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Welsh Assembly Government

## Consultation Document

# Higher education funding and student finance 2012/13

Date of issue: **14 January 2011**

Action required: Responses by **11 February 2011**

# Higher education funding and student finance 2012/13

## **Overview**

The Minister for Children, Education and Lifelong Learning announced (on 30 November 2010) how Wales will respond to the decision by the UK Government to increase tuition fees in higher education institutions in England.

This consultation provides details of the work currently under way to implement the new higher education funding and student finance model for Wales from 2012/13 onwards. In addition it explains how the Welsh Assembly Government intends to engage further with stakeholders and delivery partners in the implementation process.

## **How to respond**

Please respond by **11 February 2011**.

Response forms can be posted/e-mailed to Engagement and Student Finance Division at the address below.

## **Further information and related documents**

Large print, Braille and alternate language versions of this document are available on request.

The consultation document can be accessed on the Welsh Assembly Government website at [www.wales.gov.uk/consultations](http://www.wales.gov.uk/consultations)

## **Contact details**

For further information:  
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## **Data protection**

### **How the views and information you give us will be used**

Any response you send us will be seen in full by Welsh Assembly Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Assembly Government staff to help them plan future consultations.

The Welsh Assembly Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Assembly Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.



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## Foreword

On 30 November last year, I announced how Wales will respond to the decision by the UK Government to increase tuition fees in higher education institutions in England.

Today, I am publishing a brief consultation paper giving details of the work currently under way to implement the new higher education funding and student finance model for Wales. The paper invites comment on some key implementation issues. It explains, also, how the Welsh Assembly Government intends to engage further with stakeholders and delivery partners.

I have established a Programme Delivery Board to coordinate the programme of work required to implement the changes proposed. The Board is chaired by a senior Welsh Assembly Government official. Membership includes the:

- Higher Education Funding Council for Wales
- Association of Directors of Education in Wales
- Student Loans Company.

Among other things, the Programme Delivery Board will be responsible for ongoing communication and engagement with stakeholders throughout the implementation period. I have also asked the Board to look holistically at how we might improve the student finance system in Wales – for instance, through our plans to move local authority assessment services to delivery on a consortium basis and by simplifying or reducing existing student finance processes. The Board's work will align with the Front Line Resources Review and will support the objectives set out in *For Our Future*.

I hope you will take the opportunity to consider this paper and comment on the issues it raises. The consultation paper will be supplemented by stakeholder workshops over the coming weeks which are likely to focus, among other things, on:

- fee plans and the restrictions that should apply to higher education institutions wishing to charge fees which exceed the basic rate
- ways in which we might simplify the current student finance system to facilitate easier access by learners and reductions in transaction volumes and cost for providers
- arrangements for supporting part-time learning in Wales.

If there are other issues you would like to discuss in the stakeholder workshops, please let my officials know.

The timetable for introducing these changes is extremely challenging. It is imperative for the sake of Welsh learners and higher education institutions in Wales that we have the new funding arrangements in place for the academic year 2012/13. I would encourage you all, therefore, to play a full part in these consultations and to work with us to make this new system a significant success for Wales.

If you wish to comment on the issues raised in the consultation paper or to offer suggestions for topics for further discussion, you may write to:

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You may also submit your views on line through the Welsh Assembly Government's website at [www.wales.gov.uk/consultations](http://www.wales.gov.uk/consultations)



**Leighton Andrews AM**

Minister for Children, Education and Lifelong Learning

## Introduction

**1.** On 30 November 2010, the Minister for Children, Education and Lifelong Learning announced how Wales will respond to the decision by the UK Government to increase tuition fees in higher education institutions in England. This paper sets out the Welsh Assembly Government's intentions in more detail and invites comment on some key questions.



## Background

**2.** In 2009, the UK Government asked Lord Browne of Madingley to undertake a review of higher education funding and student finance in England. Lord Browne reported on 12 October 2010, with recommendations for substantial increases in university tuition fees and subsequent changes to student support arrangements for students ordinarily resident in England. The UK Government responded to Lord Browne's report on 3 November 2010, accepting the majority of his recommendations including those relating to tuition fees.

**3.** In the One Wales programme for government, the Welsh Assembly Government gave a commitment to do whatever was possible to mitigate the effects on students ordinarily resident in Wales if the Westminster government were to lift the current cap on fees.

**4.** The Welsh Assembly Government has a responsibility to students ordinarily resident in Wales, wherever they choose to study. We also have a responsibility to ensure that Wales benefits, economically, socially and culturally, from the investment that the Welsh Assembly Government makes in higher education in Wales. In *For Our Future*, we set out our objectives for higher education. We stated that we would build the future of higher education on the secure foundations of social justice and supporting a buoyant economy. Central to the Welsh Assembly Government's policy is the principle that access to higher education should be on the basis of the individual's potential to benefit, and not on the basis of what they can afford to pay.

**5.** In response to the significant changes announced in England, therefore, the Minister for Children, Education, and Lifelong Learning announced that in Wales the following changes will be introduced with effect from academic year 2012/13 and for new students only.

- The basic tuition fee in Wales will increase to £6,000 per annum from academic year 2012/2013 and higher education institutions (HEIs) will be able to charge tuition fees up to £9,000 per annum, providing they can demonstrate a commitment to widening access and other strategic objectives through fee plans approved by the Higher Education Funding Council for Wales (HEFCW) in line with its corporate strategy announced in June last year.

- Students ordinarily resident in Wales will continue to be eligible for subsidised loans to meet the cost of fees up to the current level. The Welsh Assembly Government will provide a non-means-tested grant for the balance over and above current fee levels. The grant will be payable through HEFCW on behalf of students ordinarily resident in Wales wherever they study.
- The income repayment threshold for student loans will increase from £15,000 to £21,000.
- The interest rates for student loans will be:
  - during the period of study, the level of inflation plus 3 per cent
  - after the period of study, the level of inflation for those on incomes below £21,000
  - after the period of study, between the level of inflation and the level of inflation plus 3 per cent where interest gradually rises for those on incomes between £21,001 and £41,000
  - after the period of study, inflation plus 3 per cent for those on incomes above £41,000.
- The repayment period for student loans will be extended to 30 years (from 25 years).
- Part-time students will be able to access a tuition fee loan depending on the level of intensity of study.

## Implementation

6. In taking forward the broad changes described above, we intend to:

- (a) draw up a supplementary functions order under section 69 of the Further and Higher Education Act 1992 to enable HEFCW to administer the fee grant for Welsh-domiciled students
- (b) introduce a suite of other legislation necessary to give effect to the Welsh Assembly Government's proposals (see Annex on page 10). The intention is that all of the required legislation should be made before the elections to the National Assembly for Wales in May this year, to enable full implementation of subsequent system changes in preparation for academic year 2012/13
- (c) implement a simple fee grant scheme for students ordinarily resident and studying in Wales. We propose that HEFCW should make appropriate payments to each HEI in Wales in relation to the excess fee liability of Welsh students attending that institution. A traditional fee grant mechanism will continue to apply for those who study elsewhere in the UK. Though different mechanisms may be employed, the effect in both cases will be that the fee grant follows the individual student and is paid to the institution of choice
- (d) issue guidance to HEFCW on the content of tuition fee plans which will include provisions relating to reconfiguration of the higher education sector and other *For Our Future* strategic priorities
- (e) the proposed basic fee rate will be the maximum that a HEI may charge in respect of qualifying courses without approval of a fee plan and the higher rate the maximum chargeable with an approved fee plan. Within the specified limits institutions will have discretion as to the fee charged for individual courses
- (f) undertake further work (and consultation) on the arrangements for part-time students when more information is available as to the arrangements which will apply in England.

## Key questions

7. The direction of travel in Wales and key decisions in relation to university tuition fees and student finance were announced in the Minister's statement. **This paper does not invite comment on those broad principles.** There remain, however, some key questions in relation to which it would be helpful to have views from stakeholders and our delivery partners.

### On tuition fees

**Q1.** If institutions in Wales wish to set tuition fees above the basic fee rate they will be required to have in place fee plans agreed by HEFCW. The Government intends that fee plans in Wales will include provisions relating to reconfiguration of the higher education sector and other *For Our Future* strategic priorities. **How should those provisions be expressed? What other issues should the fee planning guidance address? Are there other conditions you think should be imposed on HEIs wishing to charge more than the basic fee rate?**

**Q2.** The Minister has suggested setting the basic fee rate (that is the tuition fee level above which institutions would be required to submit a fee plan to HEFCW for approval) at £6,000 per annum, the same level as in England. There is the potential, however, for the basic fee rate to be set at a lower level – perhaps even at the present maximum rate (£3,375 for academic year 2011/12). **What would be the advantages or disadvantages of a lower basic fee rate in Wales? What criteria do you consider should be used to determine the level of the basic fee rate?**

### On a fee grant scheme for Wales

**Q3.** We intend to introduce a relatively simple, non-burdensome fee grant scheme for Wales, of the sort described in paragraph 6(c) previously. **How might that scheme be designed to minimise the administrative burden on HEIs and HEFCW?**

## **On consultation and engagement with stakeholders**

**Q4.** A Programme Delivery Board has been established to oversee implementation of the 2012/13 higher education funding and student finance arrangements for Wales. Our main delivery partners are represented on the Board, which will be developing mechanisms for ongoing consultation and communication with other stakeholders, including a series of workshops on particular topics.

**What would be the most effective means of engagement and further consultation on the implementation issues identified in this paper?**

## **General issues**

**Q5.** Are there other ways in which Student Finance Wales processes could be simplified to reduce complexity and cost?

## Annex: Legislation programme for academic year 2012/13

- The Assembly Learning Grant (Higher Education) (Wales) (No.2) Regulations 2011
- The Education (Student Loans) (Repayment) (Amendment) Regulations
- The Higher Education Funding Council for Wales (Supplementary functions) Order 2011
- The Higher Education Act 2004 (Commencement No.3) (Wales) Order
- The Student Fees (Amounts) (Wales) Regulations 2011
- The Student Fees (Qualifying Courses and Persons) (Wales) Regulations 2011
- The Higher Education Act 2004 (Relevant Authority) (Designation) (Wales) Regulations 2011
- The Student Fees (Approved Plans) (Wales) Regulations 2011