



Independent Review of Higher Education Funding and Student Finance Arrangements in Wales

Call for evidence

November 2014

Digital ISBN 978 1 4734 2504 0
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WG23697

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Background

On 18 November 2013, the Minister for Education and Skills announced that he had asked Professor Sir Ian Diamond, current Vice Chancellor of Aberdeen University, to chair a Review of Higher Education Funding and Student Finance Arrangements in Wales. On 19 February 2014 the Minister issued a Written Statement announcing the establishment of an expert Review Panel to support Professor Diamond in this endeavour and the terms of reference for the review. The terms of reference are attached at Annex A (see page 18). Details of Review Panel members are included in Annex B (see page 20).

The Review commenced in April 2014. In autumn 2015, Professor Diamond will produce a factual summary of the evidence he and his review team have collected as part of their work. His final report, including final recommendations, will be issued to the Minister by September 2016.

The final recommendations will reflect the need to ensure a world-class Welsh higher education system which supports jobs and growth. In addition, Welsh Government priorities for the Review include:

- widening access – ensuring that any future system has widening access as its core objective, is progressive and equitable
- supporting the skill needs of Wales
- strengthening part-time and postgraduate provision in Wales
- long-term financial sustainability.

Professor Diamond and the Review Panel are required to conduct a wide-ranging review and to produce a final report that provides clear advice and costed recommendations for the future funding of the HE sector and student finance arrangements in Wales. The recommendations contained in the final report will need to be deliverable, affordable and sustainable.

This call for evidence is a crucial part of the review process and HE funding debate. The Review Panel would welcome the submission of views and evidence from individuals and organisations. Your response will form an important part of the evidence base for Professor Diamond's final report and recommendations for the future of higher education funding in Wales.

Information on current funding and support arrangements can be found at:

www.hefcw.ac.uk/publications/circulars/circulars.aspx

www.studentfinancewales.co.uk

www.studentfinancewales.co.uk/practitioners.aspx

If you would like to speak to someone regarding the call for evidence please contact:

e-mail: HEReview@wales.gsi.gov.uk

A note from Professor Sir Ian Diamond



Higher education is a force for good. Nations which invest in higher education benefit from the high skills that graduates bring to the economy and from research which can impact both on growth and the well-being of citizens. In addition, higher education transforms lives and can make major inroads into reducing inequality through being an important driver of social mobility. In Wales, higher education is a vital component of the Welsh Government's drive for jobs and growth and a society which promotes equality, health and well-being for all its citizens.

Yet in today's challenging financial climate it is important that every penny is spent wisely and I was delighted to be asked by the Welsh Government to Chair a Review of Higher Education. Our aim is to provide innovative recommendations which will meet the ambitious vision described above while at the same time being financially sustainable for the public purse and enabling a successful higher education system across Wales.

It is vital that we, as a group, are informed by the views of as many stakeholders as possible. We want to be sure that all of your views are taken into account as we form our recommendations. I would therefore urge everyone to consider and respond to the questions in this call for evidence, either individually or as part of an organisational response.

The Review Panel is very much looking forward to reading your thoughts and thank you in advance for taking part and helping to shape the future of higher education funding in Wales.

A handwritten signature in black ink, appearing to read 'Ian Diamond'.

Professor Sir Ian Diamond

Call for evidence

Purpose

The purpose of this call for evidence is to capture your views and any supporting evidence that will inform the Review of Higher Education Funding and Student Finance Arrangements in Wales.

Instructions

You are invited to complete the enclosed questionnaire. Depending on your area of interest you may wish to respond to **one or more** of the questions posed.

The questionnaire can be completed by an individual or on behalf of an organisation. Please record your views against each question you wish to answer. Where possible please give reasons for your answers to help Professor Diamond and the Review Panel understand your views in full.

Please take time to complete the respondent details section. This will assist with the analysis of the call for evidence.

The questionnaire can be completed either electronically or as a hard copy. Completed questionnaires should be returned to:

Alison Bryant
Higher Education Funding Review Team
Higher Education Division
Department for Education and Skills
Welsh Government
Freepost NAT 8910
Cathays Park
Cardiff
CF10 3BR

Or e-mailed to: HEReview@wales.gsi.gov.uk

Please return your completed questionnaire no later than 27 February 2015.

Additional information or links to available evidence and research that informed your views can be included with your response. Please submit this along with your completed questionnaire. A space is provided at the end of this document to record any additional items.

If you have any queries about the call for evidence questionnaire please contact the review team on:

e-mail: HEReview@wales.gsi.gov.uk

Respondent details

To help with our analysis please let us know who completed this response.

Name	Michelle Matheron
------	-------------------

Are you responding in a personal capacity or on behalf of an organisation?

I am responding in a personal capacity []

I am responding on behalf of an organisation [X]

Contact details (optional)

Position/job title (where relevant)	Policy and Public Affairs Manager
Name of organisation (where relevant)	The Open University in Wales
Contact address	18 Custom House Street, Cardiff, CF10 1AP
e-mail address	Michelle.Matheron@open.ac.uk

In the event that there are any queries about your response, are you willing to be contacted by a member of the review team? Yes [X] No []

If responding in a personal capacity, are these the views of:

a current HE student? []

a former HE student? []

someone considering enrolling in HE in Wales?

or elsewhere in the UK? []

a member of the HE sector teaching or support staff? []

an interested member of the community? []

Other: please specify

If a current or former HE student:

Have you received student support funding to study in Wales []

Have you received student support funding to study elsewhere in the UK []

If responding on behalf of an organisation, which of these best describes your organisation:

Private sector [] Public sector [] Third sector []

Other: please specify

If your organisation is a company/employer:

is it based in Wales? [] is it based elsewhere in the UK? []

does it employ graduates? [] does it sponsor HE students? []

Please provide details of type of organisation/business sector classification:

Questionnaire

Q1. To what extent do current student finance/support arrangements (student grants and loans) meet the needs of HE students, support the delivery of high-quality HE provision and provide value for money?

The Review Panel is interested in hearing about the strengths and benefits of current arrangements as well as any weaknesses or issues.

Very well [] Well [] Not very well [X] Don't know []

Please provide a reason(s) for your answer and where available, supporting evidence.

Higher education (HE) is a necessary and vital component of a modern economy and society. Its overarching purpose is to create, develop and disseminate human knowledge and understanding, and this has beneficial impacts for society and individuals that are economic, social, cultural and intellectual. As a sector, system, set of individual institutions and community of academics and students HE is a sound and necessary public investment. Through research, innovation, entrepreneurship and collaboration it attracts significant amounts of income that do not come from the public purse and in turn it is a motor for economic growth in wider society. Public investment in HE supports the various functions of HE including teaching, research, and activities such as knowledge transfer, widening access and other social, cultural and economic outcomes that properly derive from HE as a discrete set of practices. The challenge is to secure the best balance across these various activities and thus the best use of public investment. The present arrangements in Wales do not constitute an effective balance or value for money.

The Welsh Government has stated that HE “should be available to all those with the potential to benefit regardless of age, gender, mode and level of study, country of origin and background¹.” The Open University in Wales strongly supports this vision and in particular the all-age approach to HE contained within it, which we believe is fundamental to any fair, and ultimately productive, HE funding and student support system.

The Open University in Wales is the largest provider of undergraduate part-time higher education (HE) in Wales with around 8,000 students studying more than 10,000 modules. Taken together, these students amount to 3,585 ‘students’ at full-time equivalent basis. In 2012/13 The OU in Wales had more registered undergraduate students who were Welsh-domiciled than all but two of the other universities in Wales. The Open University is unique in its scale and reach. It is the only HEI to receive funding from all four governments of the United Kingdom, and its Wales-based students and funders benefit from that scale. OU in Wales students represent c. 5% of the University yet receive the benefits that accrue from the overall investment

¹ Welsh Government, *Policy statement on higher education* (June 2013). Available at <http://wales.gov.uk/topics/educationandskills/highereducation/policy-statement/?lang=en>

made across the whole institution at scale.

The benefits from the learning and teaching activities of the OU within Wales coupled with those derived from other activities and the effects of the unique scale and configuration of the institution are experienced in societal terms. A study by London Economics estimated that the total economic impact associated with the activities of the OU within Wales was approximately £137million in 2012/13 after the cost to the exchequer is taken into account. The HEFCW grant to the OU in that year was £11million.

Part-time HE provision contributes to economic prosperity through creating opportunities for individuals to enhance their skills and through supporting employers and the wider labour market by contributing to increasing skills in aggregate. The importance of lifelong learning and workforce development takes on a greater significance when set in the context of the demographic changes in the coming years. Most of the Welsh workforce of the 2020s is already in work² and will need flexible learning options to attain the higher skills levels necessary to ensure economic growth - we cannot rely on what will be a declining inflow of new graduates from full-time programmes. Indeed, the Welsh Government's Policy Statement on Skills states "If the skills individuals possess do not continue to evolve with the economy...they are at risk of seeing their skills devalue over time. This risk has the potential to restrict the opportunities available to them to progress into more highly-skilled jobs, or remain in, or return to, employment³."

Part-time provision is also an agent of social justice, opening HE up to the widest possible range of people and thereby increasing social mobility. It contributes to the development of communities, and plays an important role in the wider civic and cultural functions of higher education.

However, we believe the needs of current and potential part-time students in Wales are not being adequately or efficiently met by the current funding system.

Like all areas of public investment higher education has a finite budget and the changes made to the funding and support for full-time undergraduate HE in 2012 determined the residue of funding that was available to support part-time HE. It is widely recognised that the undergraduate full-time fee grant has led to a proportion of what was the HEFCW Institutional Learning and Teaching (L&T) funding stream following students who choose to study at institutions elsewhere in the UK. Less widely known, but also of significance, is that the full-time undergraduate fee grant policy has resulted in a net transfer of resource from part-time to full-time study, facilitated in part by the

² The Leitch Review of Skills written for the UK Government in 2006 stated that "Today, over 70 per cent of our 2020 workforce have already completed their compulsory education." *Leitch Review of Skills* (2006) p.1. Available at http://www.delni.gov.uk/leitch_finalreport051206f11-2.pdf

³ Welsh Government, *Policy statement on skills* (2014), p.17. Available at <http://wales.gov.uk/topics/educationandskills/skillsandtraining/policy-statement-on-skills/?lang=en>

removal of HEFCW strategy funding streams. This was noted by the Wales Audit Office in its report in 2013 into higher education finances⁴. This funding underpinned targeted work in widening access and in skills development via links with employers. In respect of institutions that also provide full-time undergraduate provision the increased fee income from the higher fee levels and fee grants compensates for the removal of their strategy funding. However, this funding has also been removed for part-time undergraduate provision where no equivalent to higher fees or fee grants exist to provide replacement or additional income. These policy decisions have contributed to a decrease in the number of part-time students across the sector.

Some changes were implemented within the part-time funding system in 2014 – principally the introduction of loans for part-time undergraduate students who meet certain criteria. However, we do not believe that these represent an effective or settled arrangement for the future funding of part-time HE in Wales. A wider, more permanent and more equitable settlement is needed in order to ensure that the future of part-time HE is sustainable and to secure a truly accessible Welsh HE system. This view was echoed by the National Assembly's Finance Committee in their report on Higher Education Funding, the report states "the part-time higher education sector (both students and institutions) would benefit from a clear policy direction and funding." It also called for a holistic, strategic funding package for part-time HE⁵.

For The Open University the consequences of the post-2012 fees and funding regime are particularly acute, as it does not have the alternative of full-time provision that generates additional income in the form of higher fee levels. This makes our ability to provide the focused work on, for example, widening access and with employers and trades unions - some of the main purposes of the former strategy funding - more uncertain.

The Minister's annual remit letter to HEFCW for 2013/14 stated that part-time HE was a priority for the Welsh Government and remitted HEFCW to support the part-time sector at 'broadly current levels' as the Government did 'not wish to see significant increases in part-time fee levels'⁶. We welcomed this statement. The ability to keep fees at low levels for part-time courses required that L&T institutional funding remains in place for part-time provision. In the Minister's remit letter for 2014/15 part-time HE was again named as a priority area but there was no explicit mention of fee levels⁷.

Institutions that predominantly offer full-time provision may choose to cross-subsidise part-time provision, but there is little or no incentive for them to do this given that even with the institutional HEFCW L&T grant that remains in

⁴ Wales Audit Office, *Higher Education Finances* (2013), p.12. Available at http://www.wao.gov.uk/system/files/publications/HE_Finances_English_2013.pdf

⁵ National Assembly for Wales Finance Committee, *Higher Education Funding* (May 2014) p. 33. Available at <http://www.assembly.wales/Laid%20Documents/CR-LD9755-R%20-%20Report%20of%20the%20Finance%20Committee%20-%20Higher%20Education%20Funding-03062014-256437/cr-ld9755-r-e-English.pdf>

⁶ Welsh Government, *Higher Education Funding Council for Wales remit letter 2013-14*, available at http://www.hefcw.ac.uk/documents/about_he_in_wales/wag_priorities_and_policies/2013-14%20Remit%20Letter.pdf

⁷ Welsh Government, *Higher Education Funding Council for Wales remit letter 2014-15*, available at http://www.hefcw.ac.uk/documents/about_he_in_wales/wag_priorities_and_policies/2014-15%20Remit%20Letter.pdf

place for part-time provision, the pro rata income for part-time provision will not match the £9k p.a. for a full-time student. This is a contributory factor in the decline of the overall part-time offer in Wales at sectoral level. As The Open University offers only part-time provision there is no opportunity to cross-subsidise from higher income that derives from full-time provision.

It is essential that any future funding system offers parity of esteem and an equitable balance of public investment between full and part-time modes of study and is developed with due consideration of the needs of both full and part-time students from the outset. Part-time must not be seen as an afterthought or an add-on if we are to develop a fit for purpose higher education funding system.

The new finance / support arrangements for part-time only came into effect in 2014 with the removal of the fee grant and the introduction of loans for eligible part-time undergraduate students. While initial OU registration levels for new students calculated by FTE are holding broadly steady, there are fewer actual students studying. It remains to be seen how this change will impact on part-time student numbers and completion rates over the longer term. At sectoral level, there has been a decline in part-time numbers. A feature of this is that the decline in overall headcount numbers is greater than the decline in FTE levels studying part-time (see graphs provided in the 'Additional Information' section for more detail on this). The shift towards qualifications-based study rather than modular study, and the requirement to study at a minimum of 25% intensity in order to access a loan, is a further contributory factor in this decline. Additionally, it is likely to be a disincentive for some potential part-time students, particularly widening access students.

Awareness of loans available for part-time students and debt aversion may also be contributing factors in any perceived reduction in demand for part-time provision. Part-time students many of whom are in work and may have family and other commitments including mortgages, are generally more debt averse than 18-year olds and are therefore more reluctant to take out a loan. A survey commissioned by the OU indicates that over half (54%) of people in Wales considering part-time study at HE level in the next five years say they would not be comfortable borrowing money for higher education, whereas just 29% of prospective full-time students would not be⁸. If repayment terms were better understood by prospective part-time students demand could increase. Likewise a lack of awareness of loans for part-time can impact on demand. In a tracking study commissioned by the OU, results show that four out of five prospective part-time students in England, who have all said they are interested in studying on a part-time basis at HE level in the next five years, are unaware that loans for part-time study are available⁹. Data for prospective students in Wales will be available from the same study later this year. If more prospective mature students knew about the availability of loans for part-time study, it seems reasonable to assume there could be increased demand.

⁸ Open University Tracking Study, Conquest Research (Dec 2011 – Dec 2014)

⁹ Ibid.

It has been a common observation since the expansion of higher education in the 1990s that there has been a blurring of the distinction in practice between full-time and part-time undergraduate modes of study. Such blurring is a consequence of the large numbers of full-time students who work and, to a lesser extent, part-time students with volumes of study that approach a full time equivalent load.

However, this is a description that becomes less meaningful upon closer analysis. The vast majority of part-time students are older and already active (or seeking to be active) in the labour market, with other significant financial and familial commitments. As Callender puts it 'part-time students fit their studies around their jobs and domestic commitments and see themselves as workers who study. By contrast, full-timers fit their jobs around their studies and see themselves as students who work.' Callender goes on to point out that conceptions of risk and - for some - debt aversion weigh more heavily on part-time students (and also upon employers who wish to sponsor employees to study at HE level). In the round, macro-economic factors have more impact on individual investment decisions around part-time HE, including judgements around opportunity costs¹⁰.

These are important contextual and material aspects of part-time HE student markets, and need to be considered carefully in the design and implementation of fees and funding systems. The distinctive aspects of, and elements that shape, part-time learners and markets point to the weakness of simply designing a fees and funding regime that 'fits' full-time undergraduate student markets based on school leavers and then applying it on a pro rata basis to the very different context of the client groups that study, or wish to study, on a part-time basis.

A further contributory factor in the decline of part-time undergraduate markets are the equivalent and lower qualifications (ELQ) restrictions. The ineligibility of ELQ students in England to draw down (for their institutions) the former HEFCE L&T institutional grant after 2008, and subsequently their ineligibility to access fee loans (from 2012), has contributed to the decline of part-time take-up. That the ELQ restrictions date (in one form) from 2008 explains the longer period of decline in part-time take-up in England – that is, it began prior to the fees and funding changes in 2012. The more recent introduction of fee loans for part-time undergraduate study in Wales carries the same restriction and is likely to depress demand in a similar manner although it may be to a lesser extent due to fees in Wales being lower at present. We believe that the blanket ELQ policy runs counter to policies that support re-skilling and that more nuanced policies in this area are necessary. These might include exemptions for ELQ students in priority subject areas and/or means tested access to loans.

Fees for part-time study at undergraduate level remain lower in Wales than those in England. This is because the HEFCW institutional L&T grant – although under severe pressure – remains in place. In a written statement to the National Assembly in March 2013, the Minister stated that the

¹⁰ Clare Callender, *The demise of part-time undergraduate higher education in England: who cares?* (IOE: 2014).

introduction of higher fee levels have had a 'significant impact' on participation in England¹¹.' As set out in this response, we believe that there are multiple factors in the decline in part-time undergraduate markets; the impact of the economic recession from 2008 also needs to be added to these. Recent reports on part-time HE in England suggest that increases in fees and aspects of debt aversion may be an additional contributory factor¹² but it might be argued that it is a little early to make this a definitive conclusion. Nonetheless it is an element that needs to be considered in any proposals for changes to the fees and funding system for part-time HE, and further research would prove useful in this area.

An unequivocally damaging consequence of the present funding system is that the growing year on year costs of the undergraduate full-time fee grant payments have led to a shrinking amount of resource that HEFCW can allocate to support other important priority areas. This has had the effect of pitting QR research investment, high cost subject premia payments to institutions and part-time institutional L&T funding against each other. In a time of severe constraints in public expenditure it is inevitable that hard choices have to be made but in this instance the choices are a consequence of the costs of a policy that is both expensive and spread too widely in that it does not target most resource at those most in need.

An important aspect of value for money for higher education students is return on investment. For part-time students across the sector, including those who study at 'bite-size' volumes of study, there needs to be more research on the graduate premia that accrue, together with a clear view on the relative comparators that are necessary in calculating such premia. We do have some data on return on investment for OU students in Wales. A significant proportion of OU students do not have traditional levels of prior attainment (the standard entry criteria required by universities) on entering HE. These students, therefore, travel a greater 'academic distance' and in relative terms achieve a greater return on investment than traditional full-time students entering HE at 18. Research undertaken by London Economics for The Open University in 2014 showed that the net 'graduate premium' associated with lower levels of prior attainment, (relative to possession of 5 or more GCSEs at grades A*-C or equivalent but less than 2 GCE 'A' levels) associated with an undergraduate degree for a part-time student in Wales was estimated to be approximately £93,000 for a male and £49,000 for a female in 2012-13 money terms.

Student satisfaction is also an indicator of quality and value for money - in 2014, for the tenth successive year, The Open University was top in Wales for 'overall student satisfaction' in the National Student Survey.

¹¹ Leighton Andrews, Minister for Education & Skills, *Written statement on Higher Education Part-time Undergraduate Support*, (March 5th 2013). Available at <http://wales.gov.uk/about/cabinet/cabinetstatements/2013/heparttimesupport?lang=en>

¹² See: Universities UK, *The power of part-time: Review of part-time and mature higher education* (2013)
Oxford Economics, *Macroeconomic influences on the demand for part-time higher education in the UK* (2014)
Clare Callender, *The demise of part-time undergraduate higher education in England: who cares?* (IOE: 2014)

Q2. Do you think that the Welsh Government policy of supporting Welsh domiciled students to study elsewhere in the UK is sustainable and/or desirable in the long term?

Sustainable: Yes [] No [X] Desirable: Yes [] No []

There has been a lot of debate in the run-up to the Review about cross-border flows of HE students in and out of Wales and about the sustainability of the Welsh Government's decision to provide financial assistance (in the form of a fee grant) to Welsh-domiciled students that study at universities elsewhere in the UK. The Review Panel is keen to hear stakeholder views regarding this particular policy position.

Please provide a reason(s) for your answer and where available, any supporting evidence.

The higher education system in Wales should be predicated upon supporting students and institutions to thrive regardless of a student's choice of mode or location of study. In the area of student funding we would like to see greatest support going to those most in need. This should be the starting point rather than geography. However, at a time of severe constraints in public expenditure, and the continuation of a 'funding gap' between the HE sectors of Wales and England, the amount of HEFCW income that is now deployed in support of students studying at institutions outside of Wales must be of concern, in part as the system rests upon continuing levels of fee income from full-time undergraduate students from England studying at Welsh institutions.

The Welsh Government rightly needs to consider how best to prioritise finite resources. It is important to consider whether the current student support structure in Wales, in particular the tuition fee subsidy for all Welsh-domiciled students studying on a full-time basis, has managed to increase the numbers of Welsh students entering HE and increase the participation rates among widening access students. A thorough evaluation will be essential in establishing whether this policy, which has been funded at the expense of other provision such as part-time HE, has had the desired impact and if, or how, it needs to be modified to achieve the desired policy outcomes. We do not believe that the current system is sustainable. It may be deemed desirable as a result of the policy outcomes that it is designed to achieve, but it should not be pursued at the expense of support for part-time provision. The current system does not treat full and part-time modes of study equitably and does not direct most resource to those most in need.

Another damaging consequence of the present funding system is that the growing year on year costs of the undergraduate full-time fee grant payments have led to a shrinking amount of resource that HEFCW can allocate to support other important priority areas. This has had the effect of pitting QR research investment, high cost subject premia payments to institutions and part-time institutional L&T funding against each other. In a time of severe constraints in public expenditure it is inevitable that hard choices have to be made but in this instance the choices are a consequence of the costs of a policy that is both expensive and spread too widely in that it does not target

most resource at those most in need.

Any future policy needs to balance the needs of both full-time and part-time modes of study in order to achieve the best outcomes for all of those who wish to access HE and for Wales' economic development.

Q3. To what extent does the current HE sector funding system support high-quality provision and deliver value for money?

The Review Panel is interested in hearing about the strengths and benefits of current arrangements as well as any weaknesses or issues.

Very well [] Well [] Not very well [X] Don't know []

Please provide a reason(s) for your answer and where available, supporting evidence.

The OU in Wales has welcomed the all-age approach that has, since 1999,, been present in much of the Welsh Government's HE policy¹³. In more recent years however, there has been a lack of balance between the public investment going into full and part-time higher education. This must be addressed. The universal element of the undergraduate full-time fee grant does not constitute value for money as it does not direct public support to where it is most needed and in turn has led to a skewing of public investment from part-time to full-time undergraduate provision, as noted in the Wales Audit Office report¹⁴.

In order for institutions to be able to deliver high-quality provision across modes of study and to open up HE to a broad range of students it is essential that a long term funding settlement is agreed for part-time HE in Wales. It is essential to learn lessons from England where policy decisions were made for full-time HE and then simply applied to part-time; this has led to a worrying drop in the number of students studying part-time¹⁵.

Positive aspects of the current system in Wales with regard to part-time

¹³ See: National Assembly for Wales, *The learning country: a paving document* (2001), available at <http://gov.wales/dcells/publications/publications/guidanceandinformation/learningcountry/learningcountry-e.pdf?lang=en>; Welsh Assembly Government, *The learning country: vision into action* (2006), available at <http://gov.wales/dcells/publications/publications/guidanceandinformation/learningcountry/learningcountryvis-e.pdf?lang=en>; Welsh Assembly Government, *For Our Future: The 21st Century Higher Education Strategy and Plan for Wales* (2009), available at <http://gov.wales/docs/dcells/publications/091214hestrategyen.pdf>; Welsh Government, *Policy statement on higher education*, (2013), available at <http://gov.wales/docs/dcells/publications/130611-statement-en.pdf>

See also:

Professor Theresa Rees, *Investing in Learners: Coherence, clarity and equity for student support in Wales*(2001), National Assembly for Wales;

Final Report of an Independent Study into the Devolution of the Student Support System and Tuition Fee Regime in Wales (2005) Fair and Flexible Funding: A Welsh Model to Promote Quality and Access in Higher Education (Rees Review), Welsh Assembly Government;

Final Report, Chaired by Dr Heather Graham (2006) Independent Review of Part-Time Higher Education Study in Wales (Graham Review), Welsh Assembly Government;

Jones, M et al, *The Independent Review of Higher Education in Wales Phase 2 report*, 2009

¹⁴ Wales Audit Office, *Higher Education Finances* (2013), p.12 available at http://www.wao.gov.uk/system/files/publications/HE_Finances_English_2013.pdf

¹⁵ HEFCE, *Higher Education in England: Impact of the 2012 reforms* (2012), available at <http://www.hefce.ac.uk/about/intro/abouthighereducationinengland/impact/>

study include lower fees (made possible by the HEFCW institutional L&T grant), the introduction of loans for part-time study and course grants for eligible part-time students – although the constraints of access to loans themselves appear to limit the markets within part-time provision.

On a less positive note, the current HE sector funding system is weighted towards full-time undergraduate students following the traditional pathway from school to university. This imbalance needs to be redressed in the development of any future system. There is a need also to develop and support part-time postgraduate education. Financial support should be available for postgraduate study, perhaps in priority subject areas, and this support should not be age-limited or limited in terms of duration of study.

The removal of HEFCW strategy funding has impacted upon the ability of institutions to deliver part-time HE in priority areas such as widening access and working with employers (where part-time provision plays a major role). Furthermore, the HEFCW institutional L&T grant is now coming under severe pressure as the costs of the full-time fee grant increase, leading HEFCW funding to institutions in the round (including QR and high cost subject payments) being squeezed and pitted against each other.

Wales would benefit from a clear government policy, and associated funding settlement, on part-time higher education based on an understanding that part-time HE is not simply a more extended or slowed-down version of full-time study. Policy and funding decisions must recognise the diversity of ways in which part-time study supports the wider education, social justice and economy agenda.

An important aspect of value for money for higher education students is return on investment. A significant proportion of OU students do not have traditional levels of prior attainment (the standard entry criteria required by universities) on entering HE. These students, therefore, travel a greater 'academic distance' and in relative terms achieve a greater return on investment than traditional full-time students entering HE at 18. Research undertaken by London Economics for The Open University in 2014 showed that the net 'graduate premium' associated with lower levels of prior attainment (relative to possession of 5 or more GCSEs at grades A*-C or equivalent but less than 2 GCE 'A' levels) associated with an undergraduate degree for a part-time student in Wales was estimated to be approximately £93,000 for a male and £49,000 for a female in 2012-13 money terms.

The benefits from the learning and teaching activities of the OU within Wales coupled with those derived from other activities and the effects of the unique scale and configuration on the institution are experienced in societal terms. A study by London Economics estimated that the total economic impact associated with the activities of the OU within Wales was approximately £137million in 2012/13 after the cost to the exchequer is taken into account. The HEFCW grant to the OU in that year was £11million.

The Welsh Government has asked the Review Panel, in particular, to consider funding mechanisms that impact positively on:

- widening access – ensuring that any future system has widening access as its core objective, is progressive and equitable
- supporting the skill needs of Wales
- strengthening part-time and postgraduate provision in Wales
- long-term financial sustainability.

The following questions consider these components.

Q4. To what extent do current HE sector funding and student finance arrangements support measures to widen access and improve participation in HE? Are there any alternative arrangements that you would like to see?

Very well [] Well [] Not very well [X] Don't know []

Please provide a reason(s) for your answer, and where available, supporting evidence. If the response is 'Not very well', please provide details of any alternative arrangements that you would like to see.

The widening access premium paid to institutions on a per capita basis is a positive element of the present system.

However, we do not believe that the current regime in the round is the most effective way of supporting students from the lowest income households into HE, particularly in respect of part-time. Many students studying with The Open University are from low income households, and do not receive equivalent amounts of public support to those received by a student studying as a full-time undergraduate. The full-time undergraduate fee grant is universal and is made available to those from more affluent households. Yet a low income student studying part-time, who is likely to have already paid taxes that contribute to the full-time undergraduate fee grant (and may continue to do so whilst studying), is not supported in the same way. Given the longstanding patterns of recruitment by age across full and part-time modes of study a typical part-time student generally has less time in which to accrue the economic benefits of being a graduate, relative to a typical full-time student. This raises questions about the appropriateness of a pro-rata fees and funding regime if part-time students generally have less time to accrue the financial gains associated with a degree. This is neither socially just nor in line with the Government's avowed commitment to an all-age approach to higher education.

This disparity of approach between the two modes of support was exacerbated by the loss of HEFCW strategy funding to institutions which led to a further detrimental imbalance in respect of part-time provision relative to full-time.

Part-time provision has an important role with widening access to HE,

through for example, providing opportunities to employees in low wage and low skill employment and to residents of disadvantaged geographical communities. Given that part-time students tend to stay within local communities, part-time HE has added traction and effects as part of strategies for community development. The 2015 HESCU report 'Loyals, Stayers, Returners and Incomers: Graduate migration patterns' describes learners who stay within their local communities to study as 'loyals', it states "Loyals tend to be slightly older, were more likely to be women and more likely to have studied part-time than other groups. They were more likely to be from a background with lower participation in higher education (HE), and to have a job in education."¹⁶

Requirements for minimum study intensity in order to qualify for support also act as disincentives for some potential students, particularly widening access students. Debt aversion may also be a disincentive for part-time students, a survey commissioned by the OU indicates that over half (54%) of people in Wales considering part-time study at HE level in the next five years say they would not be comfortable borrowing money for higher education, whereas just 29% of prospective full-time students would not be¹⁷.

Whilst not strictly a HE sector issue the current Wales-wide careers services focus heavily on younger people, this creates a deficit of important information, advice and guidance for current and potential mature students. The skills needs of Wales cannot be filled by the younger population alone, we need to be looking to our older work force to upskill and retrain and a careers service that caters for all ages is a crucial part of meeting this need.

Fifteen per cent of OU in Wales students have declared a disability - although the actual number of disabled students studying with the OU may well be higher as not all students will declare their disability and the OU's flexible approach can be particularly attractive for students who may find it hard to access traditional HE provision for a range of reasons. The provision of Disabled Students' Allowances (DSA), and the support they provide access to, are vital to ensure that disabled students are able to study and are not disadvantaged when doing so. We are concerned, however, that the number of DSA applications by new Open University students has fallen since the process has moved to Student Finance Wales (SFW). Student experience suggests it is difficult to access the appropriate information on the SFW website. Likewise, arrangements for assessing students once their DSA applications have been received do not currently recognise the specific needs of part-time, distance learning students. Disabled students can find it difficult to travel to an assessment centre and even when they do assessors are not able to see students in their normal study environment (which is usually the student's home or workplace). This problem is exacerbated when assessors themselves are often more accustomed to assessing full-time, on-campus students.

The current funding system creates an inherent disincentive for Higher

¹⁶ Charlie Ball. *Loyals, Stayers, Returners and Incomers: Graduate migration patterns* (HESCU: 2015). Available at http://www.hecsu.ac.uk/assets/assets/documents/hecsu_graduate_migration_report_january_15.pdf

¹⁷ Open University Tracking Study, Conquest Research (Dec 2011 – Dec 2014)

Education Institutions (HEIs) to offer part-time undergraduate provision as it does not generate the same levels of income as full-time undergraduate provision. The levers to encourage institutions to do more around both part-time and widening access now largely lie within the fee plan structure which cannot be deployed easily by HEFCW and - following the passing of the HE Bill in the National Assembly - occupies an ambiguous position as regards part-time provision.

Over 20% of OU in Wales' students come from HEFCW widening access categories. Based on our experience of working with these students and delivering widening access initiatives across Wales we offer the following further observations:

- The widening access premium is a necessary element of the funding regime as it targets investment to where it is needed and incentivises institutions to recruit from the relevant target groups.
- The current emphasis on qualifications and minimum study intensity in order to access a loan is a consequence of the HE student funding system policy in England (due to the requirements of using the same loans system in Wales). These requirements depress student demand for, and dis-incentivise institutions from offering short modules of less than 30 credits. This is in contrast to the Welsh Government's stated intention that widening access initiatives need to "ensure that modes of provision include: flexibility....bite-sized learning."¹⁸
- The current measures for widening access are too narrow to address the needs of rural poverty in Wales.
- More needs to be done to communicate the various pathways and alternative routes into HE for those over 25s who may have missed conventional routes the first time around. There is a need to communicate (as a whole sector) the benefits of HE to this group and possible sources of funding available.
- The three cross-sector Reaching Wider partnerships have stimulated cross-sector / regional working in priority areas. The partnerships would also benefit from a stronger governance structure. There should also be an explicit commitment to, and expectation of, an all-age approach to HE from all of the partnerships. There is a need for Wales-wide projects as well as regional ones and more of a focus on the opportunities presented by Open Educational Resources (OER) and distance learning.

Q5. To what extent do current HE sector funding and student finance arrangements support measures to widen access to HE provision through the medium of Welsh? Are there any alternative arrangements that you would like to see?

Very well [] Well [] Not very well [] Don't know []

¹⁸ Welsh Government, *Policy statement on higher education* (June 2013), available at <http://wales.gov.uk/topics/educationandskills/highereducation/policy-statement/?lang=en>

Please provide a reason(s) for your answer, and where available, supporting evidence. If the response is 'Not very well', please provide details of any alternative arrangements that you would like to see.

It would be worth considering how to support HEIs (perhaps through existing partnerships) to develop, and fund, complementary provision. The OU, for example, is well placed to contribute to this agenda through the provision of Open Educational Resources (OER) such as the free online learning offered via [OpenLearn Cymru](#). As in other dimensions of the role of HE, it will be important to secure best value by encouraging institutions to play to existing strengths.

Q6. To what extent do current HE sector funding and student finance arrangements support measures that respond to the skills needs of Wales? Are there any alternative measures that you would like to see?

Very well [] Well [] Not very well [X] Don't know []

Please provide a reason(s) for your answer, and where available, supporting evidence. If the response is 'Not very well', please provide details of any alternative measures that you would like to see.

The importance of lifelong learning and workforce development takes on a greater significance when set against the demographic changes of the coming years. Most of the Welsh workforce of the 2020s is already in work¹⁹ and will need flexible learning options to attain the higher skills levels necessary to ensure economic growth. We cannot rely on what will be a declining inflow of new graduates from full-time programmes.

66% of OU in Wales students are in full or part-time employment while they study and part-time undergraduates largely study for vocational and professional reasons. The 'It's About Time' report conducted in 2014 by NUS Wales and the OU in Wales found that 72% of part-time students are in employment and the most commonly cited reason for pursuing part-time study was to improve future employability²⁰. This can only be achieved if flexible learning options and support are readily available.

Incentives are needed for employers (in the private, public and voluntary sectors) and employer organisations to engage in upskilling and work based learning. We welcome the principle of co-investment, as set out in the Welsh Government's Skills implementation plan²¹, and believe that it has the potential to impact positively on employees and employers in Wales. There

¹⁹ The Leitch Review of Skills written for the UK Government in 2006 stated that "Today, over 70 per cent of our 2020 workforce have already completed their compulsory education." *Leitch Review of Skills* (2006), p.1. Available at http://www.delni.gov.uk/leitch_finalreport051206f11-2.pdf

²⁰ NUS Wales and OU in Wales, *It's About Time: A study of part-time students and their experiences in Wales* (2014). Available at <http://www.open.ac.uk/wales/sites/www.open.ac.uk.wales/files/files/ecms/wales-pa/web-content/It's-About-Time-2014-English.pdf>

²¹ Welsh Government, *Skills implementation plan* (2014). Available at <http://wales.gov.uk/docs/dcells/publications/140714-skills-implementation-plan-en.pdf>

is an important role for vocational education and training in the delivery of higher level skills and the intention for this to be taken forward as a partnership between government and employers is to be welcomed. It is important to ensure that the cost of part-time flexible learning remains affordable so that this provision is accessible for those supported via co-investment and those wishing to fund themselves. With this in mind, together with analysis that suggests that the post-2012 fees regime for part-time undergraduate study in England inhibits employer-sponsored study²², funding arrangements that enable institutions to keep their fees for part-time courses relatively low need to be protected. It is also important to ensure that part-time workers, particularly those in low-paid employment, are able to benefit from co-investment and the skills development agenda.

A degree-level qualification based approach alone does not always sit well with employer demand and both employers and trades unions tell us that they value modular approaches to up-skilling and re-skilling the workforce. Flexible distance learning is also valued by employers who may not have time to release staff to study during work time. Likewise, student finance arrangements do not respond as flexibly as they could to skills shortages. It may be worth considering bursaries for priority subjects and this should include part-time as well as full-time study.

There is a need to develop and support part-time postgraduate education. Financial support should be available for postgraduate study, perhaps in priority subject areas, and this support should not be age-limited or limited in terms of duration of study.

Q7. Does the current system of HE sector funding and student finance arrangements provide an appropriate balance of funding to support full-time undergraduate, part-time undergraduate and postgraduate study? If you think it does not, how might you change this balance?

Yes []

No []

Don't know []

Please provide a reason(s) for your answer, and where available, supporting evidence. If the response is 'No', the Review Panel would be interested to hear your views on what would be an appropriate and sustainable balance.

As part-time students are not eligible for the full-time undergraduate tuition fee grant there is now public support going into full-time higher education that is not proportionately going into part-time higher education, notwithstanding that HEFCW institutional L&T funding remains in place for part-time provision. There are significant issues here to do with equity for students as no public case or rationale has been made for treating part-time students in this less favourable manner. This is not an argument for symmetry of system for both modes of provision; rather, it is an argument for an equitable balance of investment across the two modes.

²² Clare Callender, *The demise of part-time undergraduate higher education in England: who cares?* (IOE: 2014).

The decision by the Welsh Government to provide a high level of fee grant support for full-time undergraduate students reduces the amount of money available for the support of part-time provision. For this reason the two modes of study need to be considered in the round when making policy decisions and this has not happened to date. Many students who choose to study part-time do so because their circumstances mean that it is the best, or only, option available to them. It is almost invariably a positive choice. They may be already in work and wishing to up-skill or retrain, or wishing to re-enter the labour market or have caring responsibilities. Part-time students who remain in work also pay tax and National Insurance enabling Wales to benefit from them remaining economically active while they study. Flexible distance learning provision at higher education level as provided by The Open University also has a special role in opening up opportunities for disabled people, and carers, to access HE. Access to part-time higher education for these individuals and groups will enable HE providers to meet the needs of the Welsh economy, aid social mobility, social justice and community development and thus in turn and contribute to the creation of a more prosperous Wales. In order to do this, decisions about how to support part-time students must be central to any discussions about the future funding of HE and not considered as an after-thought or counterpoint to a (false) 'norm' of full-time provision.

Please also refer to our response to Q 1.

Equity for part-time students falls notably short in relation to Student Finance Wales. The opening for submission of loan applications for part-time students is later than full-time students. Distance learning students in particular, who often make an early decision in undertaking their studies, can become discouraged to continue their application further due to long delays between enrolling for a course to actually being able to apply for a loan. In addition, despite an online application process for full-time students in Wales, and indeed part-time students in England, the system for part-time students in Wales remains offline and in hard copy format, with seemingly no impetus to introduce an online system. This results in additional delays in the turnaround of processing of loans for these students, compared to full-time students, once SFW opening for loan applications.

Awareness of loans available for part-time students and debt aversion may also be contributing factors in any perceived reduction in demand for part-time provision. Part-time students, many of whom are in work and may have family and other commitments including mortgages, are generally more debt averse than 18-year olds and are therefore more reluctant to take out a loan. A survey commissioned by the OU indicates that over half (54%) of people in Wales considering part-time study at HE level in the next five years say they would not be comfortable borrowing money for higher education, whereas just 29% of prospective full-time students would not be²³. If repayment terms were better understood by prospective part-time students demand could increase. Likewise a lack of awareness of loans for part-time can impact on demand. In a tracking study commissioned by the OU, results show that four

²³ Open University Tracking Study, Conquest Research (Dec 2011 – Dec 2014)

out of five prospective part-time students in England, who have all said they are interested in studying on a part-time basis at HE level in the next five years, are unaware that loans for part-time study are available²⁴. Data for prospective students in Wales will be available from the same study later this year. If more prospective mature students knew about the availability of loans for part-time study, it seems reasonable to assume there could be increased demand.

It has been a common observation since the expansion of higher education in the 1990s that there has been a blurring of the distinction in practice between full-time and part-time undergraduate modes of study. Such blurring is a consequence of the large numbers of full-time students who work and, to a lesser extent, part-time students with volumes of study that approach a full time equivalent load.

However, this is a description that becomes less meaningful upon closer analysis. The vast majority of part-time students are older and already active (or seeking to be active) in the labour market, with other significant financial and familial commitments. As Callender puts it 'part-time students fit their studies around their jobs and domestic commitments and see themselves as workers who study. By contrast, full-timers fit their jobs around their studies and see themselves as students who work'. Callender goes on to point out that conceptions of risk and - for some - debt aversion weigh more heavily on part-time students (and also upon employers who wish to sponsor employees to study at HE level). In the round, macro-economic factors have more impact on individual investment decisions around part-time HE, including judgements around opportunity costs²⁵.

These are important contextual and material aspects of part-time HE student markets, and need to be considered carefully in the design and implementation of fees and funding systems. The distinctive aspects of, and elements that shape, part-time learners and markets point to the weakness of simply designing a fees and funding regime that 'fits' full-time undergraduate student markets based on school leavers and then applying it on a pro rata basis to the very different context of the client groups that study, or wish to study, on a part-time basis.

There is also a need to develop and support part-time post graduate education. Financial support should be available for postgraduate study, perhaps in priority subject areas, and this support should not be age-limited or limited in terms of duration of study.

Overall, we need a system that delivers higher education to anyone who wishes to access it and that enables the Welsh economy to prosper through upskilling our workforce and meeting identified needs. Flexibility should be at the heart of this system so that the mode of study is irrelevant to the ability to access HE and financial support.

²⁴ Ibid.

²⁵ Clare Callender, *The demise of part-time undergraduate higher education in England: who cares?* (IOE: 2014).

The dominant discourse within public policy-making circles and in wider public debate around the purposes and benefits of higher education consistently assumes a traditional full-time route straight from school as the default. This must change. The part-time option must be given greater support but also greater visibility within public policy and discourse.

Q8. What does a top-class HE system look like and what would be the implications of not having a top-class HE system in Wales?

This is deliberately broad. Your response will inform the Review Panel's thinking about the type of HE system that the final recommendations are designed to support. The question may be considered from an economic development, innovation and research, community, social, cultural, quality, structural, financial, student, employer or any other perspective you think appropriate. In forming your response, examples of good practice that you wish to draw to the Review Panel's attention would be welcome.

Higher education is a necessary and vital component of a modern economy and society. Its overarching purpose is to create, develop and disseminate human knowledge and understanding, and this has beneficial impacts for society and individuals that are economic, social, cultural and intellectual. As a sector, system, set of individual institutions and community of academics and students, HE is a sound and necessary public investment. Through research, innovation, entrepreneurship and collaboration it attracts significant amounts of income that do not come from the public purse and in turn it is a motor for economic growth in wider society. Public investment in HE supports the various functions of HE including teaching, research, and activities such as knowledge transfer, widening access and other social, cultural and economic outcomes that properly derive from HE as a discrete set of practices.

The broad purposes of higher education were well captured in the report of the Independent Review of Higher Education in Wales, submitted to the Welsh Government in 2009²⁶. The report stated that higher education should fulfil the following six necessary functions in Wales noting that these functions are common to HE in modern democratic societies:

- create the environment to challenge and support individuals to achieve the highest levels of intellectual and personal fulfilment, no matter where they come from
- foster research and exploration which adds to the sum total of human knowledge, irrespective of whether the intellectual discovery has a direct or immediate application
- develop the knowledge, high level skills and understanding of individuals in order to drive an adaptable, sustainable and innovative economy
- exploit knowledge and expertise in order to drive sustainable economic growth and wealth creation
- help nurture a democratic, civilised and inclusive society

²⁶ Jones, M et al, *The Independent Review of Higher Education in Wales Phase 2 report* (2009), Welsh Government

recognising diverse cultural identities and celebrating cultural creativity.

- play a lead role in ensuring that Wales is recognised as a valued contributor to the global community.

A top-class HE system for Wales is one that fulfils each of the roles outlined above at a high level of performance, benchmarked against systems and institutions deemed excellent internationally.

It also requires a truly all age approach to learning and enables widening access in doing so. This in turn requires a move away from any 'default' mode of provision based around full-time study. HE should comprise provision where the mode of study is secondary to the opportunity to enter HE and benefit from it.

HE should work in partnership with Government and industry to meet skills needs and support economic development whilst also enabling and promoting learning and wider human understanding and supporting evidence-based debate, scholarship and challenge, and, academic freedom. It will offer both academic and vocational skills and contribute to the development of individuals and society at large.

The introduction of such a system in Wales should enable us to lead the way in providing flexible learning opportunities alongside clear and accessible information, advice and guidance for all potential learners on access to HE as well as financial support options. One impartial lead organisation should take responsibility for this across the Welsh HE sector.

The system should also enable HEIs to play to their strengths while sharing knowledge, expertise and leadership in a range of areas such as: research; part-time study; different academic disciplines; work based learning; student experience and distance learning.

Choice and opportunity will not come from privileging one sector or one type of educational institution above another but from supporting a spectrum of institutions, each offering a rich and sustainable provision to the widest audience.

Success in widening access to HE to achieve social justice stems from a combination of targeted external activity and recruitment, enhanced personal support, tailored open entry routes, flexible options for learning and innovative technologies.

Not having a top-class HE system would be detrimental for both Wales' citizens (students, potential students and the population at large) and the Welsh economy. Wales needs a HE system that enables everyone who can benefit to participate in order to achieve their potential (and supports them to do so), meets the needs to the Welsh economy and contributes to the achievement of social justice.

Q9. What does a top-class HE sector funding system look like?

(It would be helpful if when forming your response consideration could be given to any related aspects identified within the terms of reference.)

It is now broadly accepted that the benefits of HE are shared between individuals and wider society, and that therefore the costs should be shared between individuals and wider society. In the area of public investment in student funding, there may be a case for some element of universality and that may be provided through funding to institutions, rather than via students, but the focus should be on providing greatest support to those who have the greatest need. Any future funding system needs to be developed on the basis of an equitable balance of investment and support between full and part-time study. This does not mean applying a one size fits all funding system to both modes of study. Rather, it requires a consideration of the needs and circumstances of part-time and full-time students and creation of a system that enables anyone who wishes to access HE, to have appropriate financial support, regardless of the mode of study that they chose.

Some principles of a top-class HE funding system are:

- The funding system should offer an equitable balance of investment between full and part-time modes of study.
- The system should enable students to study flexibly in a way that suits their needs and nobody should be financially disadvantaged as a result of their choice of mode of study.
- The additional costs of targeted widening access recruitment and retention should be accommodated within the funding system
- There should be a clear funding and support system for students of all ages that is easy to understand and navigate.
- The principle of arms-length funding should be retained.

Q10. What would you see as the components of a top-class HE student finance/support system? (It would be helpful if when forming your response consideration could be given to any related aspects identified within the terms of reference.)

The system should enable students to study flexibly in a way that suits their needs and nobody should be financially disadvantaged as a result of their choice of mode of study. There should be a clear funding and support system for students of all ages that is easy to understand and navigate.

Some principles of a top-class HE student finance / support system are:

- An all-age approach to student support.
- An equitable balance of investment between those studying full and part-time, including equivalent systems and support from Student Finance Wales.
- An appropriate balance between supporting fee costs and living costs
- Support should be targeted to those who need it most.

- The additional costs of targeted widening access recruitment and retention should be accommodated within the funding system.

Q11. Do you think that current HE sector funding and student finance arrangements in Wales are sustainable? If you do not think so what are the components of the current scheme that you would omit or change?

Yes []

No [X]

Don't know []

Please provide a reason(s) for your answer and where available, supporting evidence.

The Welsh Government's full-time undergraduate fee grant policy has resulted in a net transfer of resource from part-time to full-time study, facilitated in part by the removal of HEFCW strategy funding. This funding underpinned targeted work in widening access and in skills development via links with employers. In respect of institutions that provide full-time provision the increased fee income from the higher fee levels and fee grants compensates for the removal of their strategy funding. However, this funding has also been removed for part-time provision where no equivalent to higher fees or fee grants exist to provide the income.

For The Open University the consequences of the post-2012 fees and funding regime are particularly acute, as it does not have the alternative of full-time provision.

Any future funding system needs to adopt an all-age approach and be developed on the basis of parity of esteem and an equitable balance of investment between full and part-time study. This does not mean applying a one size fits all funding system to both modes of study rather it requires a consideration of the needs and circumstances of part-time and full-time students and creation of a system that enables anyone who wishes to access HE, with appropriate financial support, regardless of the mode of study that they chose.

Q12. Does the current system of funding HE provide for an appropriate mix of funding allocations to the HE sector (e.g. via HEFCW or Welsh Government funding allocations to higher education institutions (HEIs)) and subsidised loans and grants to students to ensure long-term sustainability? If you do not think the current system does this what would be the implications of maintaining the status quo? And are there any changes you would like to see?

Yes []

No [X]

Don't know []

Please provide a reason(s) for your answer, and where available, supporting evidence. If the response is 'No', the review panel would be interested to hear your views on what alternative arrangements are required to deliver an appropriate and sustainable mix.

Please refer to our answer to Q 11.

If the status quo were maintained in respect of current support for part-time provision it is hard to see how this would not result in a further decline in both part-time provision within institutions and overall part-time student numbers. We believe that the student support system needs to be reconsidered with the needs of both full and part-time students given parity.

Q13. What challenges are institutions in Wales facing or likely to face that might affect their long-term sustainability or future direction and what measure can be taken by a) the HE sector itself; and b) the Welsh Government to address this?

Please provide supporting evidence, where available.

The UK Government decision to lift the cap on student numbers in England could have a negative impact on student numbers in Wales. The Welsh Government will need a policy approach that can withstand this challenge.

The Welsh Government, through HEFCW, needs to continue to invest in Welsh HEIs so that they can compete across the UK and globally.

In respect of part-time the challenge will be to maintain part-time student numbers in a challenging financial environment. HEFCW and Welsh Government can achieve this by incentivising part-time provision, continuing to direct institutions to keep part-time fees low (providing that the HEFCW L&T institutional funding remains in place) and communicating the value and potential of part-time study across Wales (as well as via HEIs individually) to individuals and employers.

Given the current financial constraints it may be more effective to fund a small number of providers to deliver part-time HE, whilst seeking to ensure that this approach maximises opportunities for individuals to study part-time rather than reducing them. It would be important to ensure that institutions are able to operate where their strengths lie. The Open University is well placed to become the primary provider of part-time HE on a pan-Wales basis with some face-to-face part-time provision possibly being offered by other HEIs where it can be shown to be of strategic need, and with clear progression routes into, and out of, OU study where appropriate. The focus on a smaller number of institutions providing part-time, with the expertise and track record to deliver flexible provision for learners would result in a better, and more efficient, use of resources²⁷.

²⁷ The possibility of directing funding for part-time towards particular institutions with part-time expertise was suggested by HEFCW in their 2014 consultation W14/33HE *Consultation on our approach to funding in 2015/16 and subsequent years*, p. 6. Available at: http://www.hefcw.ac.uk/documents/publications/circulars/circulars_2014/W14%2033HE%20Consultation%20on%20our%20approach%20to%20funding%20in%202015_16%20and%20subsequent%20years.pdf

Q14. A decade of financial austerity has been forecast with regard to public sector funding in Wales. A finite budget will be available to the Welsh Government and the Department for Education and Skills. The Review Panel will need to take this into account when making its final recommendations if they are to be deliverable, affordable and sustainable. The Review Panel will need to ensure that its recommendations for HE funding are set within the wider education context, and it will need to provide a very strong evidence base to support any recommendation that is likely to result in a redirection or increase of funding to HE. Given this position, and considering the education system as a whole:

Where should the highest priority be for any future redirection or investment of additional education sector funding?

Schools [] Further education [] Higher education []

Other [X] Please specify: A balance across all of these areas

Please provide a reason(s) for your answer, and where available, supporting evidence.

A mature and high performing education system requires a balance of investment across all ages and life stages. This means that pre-school, school, further and higher education will necessarily require public funding, and it is short-sighted and simplistic to see these various component elements as being in opposition to each other. Just as schools are a key building block of an educated and socially just advanced society, it is inconceivable to imagine securing a more prosperous and socially-just Wales without a well-resourced HE system playing a central role. Not having a top-class HE system would be detrimental for both Wales' citizens (students, potential students and the population at large) and the Welsh economy. Wales needs a HE system that enables everyone who can benefit to have the opportunity to participate in order to achieve their potential, and supports them to do so, meets the needs of the Welsh economy and contributes to the achievement of social justice.

However an education system fit for the modern age and for the future will be one that does not 'end' for citizens at the age of twenty-one or twenty-two. It will need to be based upon the principle of lifelong learning, including up-skilling and re-skilling. This means ensuring that provision is flexible and delivered to a high standard across all ages and that no one is left behind due to a missed opportunity or a bad experience. While it is essential to recognise the finite budget available to deliver in all of these areas it cannot be about choosing one over the other. Rather, it requires the creation of a system that works together for all ages to deliver social justice and a buoyant economy.

Higher education is vital to Wales' economy, the well-being and upskilling of individuals and tackling both in work and out of work poverty. It is not possible for Wales to prosper without a high functioning HE system. Investment in that system must be shared across all modes of provision to

enable as many people as possible to benefit from it.

Within higher education, as within other areas of public policy, it is essential that public investment is deployed in such a way that it secures best possible value and outcomes. This will require an equitable balance across modes of provisions and targeting most support to areas and individuals that have most need.

Q15. What changes could be made to existing HE arrangements (financial, structural or otherwise) that would enable a more efficient and effective targeting of HE funding to where it is most needed and would have the greatest impact?

Please provide a reason(s) for your answer, and where available, supporting evidence.

The HE funding and student support system should take an all-age approach and offer a balance of investment between full and part-time higher education. We need a system that delivers higher education to anyone who wishes to access it and that enables the Welsh economy to prosper through upskilling our workforce and meeting identified needs. Flexibility should be at the heart of the system so that the mode of study is irrelevant to the ability to access HE and financial support. The part-time sector must be given full consideration alongside full-time as part of a system that promotes social justice and directs support where it is most needed.

Given the current financial constraints it may be more effective to fund a small number of providers to deliver part-time HE, whilst seeking to ensure that this approach maximises opportunities for individuals to study part-time rather than reducing them. It would be important to ensure that institutions are able to operate where their strengths lie. The Open University is well placed to become the primary provider of part-time HE on a pan-Wales basis with some face-to-face part-time provision possibly being offered by other HEIs where it can be shown to be of strategic need, and with clear progression routes into, and out of, OU study where appropriate. The focus on a smaller number of institutions providing part-time, with the expertise and track record to deliver flexible provision for learners would result in a better, and more efficient, use of resources.²⁸

Q16. It is estimated that the RAB charge for new students in 2014/15 is 34.6 per cent. Do you think this is appropriate?

(The resource accounting and budgeting (RAB) charge comprises the interest rate subsidy and the cost of loans to students that are not recovered.)

²⁸ The possibility of directing funding for part-time towards particular institutions with part-time expertise was suggested by HEFCW in their 2014 consultation *W14/33HE Consultation on our approach to funding in 2015/16 and subsequent years*, p. 6. Available at http://www.hefcw.ac.uk/documents/publications/circulars/circulars_2014/W14%2033HE%20Consultation%20on%20ur%20approach%20to%20funding%20in%202015_16%20and%20subsequent%20years.pdf

Yes []

No []

Don't know []

Please provide a reason(s) for your answer, and where available, supporting evidence. If the response is 'No', the review panel would be interested to hear your views on what is appropriate and what actions are necessary.

The RAB charge for full-time loans is likely to be lower in Wales than it is currently in England but this needs to be set against the costs of the full-time fee grant. We believe that it would be beneficial to see the current RAB charge - separately in England and in Wales - disaggregated for full and part-time students.

In both Wales and England the RAB charge will be lower in respect of part-time provision.

Proposals for reform and alternative higher education sector and student finance funding models

Professor Diamond and the Review Panel will identify and evaluate potential funding options after all evidence-gathering and stakeholder-engagement stages of the review process have been concluded. In the meantime, unless already specified, if you have any other proposals that you wish to share with the Review Panel at this time please provide details below.

Proposals for the reform of current HE sector funding arrangements or for the introduction of alternative funding models.
We wish to see an equitable balance of investment and support between full and part-time modes of study. Within such an approach we wish to see student financial support directed to those who need it most.
Please provide details of the objectives and outcomes that your proposals are seeking to achieve.
An equitable balance of investment between full and part-time HE, both undergraduate and postgraduate. Widening access to HE for all ages and for other lower participation groups. Upskilling and reskilling the workforce. Developing Wales' economy, culture and society.
Do you envisage that your proposals will: i) deliver cost savings [] ii) be cost neutral [] iii) require additional financial investment []

Additional information

Please use the space below to record any other views or comments you would like to make in relation to the review.

About The Open University in Wales

The Open University (OU) was established in 1969, with its first students enrolling in 1971. It is a world-leader in providing innovative and flexible distance learning opportunities at higher education (HE) level. It is open to people, places, methods and ideas. It promotes educational opportunity and social justice by providing high-quality university education to all who wish to realise their ambitions and fulfil their potential.

Around 8,000 students across Wales are currently studying with The Open University, enrolled on over 10,000 modules. There are OU students in every National Assembly for Wales constituency and we are the nation's leading provider of part-time higher education. More than three out of four Open University students are in employment while they study and with an open admissions policy, no qualifications are necessary to study at degree level. Over a third of our undergraduate students in Wales join us without standard university entry level qualifications.

In 2014, for the tenth successive year, The Open University was top in Wales for 'overall student satisfaction' in the National Student Survey. As a world leader in education technology, our vast 'open content' portfolio includes free study units on OpenLearn (including many Wales-related materials) and substantial content on YouTube and on iTunesU where we have recorded over 67 million downloads. In 2014, The Open University in Wales launched [OpenLearn Cymru](#) a free online learning platform providing courses through the medium of Welsh.

Please provide the titles of additional information, evidence or research papers that you are submitting with your response. (Where appropriate, please include web links.)

The reports listed below may provide useful additional information on the position of part-time higher education in England, and in some cases, across the United Kingdom:

HEPI, [Flexible Learning: Wrapping Higher Education Around the Needs of Part-Time Students](#) (2013)

Universities UK, [The power of part-time: Review of part-time and mature higher education](#) (2013)

Oxford Economics, [Macroeconomic influences on the demand for part-time higher education in the UK](#) (2014)

HEFCE, [Pressure from all sides: Economic and policy influences on part-time](#)

[higher education](#) (2014)

Clare Callender, [The demise of part-time undergraduate higher education in England: who cares?](#), Institute of Education (2014)

The graphs below are provided as additional information to support our responses in relation to part-time numbers overall in Wales and the performance of The Open University in Wales.

Acknowledgements

On behalf of Professor Diamond and the Review Panel, thank you for taking the time to contribute to the Review of Higher Education Funding and Student Finance Arrangements in Wales.

Next steps

Responses to the call for evidence will be analysed and evaluated. The responses will help inform the next stage of the review and will form an important part of the evidence base for Professor Diamond's recommendations for the future of higher education funding and student finance arrangements in Wales.

How the views and information you give us will be used

Any response you send us will be seen in full by Professor Diamond and the Review Panel, together with Welsh Government staff who are supporting the review.

Professor Diamond may choose to publish a summary of the responses to this document and/or selected quotes. The responses may also be published 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 call for evidence 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 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.

Please tick here if you would prefer not to have your name and address published with the response:

Annex A: Review Panel terms of reference

The Review Panel will consist of a Chair and panel members that are expert and experienced in their field and have a deep understanding of matters relating to higher education (HE) sector funding and student finance arrangements.

Role

The panel is required to conduct a wide-ranging review of HE sector funding and student finance arrangements. It will begin its work in the Spring of 2014 and produce by September 2016 a report for the Minister for Education and Skills that provides clear advice and costed recommendations for the future funding of the HE sector and student finance arrangements in Wales.

The panel's recommendations will need to be deliverable, affordable and sustainable.

Focus

The review will focus on issues relating to:

- the promotion of social mobility and widening access to higher education
- the promotion of postgraduate learning opportunities in Wales and for Welsh-domiciled students
- the funding of higher education in the light of continuing constraints on public expenditure
- full-time and part-time tuition fees policy
- cross-border HE funding policy and arrangements
- student finance arrangements (including maintenance support for HE and FE students, with an emphasis on supporting learners from the lowest income backgrounds and most deprived communities in Wales)
- funding routes (annually managed expenditure (AME), near cash and non-cash)
- the Higher Education Funding Council for Wales' (HEFCW) role in the delivery of student finance
- student debt.

Key considerations

The review will need to consider medium- and longer-term policy options and funding, including any potential for savings incentive schemes to provide a more sustainable future model of HE funding and to help reduce levels of student debt.

The review will also need to consider:

- current legislation and options for reform
- the financial implications of any proposed models for Welsh Government, HM Treasury, students, HEFCW and the HE sector in Wales
- operational delivery systems involving HEFCW, the Student Loans Company, Quality Assurance Agency for Higher Education (QAA) and other UK bodies
- alternative policy approaches being adopted by other UK governments and internationally
- the cross-border implications of any policy changes proposed for Wales (including possible legislative competence issues)
- identified skills needs for Wales
- postgraduate provision and industry sector concerns and/or requirements
- the extent to which current policy and funding arrangements support widening access, and what more can be done
- related FE sector developments, for example HE in FE activity.

Approach

The panel will gather and evaluate available data, research and other evidence. The panel may need to commission research to address gaps in the available evidence base. Close engagement with stakeholders will be a necessity.

The panel will have due regard to the Welsh Government's broad priorities for HE in Wales as set out in the Welsh Government's *Policy statement on higher education* (June, 2013).

<http://wales.gov.uk/topics/educationandskills/highereducation/policy-statement/?lang=en>.

Governance and working style

- Panel members will observe the seven principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty, and

leadership).

- Conclusions and recommendations should be evidence-based, impartial, well considered and robust.
- Records of Review Panel meetings and activities will be kept. Discussions will, however, be conducted with a protocol of confidentiality in order to promote genuine debate.

Annex B: Review Panel members

- **Professor Sir Ian Diamond (Chair):** Vice-Chancellor of the University of Aberdeen.
- **Professor Colin Riordan:** President and Vice-Chancellor at Cardiff University and Chair of Universities Wales (UW).
- **Rob Humphreys:** Director for Wales, Open University, and Vice Chair of Universities Wales (UW).
- **Beth Button:** President, National Union of Students (NUS) Wales.
- **Professor Sheila Riddell:** Director of the Centre for Research in Education Inclusion and Diversity, University of Edinburgh.
- **Dr Gavan Conlon:** Partner at London Economics and expert in the economics of education.
- **Glyn Jones OBE:** Chief Executive of Grŵp Llandrillo Menai and ColegauCymru board member.
- **Ed Lester:** Former Chief Executive of the Student Loans Company. Currently Chief Land Registrar and Chief Executive Land Registry.
- **Gary Griffiths:** Airbus UK, Head of Early Careers Programmes.
- **Professor Michael Woods:** Professor of Human Geography and Director of the Institute of Geography and Earth Sciences at Aberystwyth University.
- **Professor David Warner:** Former Vice Chancellor of Swansea Metropolitan University. Currently Senior Research Fellow at Harris Manchester College, Oxford.
- **Gareth Jones OBE:** Former headmaster of Ysgol John Bright and Plaid Cymru Assembly Member for Conwy and Aberconwy. Former Chair of the National Assembly for Wales' Enterprise and Learning Committee.
- **Dr David Blaney:** Chief Executive and Council Member of Higher Education Funding Council for Wales (official observer).