raised in this consultation, and where appropriate as part of our next impact report to BIS in December 2013, we will actively monitor the following areas.

- a. Participation of Local Areas (POLAR) data, and any changes in participation from students in low-participation neighbourhoods, as part of our impact report to BIS.
- b. Shifts in qualifications on entry, through UCAS and HESA data, and any trends relating to the ABB+ and non-ABB+ population.

We will also work closely with SPA and the High-Grades Policy Working Group to gather feedback on the implementation of the high-grades policy, and any unintended consequences

arising, and to consider how we might intervene.

We will work hard to ensure that the changes to student number control policy are communicated clearly to a broad range of stakeholders, in a way that can be understood by potential applicants, their parents and advisors and schools. We will continue to convene a High-Grades Policy Working Group to provide feedback and advice on implementing the high-grades policy, and to develop our relationship with key school associations, ensuring that the key messages are communicated to their partner schools.

We are keen to be as transparent as possible in how we identify and monitor places exempted from the student number control. We are seeking permission from DfE to share more detailed information from the National Pupil Database with individual institutions, and will provide more information in due course.

In terms of workability, we are keen to make the implementation of this policy as easy as possible, and to help institutions as far as possible. We have informed UCAS of the points raised by respondents to the consultation with regard to flagging students. UCAS will feed this information into its discussions with HE providers about the priorities for improvements to the admissions process.

We also note that a small number of respondents are concerned that there is no change proposed regarding excluding EU qualifications from the student number control. We note the continuing lack of agreement as to the relative equivalence of these qualifications in comparison with ABB at A-level and above; additionally we need to estimate the size of the exempt population, and its propensity to pass into higher education in England in any given year, as accurately as possible, so that Government can manage its budget. For these reasons we do not consider that there is currently an acceptable solution that would allow us to exempt these qualifications.

We are nonetheless committed to continuing to explore longer-term approaches to determining an appropriate equivalence for European qualifications, and to monitor and model the potential exposure on the student support budget, and the impact on institutions, stemming from further extension of the exempt population. We will work closely with universities, colleges and other bodies such as the UK National Academic Recognition Information Centre and UCAS, to consider how longer-term developments might help to contribute to addressing this issue. Any future changes to the exemptions list will need to balance a range of different principles including fair admissions, workability and protection of the student support budget, and in particular an estimation of the level of risk from freeing up more students from control. We were encouraged to see that some institutions noted that the protected core provides them with the capacity to treat all applicants fairly, regardless of whether their entry qualifications are exempted from control.

## **Question 8**

**In Table 1 we have set out a number of options for exempting combinations of qualifications from the student number control which we do not believe are viable. Do you agree that we should discount these options? Do you think there are other options that we should consider?**

95. An overwhelming majority of respondents agreed that the options we discounted in the consultation document were not viable approaches to exempting combinations of qualifications

from the student number control, though a very small number of respondents disagreed with our view. Respondents from higher education institutions tended to agree more strongly with our view than further education colleges, though few respondents in the latter category disagreed.

96. Many respondents who agreed with our view not only believed that the approaches we rejected would not be viable, but were unable to provide any alternative proposals. In addition, a number commented that the rejected approaches would have added further complexity to the exemptions list.

97. Several respondents who agreed with our view nominated additional individual qualifications that we might wish to exempt in the future. For instance, some respondents mentioned that we should seek to exempt at least some EU qualifications. Another respondent expressed a desire for HNDs, HNCs, DipHE and CertHE qualifications to be included in the exemptions list. One respondent argued that we should treat BTEC qualifications as we treat A-levels in the exemptions list. A couple of respondents queried whether the list had taken mature students into consideration, particularly in relation to accredited prior learning.

98. One respondent who disagreed with our view argued that other qualification types should be exempted before reviewing combinations. They also argued that attainment in certain subjects including Art and Music cannot be adequately measured by A-levels, and therefore to assume they can potentially hinders dynamism in the sector. The respondent also commented that specialist institutions should not be treated differently from others in connection with exemptions.

99. A high number of respondents, including those that agreed and disagreed with our view, mentioned their preference for a tariff system to be introduced, often with reference to UCAS's proposal to introduce an accepted tariff system in 2017 or independently of that process. They believed that this would reduce complexity in the system and enable institutions easily to identify which applicants were exempt from the student number control.

100. On a similar point, several respondents expressed the view that the process of calculating exemptions should be explained clearly to institutions, to prevent any confusion within the sector.

101. A number of respondents commented on the need to provide stability to the sector by allowing 'bedding in' of any changes to the exemptions list for equivalencies and new qualifications. Several complained of the increased complexity that continual changes to the exemptions had brought, which they considered could have a detrimental impact on applicants and institutions.

#### HEFCE response

As the majority of respondents agreed that we should discount the alternative options presented in Table 1 of the consultation, we do not intend to revisit these alternative approaches at this time. We still believe that a longer-term approach must be found to establishing equivalences in future however, which may allow us to pursue some of these currently discounted approaches.

We were particularly pleased to see in UCAS's response to this consultation, that the replacement for the UCAS tariff may hold a viable alternative to the multi-faceted approach that we currently take. 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.

We also note the concerns of institutions that frequent changes to the exemptions list increase the complexity of implementation for institutions. We are keen to find a balance between the requirements mentioned in Question 7 of this consultation, and to minimise unnecessary changes. However, we continue to believe that the proposed changes relating to combinations of qualification types will benefit students. We also note that responses from schools and qualification awarding bodies suggest that the proposed approach will be in the interests of students.

Regarding concerns about the centrality of A-levels in the high-grades policy, we do not intend to make significant changes to our approach. Equivalence with A-levels as a criterion for exempting combinations of qualification types not only reflects the majority of students applying to higher education, but serves as a key element for workability. We take seriously the concerns about the potential impact on mature students and those entering through less traditional routes, and will continue to monitor the impact of this policy on these groups (see also our response to **Question 7** on this issue). We are also committed to continuing to provide sufficient capacity in institutions' student number control allocations for them to offer fair access to all applicants. We will work closely with other stakeholders, such as sector representative bodies and SPA, to gather feedback and to ensure that our mechanisms are adequate, and will provide institutions with an opportunity to appeal, on the basis of fair access, the level at which their student number control is set.

Our response to **Question 7** outlines our current position with regard to EU qualifications.

We do not propose to include HNCs, DipHE and CertHE qualifications in the exemptions list. This is because these qualifications are not usually taken with the intention of topping up to a degree, and providers are not obliged to maintain a clear progression route as they are for Foundation degrees. Managing this population would be more difficult and present a risk to the student support budget: it is potentially large, and the propensity of students holding such qualifications to continue in HE is harder to predict. The greater risk relates to Level 4 qualifications such as CertHE and HNC, which would involve more years' exposure of the student support budget for each student topping up to a degree. While we recognise these concerns, we do not feel that the strength of the argument outweighs the need to protect the student support budget.

## **Question 9**

**We have set out proposed criteria in this section for exempting a limited number of the most common combinations of qualification types from student number controls. Do have any comments on the proposed criteria? Do you have any comments on the approach in general?**

102. The majority of respondents to this question believed that our criteria were reasonable and agreed with our approach. A number had no further comment to make.

103. A number of respondents believed the sizes of student populations taking different qualifications would likely change over time, and that there would therefore be a need for HEFCE to keep the exemptions list under review. A small number of these institutions thought it was unclear how often HEFCE would review the exemptions list, and when institutions would be notified of changes (though others were concerned that even an annual change might represent a burden).

104. The theme of change was reflected in a notable number of comments regarding the burden on institutions of identifying exempt students based on an increasingly complex exemptions list. A number of respondents commented that if the additional exemptions from this change amounted to the approximately 4,000 referred to in the consultation document, then it could be argued to represent an unnecessary burden for minimal gain, particularly for institutions that are unlikely to recruit students with higher grades but still need processes to identify them.

105. Some institutions argued that HEFCE could seek to make what could be considered a more meaningful change by exempting more students, while others argued that HEFCE should not make the change at all. Some institutions mentioned additional qualifications that they would like to see added to the exemptions list, or minor changes in the way the list would operate. A small number of institutions felt that the proposals would actually serve to minimise burden on institutions, or at least would strike a balance between achieving the aims and a necessary complexity. They also pointed out that there was no clear consensus on the impact the changes might have.

106. A number of respondents suggested that the complexity and burden of identifying exempt students could be mitigated through a system whereby students were identified to institutions as likely to be exempt at the point of application, for example through UCAS flagging these students. The need for HEFCE to communicate the exemptions list and the policy clearly to a range of stakeholders was also seen as important in implementing the proposals. Institutions identified a particular need for timely communication of changes to the exemptions list, so that they could adequately plan their recruitment activity. A respondent identified an ongoing risk that some institutions would seek to use the exemptions list for purposes other than the operation of the student number control, specifically to influence recruitment processes and shape offer-making behaviour.

107. Some respondents commented that using A-levels as the base of any combination could become problematic, as they predicted that students holding combinations of qualifications that did not include an A-level would become more prevalent. There was some concern that using the A-level as a base could have the unintended consequence of indirectly discriminating against demographic groups less likely to hold A-levels.

108. A small number of respondents were concerned that the continuing expansion of the exemptions list, and the resultant reductions to the core allocations, could disadvantage some students, for example those holding qualifications from other EU states. Some felt that HEFCE should examine whether or not these can be included on the exemptions list in future, or suggested that the core SNC should be set at such a level to allow these students to be recruited. Some other respondents felt that the current SNC allocations were enough to allow these students to continue to be considered without any issues.

#### HEFCE response

We will review the exemptions list on an annual basis, implementing changes only where a strong evidence-based case has been made. Once a qualification or combination of qualification types has been added to the exemptions list, we do not intend to remove it. We believe that removing qualifications each year would add to the complexity and burden for institutions in implementing the policy, and confuse applicants and schools. We intend to review the exemptions list on an

annual basis to add combinations if they reach the threshold level (and meet the other criteria).

We will continue to monitor changes to education for 14- to 19-year olds, and in particular will develop our relationship with key stakeholders such as Ofqual, school representative associations and our High-Grades Policy Working Group, to ensure that we are aware of any potential impact of these changes on our estimate of the ABB+ population. This will also require close working between BIS and DfE, and we will continue to provide feedback to BIS on this issue.

For EU qualifications, and the potential for flagging exempt students on the UCAS record and the centrality of A-levels within the high-grades policy see our response to **Question 7**.

## **Question 10**

### **Do you have any further suggestions for additional or different criteria for excluding combinations of qualifications?**

109. The majority of respondents did not respond to this question, suggesting overall contentment with the consultation proposals, or at least a perception that there were no practical alternatives. Of the respondents who provided an answer to the question, a number offered suggestions for additional or different criteria for exempting combinations of qualifications from the student number control.

110. Six respondents disagreed with the 100-student threshold for inclusion of new entry combinations of qualifications, commenting that further changes to the exemptions list should be minimised to allow stability in the system (even if a new combination of entry qualifications exceeded the 100 student threshold for inclusion). Stability was considered important to enable schools to respond to the policy, to allow admissions procedures to become properly embedded and to permit improvements in the quality of information and advice for prospective students. These respondents felt that further changes to the exemptions list would add complexity, be challenging to implement and increase pressure on the student support budget without providing any real benefit for students. One of the six suggested that an alternative to extending the exemptions list would be to extend the size of the flexibility range.

111. A slightly smaller group of four respondents commented that it would be imperative for HEFCE to regularly review and update the exemptions list, such that new qualifications (for instance, foundation provision similar to the Cambridge Pre-U) could be included in combination with A-levels where the threshold of 100 students was exceeded. One commented that we might usefully make use of the new UCAS tariff system when this was developed.

112. A few respondents challenged the proposals in principle. One respondent argued that A-levels should not necessarily be the starting point for determining exemption status. Another presented a countering view that the A-level should remain the common measure of each suggested combination. One respondent commented that this was not fit for purpose as a long-term solution, and that they would prefer a system whereby universities could recruit as many qualified students as they were able to, irrelevant of what qualifications and combinations they have attained. One respondent suggested that a preferable approach would be to introduce a universal tariff system that was simple to understand and interpret.

113. A number of respondents suggested alternative approaches and factors that HEFCE should consider. Three respondents commented on the inclusion of BTEC awards on the

exemptions list. Two suggested that we review the list to exempt combinations whose primary qualification was a BTEC Level 3 qualification rather than an A-level. One suggested that we consider exempting combinations of BTEC qualifications with differing credit values: for example, BTEC National Awards and Certificates in combination with BTEC 90-credit Diplomas. It was suggested that all of these measures would increase flexibility for providers recruiting students with BTEC qualifications, in line with those recruiting from the A-level population.

114. Two respondents expressed disappointment that the proposed additions to the student number control exemptions list did not include qualifications from other EU states. They argued that highly qualified EU students are being disadvantaged from accessing undergraduate programmes in the UK, and that the experience of UK students will diminish as a result. In response to the explanation set out in paragraph 136 of the consultation, one respondent argued that the pattern of applications over recent years would provide a good enough indication of the likely impact in terms of scale, and that universities had good experience about equivalence of qualifications across the EU which could be shared with HEFCE.

115. Two respondents commented that changes to qualifications awarded via the devolved administrations should be carefully considered. They particularly noted that since the Welsh Baccalaureate would now be graded, it could perhaps be considered as an exemption in combination with A-levels. Similarly, combinations of Scottish Highers and A-levels should be considered for exemption.

116. Two respondents suggested that other HE qualifications such as Cert HE, Dip HE, HNC, HND, PG Cert and PG Dip should be considered for inclusion on the exemptions list. One respondent argued that a large number of mature students entering HE hold 'other undergraduate' qualifications, and that the current policy therefore discriminates against them. Institutions which wish to expand their recruitment of highly qualified non-traditional students should be able to do so. The other respondent commented that there appears to be no clear rationale for omitting these qualifications, particularly since students progressing to a top-up year after completing an HND do not count towards the student number control allocation.

117. Three respondents commented that vocational or occupational qualifications (such as apprenticeships) should be considered for equivalence to A-level and inclusion in the exemptions list, to ensure equality of opportunity. One argued that a possible additional criterion could be demonstrable industry support. Another suggested that HEFCE consider ways in which the accredited prior learning process could be assimilated into the exemptions policy. The third raised specific concerns about music provision, including a specific point regarding the inclusion of HND when a student progresses to an honours degree programme. The respondent suggested that the threshold of 1.3 years of subsequent full-time study, after which exemption would not be granted to students progressing from Foundation Degrees or HNDs to honours degree programmes, was too short, and that this would have a negative impact on efforts to widen participation. An example given was that musicians progressing to a university from a college were said to be disadvantaged by this policy. The respondent also suggested that some practical and higher-grade music theory qualifications should be included in the exemption list when held in combination with A-levels.

118. One respondent suggested that HEFCE might implement a facility whereby FECs applied for particular combinations of qualifications representing a significant proportion of total recruitment to be included in the exemptions list. They suggested further that providing additional

flexibility for newly validated courses in their first years of operation would help encourage HE providers in the further education sector to meet local business and community enterprise demand. This flexibility could be introduced where these providers can to provide evidence for added value, for example in terms of widening participation or better community engagement.

119. Three respondents suggested difficulties relating to the forthcoming A-level reforms. One commented that these reforms would compromise institutions' ability to make offers based on AS-level performance, and to predict numbers falling into the exempt and non-exempt populations. Planning by admissions teams would have to be on the basis of predicted final grades; it was noted again that it would be useful if UCAS were able to flag those students who were likely to be exempt.

120. Two respondents commented that the changes to the system should be viewed as an opportunity to create a greater, more varied and innovative range of courses, and that further measures to enable institutions (particularly FECs) to build capacity and meet demand should therefore be incorporated. A further bidding exercise for growth would be welcomed.

#### HEFCE response

We note that the majority of respondents did not comment on this question. We have responded to a number of the concerns raised by respondents in other parts of this consultation. In particular, please see our response to **question 7** which addresses the following issues:

- minimising changes to the exemptions list
- the potential use of a future UCAS tariff
- flagging exempt students on UCAS records
- comments on EU qualifications

We are working with the Welsh Assembly to ensure that the Welsh Baccalaureate can be exempted from future student number controls, once students begin progressing into higher education with graded qualifications. We anticipate that this change can be made for 2015-16.

Our response to **question 8** addresses issues about excluding HNCs, CertHE and DipHE qualifications from the exemptions list.

Students holding a PGDip or PGCert are normally already exempt from the student number control: they are considered to be holding a postgraduate taught degree (included on the exemptions list), and would be considered to hold an equivalent or lower qualification if they commenced studying for an undergraduate degree. These students will not normally attract HEFCE-funding, or be eligible to claim from the student support budget.

#### **Question 11**

**Do you have any comments on our proposed approach for implementing a change to the exemptions list? Are there other aspects which we should consider?**

121. Just under half of respondents to the consultation provided no response or stated that they had no comments to make in relation to this question. A small number of respondents expressed specific support for the approach presented, particularly the introduction of a short summary



exemptions list alongside a more technical document for institutions. Particular points were made concerning the benefit of a shorter summary document to aid understanding among the broader stakeholder community, particularly schools and potential applicants. Two respondents expressed support for the continuation and involvement of the High-Grades Policy Working Group in offering advice to HEFCE on implementing and developing the policy. A small number of respondents stressed the need for the changes, and indeed the policy itself, to be communicated effectively to institutions.

122. Just under a fifth of respondents stressed the need for the exemptions list to be published as soon as possible at the start of the admissions cycle. They argued that early publication of the list would be essential for institutions to manage their approach to admissions. A small number of respondents believed the timing of announcements of provisional student number control allocations would come too late in the cycle, and stressed that implementing of the policy would be complex and, in some cases, expensive for universities and colleges to administer. On this point, a small number of respondents stressed the need for stability in the system, with a very small minority questioning whether the exempt population should be changed at all. The point was made that the benefit to students of a change which affects only small numbers of places might be outweighed by its complexity. One respondent suggested that the proposed flexibility mechanism and the protected core would provide scope for institutions to treat all students fairly.

123. A small number of respondents stressed that HEFCE should continue to monitor the implementation of the policy and the changes to it. The particular concern was to ensure that the approach was regularly reviewed, to exempt new or emerging combinations of qualification types from student number controls. A larger number of respondents stressed the need for a period of stability and continuity in the exemptions list.

124. A handful of respondents suggested that institutions would need help in identifying exempt students, either through HEFCE or UCAS. There was a call for institutions to have access to more data and information from HEFCE to enable them to implement the policy effectively, including more detailed information on relevant HESA fields and access to school-level data. Conversely, one respondent preferred to keep identification of students in-house. A further respondent was keen to ensure that UCAS should provide good-quality, verified qualification data in the run-up to the Confirmation period.

125. A small number of other comments were repeated from other questions in the consultation, including the need for a universal tariff system on which future exemptions lists should be based, and a request for CertHE qualifications to be exempted from student number controls. Two respondents included general comments highlighting the complexity of a high-grades policy based on entry qualifications, particularly in the context of significant change to Level 3 (ages 14 to 19) qualifications, and concerns around the centrality of A-levels in the policy.

#### HEFCE response

In light of the responses to this question, we will produce a one page summary exemptions list for each qualification which is intended to be accessible by a broader range of stakeholders who may not require the level of detail required by universities and colleges. We will also publish the exemptions list in a workbook format which should make it easier for all stakeholders to quickly ascertain whether an applicant's qualifications are exempt or not. This will be published alongside

the fuller, technical document.

Our response to **question 1** addresses the timing of the announcement of SNC allocations, and our response to **question 4** comments on the wider communication of student number control policy. Our response to **question 9** notes our approach to reviewing the exemptions list.

## Question 12

**Do you consider that there are any equality considerations we have not taken into account? Does the proposed approach require an institution either to disadvantage a particular group of students, or prevent steps being taken to assist a particular group? If so, which group(s), and how may the approach be modified to reduce these effects?**

126. Just under half of respondents suggested that there were no equality issues that HEFCE had not already taken into consideration, or provided no response to this question.

127. A significant proportion of respondents to this question raised concerns about the potential negative impact of the high-grades policy on students from lower socio-economic backgrounds, mature students and students with protected characteristics. Their main concerns centred on the fact that students following vocational progression routes or applying on the basis of professional qualifications or work experience, are more likely to come from under-represented backgrounds and would be disadvantaged by the current approach to exempting students from control. The majority of these comments were focused on the nature of the policy and the perception that the qualifications exempted tend to favour younger students. A small number of respondents were concerned that even with the proposed extension to the list of exempt qualifications the policy might still have a detrimental effect on institutions' efforts to widen participation. There were repeated calls for HEFCE to monitor the impact of the policy on these groups of students, and to review the policy if it was found to be having a detrimental effect on widening participation. A small minority of respondents suggested that BTECs should replace A-levels as the predominant qualification informing the exemptions list.

128. A concern was also raised that the proposals regarding flexibility might have a detrimental impact on local provision, specifically that removing numbers from institutions might inhibit their ability to meet the needs of local students. Some respondents felt that students who were under-represented in HE (particular mature students and students with disabilities) were more likely to study locally. One respondent was concerned that the high-grades policy as currently formulated would not take into account the needs of employers, and that students undertaking a diverse mix of qualifications might better meet industry-needs.

129. In relation to concerns about widening participation, some respondents suggested that selective institutions should not retain the protected core, whereas others suggested that this would be essential to ensure that these institutions could continue to offer fair access to all students. One respondent suggested that an institution should be allowed to recover student numbers by controlled progressive over-recruitment, provided it could demonstrate a significant improvement in the proportion of widening participation students in its recruitment within the SNC.

130. There was strong support from respondents for continued monitoring by HEFCE of the impact of the reforms on particular groups of students, particularly those applying to and entering

higher education from non-traditional backgrounds. A small number of respondents additionally reiterated the request for a period of stability while changes bedded in and the impact was fully analysed and understood. Respondents were concerned that there were not yet sufficient data to fully understand the impact of the reforms, given that the first academic year of the changes had only just finished. There was also support for HEFCE ensuring that communications with schools and applicants about this increasingly complex policy were clearly understood.

131. A small number of respondents reiterated that the proposals would rectify an unintended consequence of the high-grades policy, by including those high-achieving students entering with a combination of qualifications such as A-level and BTEC, or A-level and Cambridge Pre-U. Three further respondents suggested that the proposals as a whole would help institutions to widen access and would have a positive impact in terms of equality.

132. One institution held the view that part-time students should continue to be excluded from the control. Another respondent suggested that this would be an appropriate time to review the equivalent and lower qualifications policy. Two institutions made the case for a continued opt-out from the high-grades policy for specialist institutions.

133. One respondent raised the issue of the impact of external factors such as changes in A-level attainment on the implementation of the high-grades policy, and the risk that disproportionately many numbers might be removed from the core student number control allocation. The respondent suggested that HEFCE should be tolerant of over-recruitment against the SNC if this did not result in overall growth in the sector.

134. Several respondents suggested that the proposed flexibility mechanism and the protected core for the most selective institutions would provide more leeway for institutions to consider individual circumstances and apply contextual factors in their holistic decision-making, including offering fair access to students without exempt qualifications. One respondent suggested that the new measures would go some way towards mitigating equality concerns raised in response to the previous consultations two, with a further respondent suggesting that the proposals would help institutions to widen access.

135. A small number of respondents raised concerns that there would be no parity between the proposals dealing with SNCs for publicly funded providers, and those for alternative providers, particularly regarding the ability to grow student numbers. The specific concern was that, if pro-rata cuts in the SNC were applied to accommodate alternative providers, the proposed approach would favour protection of high-grade students at the expense of those with lower grades, whose places might be cut due to budget constraints.

136. A small number of respondents raised concerns that the policy as currently implemented could have a detrimental impact on students applying to HE in England with European qualifications that are not currently exempted from control. While respondents recognised the considerable practical difficulties for HEFCE in exempting these students, they were concerned that HEFCE should consider a longer-term solution, and should at least keep the issue under review. Two institutional respondents stated that while in principle there might be the potential for unfair practice in relation to these students, the flexibility mechanism and the protected core would enable them to offer fair access to EU students and widening participation applicants in proportion to the applications received. One respondent specifically did not feel that the existing arrangements disadvantaged EU students or students with combinations of qualifications.

### HEFCE response

We were pleased to receive a large volume of thoughtful responses to this question, many of them summarising points made elsewhere in the consultation responses.

As we have stated elsewhere in our response, we are committed to closely monitoring the impact and potential unintended consequences of this policy. In particular, we are keen to monitor any impact on groups under-represented in higher education. In responding to the concerns raised in this consultation, and where appropriate as part of our wider monitoring in preparation for our next impact report to BIS in December 2013, we plan to actively monitor the following areas.

- a. Any changes in regional provision as a result of the reforms, and the introduction of the flexibility mechanism. This will include monitoring any changes in regional mobility prior to and following the reforms to fees and funding. This will be considered as part of our impact report to BIS and as part of the broader monitoring of this policy.
- b. POLAR data and any changes in participation from students in low-participation neighbourhoods, as part of our impact report to BIS.
- c. Any long- or short-term changes in retention rates, both through HESA performance indicators and through early data (in-year where possible) from the Student Loans Company. This too will form part of our impact report to BIS, under our observatory function.
- d. Changes in course provision, as part of our broader SIVS policy.
- e. Shifts in qualifications on entry, through UCAS and HESA data, and any trends relating to the ABB+ and non-ABB+ population. We will also work closely with SPA and with the members of our High-Grades Policy Working Group to gather feedback on the implementation of the high-grades policy, and any unintended consequences arising, and to consider how we might wish to intervene.
- f. The quality of provision and student experience in institutions, through data such as the National Student Survey, through the QAA 'concerns' scheme and in discussions with institutions themselves. If we believe 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 will provide advance notification and guidance to the sector prior to any such change.

We will also continue to monitor changes to education for 14- to 19-year-olds, and in particular will continue to develop our relationship with key stakeholders such as Ofqual, school representative associations and our High-Grades Policy Working Group, to ensure that we are aware of any potential impact of changes on our estimate of the ABB+ population. This will also require close working between BIS and DfE, and we will continue to provide feedback to BIS on this issue.

Specialist institutions in the performing and creative arts that recruit primarily on the basis of audition or portfolio were permitted to opt-out of the high-grades policy, meaning that all students recruited by these institutions count towards their student number control allocation. These institutions have not had reductions made to their student number control allocation

based on the number of students holding high-grades qualifications. A number of specialist institutions queried through their consultation responses whether this three-year opt-out would be extended.

The opt-out period currently runs until **2015-16**, to cover the period related to the Government's spending review assumptions. We will review the opt-out at the end of that period, with a view to making decisions from 2016-17. Specialist institutions cannot opt out of the flexibility mechanism, which will apply as to all other institutions. This means that specialist institutions may see changes to their student number control allocation from 2014-15 onwards based on their recruitment in 2013-14.

Please see our response to **question 7** with regard to European qualifications, and our communication of the high-grades policy to a broader range of stakeholders, including schools and prospective applicants.

We have not proposed the inclusion of part-time students in the student number control as part of this consultation, and we do not plan to amend this position, subject to any guidance provided to us by Government. We have not received any indication that the Government is currently seeking to review its equivalent and lower qualifications policy, and therefore do not propose any changes to it.

We reiterate that the proposals in this consultation will not result in the flow of places from HEFCE-funded providers to alternative providers. Student number control policy for these providers is the responsibility for the Department of Business, Innovation and Skills.

## Glossary

<b>BIS</b>	Department for Business, Innovation and Skills
<b>DfE</b>	Department for Education
<b>EU</b>	European Union
<b>FEC</b>	Further education college
<b>HE</b>	Higher education
<b>HEI</b>	Higher education institution
<b>HESA</b>	Higher Education Statistics Agency
<b>ILR</b>	Individualised Learner Record
<b>Ofqual</b>	Office of Qualifications and Examinations Regulation
<b>POLAR</b>	Participation of local areas
<b>SIVS</b>	Strategically important and vulnerable subjects
<b>SNC</b>	Student number control
<b>SPA</b>	Supporting Professionalism in Admissions