

HEFCE CONSULTATION 2011/20

TEACHING FUNDING AND STUDENT NUMBER CONTROLS

Response from The University of Manchester

The University of Manchester welcomes the opportunity to comment on HEFCE's proposals for changes to Teaching Funding and Student Number Control but would like to make clear that it has grave concerns over many aspects of the proposals. In particular, the implementation of both the AAB+ proposal and the core/margin mechanism simultaneously, in a year of expected volatility in student recruitment, will have unintended consequences, particularly on the provision of high-cost Strategically Important and Vulnerable Subjects and the Fair Access agenda across the sector. Student recruitment is not an exact science and it is difficult to see how institutions can be expected to meet all the different recruitment targets being imposed by these proposals, without major damage to incoming students or the viability of Universities.

Q1: Following the changes to funding for higher education agreed by the Government, we need to phase out mainstream funding relating to old-regime students. Do you have any comments on our proposed approach? You may wish to suggest alternatives with reference to the principles in paragraph 34.

The University of Manchester recognises that there will need to be changes to the methodology for funding old regime students and believes the proposed approach, based on actual 2011/12 funding rates, seems reasonable. However, there is some concern that the introduction of an external scaling factor (dependent on sector level recruitment and not confirmed finally until March 2014 following submission of the 2012/13 HESA Returns) will introduce an element of volatility in funding levels after the end of the funding year and this may cause a problem for signing off Financial Accounts in October/November 2013. We hope that HEFCE will seek means of mitigating this risk.

In phasing in the new funding regime, The University of Manchester would urge HEFCE to ensure that there is sufficient funding available each year to support a high quality of academic provision for old-regime students. The University would like to see as much stability as possible in the funding stream for old regime students.

Q2: Given the reductions to HEFCE's teaching grant from 2012-13 do you have any comments on our proposal that certain non-mainstream allocations should be phased out, and others continued as an interim measure in 2012-13, as described in paragraphs 62 to 92?

We accept the proposals for non-mainstream allocations as outlined for 2012-13, recognising that these are generally logical and have been developed to minimise the impact of any change. We welcome the continuation of additional funding for very high-cost and vulnerable science subjects in 2012/13.

In the second phase of the consultation, we believe strongly that the relative amounts of the non-mainstream allocations compared to funding for high cost provision must be reviewed. We are very concerned about funding for SIVS, particularly STEM, subjects (see below) and we do not think that HEFCE should continue to allocate such a high proportion of residual funding to non-mainstream allocations.

Q3: Following government changes to funding for higher education, we need to change the way HEFCE provides teaching grant for new-regime students. Do you have any comments on our proposed approach for 2012-13, as outlined in paragraphs 31 to 108?

The teaching of high-cost subjects such as medicine, engineering, physical and biological sciences in world-class research intensive institutions is extremely important to the future success of the UK's economy. The University of Manchester, therefore, welcomes the proposal that the remaining HEFCE teaching grant is focussed at new-regime students in high-cost subjects in Price groups A and B as the costs of teaching these subjects are significantly higher.

However, the proposed HEFCE funding levels, particularly for Price Group B do not fully reflect the **proportional** additional cost of providing high-quality, world class teaching facilities in this area. The University recognises that the proposed funding levels are only indicative at this stage and that further work will be done particularly in the second stage of the consultation on reflecting true cost. However, the TRAC(T) Return, on which this work is based, provides only a partial understanding of the costs of delivering these subjects in world-class institutions as it fails to account for the cross-over between research and teaching (eg the cost of providing state of the art laboratories and equipment and cutting-edge research). While the University remains committed to providing world-class provision in Science, Engineering and strategically-important Languages, the proposed funding will seriously affect support for SIVS subjects, particularly delivery of high quality degree programmes in the practical STEM subjects. We have major concerns that the funding proposals outlined for new regime students inadvertently incentivise lower cost provision in Price Group D. We believe that there must be a more sophisticated mechanism for recognising the true costs involved in providing world-class provision, particularly in Science and Engineering, and the University would welcome the opportunity to discuss this further during the second phase of the consultation.

Q4: We have been asked by the Government to remove students achieving AAB+ equivalent from the student number controls. Do you have any comments on the proposed method of implementing this, as outlined in paragraphs 116 to 128? Please identify any possible negative or positive impacts from this proposal.

The University of Manchester welcomes the Government's commitment to a more diverse and competitive higher education sector which puts students first. We recognise that the high cost of the student support package requires some controls in student numbers and believe that maintaining quality is more important than increasing overall student numbers. However, we have major concerns about the impact of the hybrid and somewhat contradictory nature of the proposals being outlined. The introduction of both the AAB+ mechanism and the core/margin proposals will significantly distort recruitment patterns around the AAB+ threshold (particularly affecting institutions such as Manchester with a 50:50 split between AAB and non-AABs, and an already high base of students from disadvantaged backgrounds) and this will undoubtedly have unintended consequences on behaviour and outcomes.

The proposal to remove AAB+ students from the Student Number Control will significantly impact on the University's Fair Access activity. Students from disadvantaged backgrounds are less well represented within the AAB+ population than they are in the overall HE population and at Manchester, we have a number of mechanisms to address this bias. Our analysis shows that those students accepted at lower entry grade on the basis of potential **perform at least as well as those who are admitted from advantaged backgrounds** and met our standard entry requirements. Around 300 students per annum are admitted through Foundation Level courses where the entry requirements are significantly lower to allow students from non-traditional backgrounds to enter institutions such as Manchester. We also use Contextual Data as part of the admissions process and encourage Schools to have a range of standard offers to ensure that they are able to recruit from a wide range of students. We also run the Manchester Access Programme for local schoolchildren. On successful completion of the award, the students are able to claim the equivalent of 40 UCAS points in their application to Manchester.

The new emphasis on students' entry qualifications in the admissions process, irrespective of background or opportunity, and the pressure to keep within the much lower HEFCE Student Number Control, will inevitably mean that offer levels will drift higher, potentially undermining some of the University's Fair Access activity. While the University remains committed to trying to meet both its OFFA targets and the HEFCE Student Number Control, there is a real possibility that strategies to ensure Fair Access will inadvertently suffer as a result of the additional pressure on recruitment. The University of Manchester argues later in the consultation that restricting the ability to bid for Additional Student Numbers through the core/margin mechanism in particular distorts the student recruitment market. HEFCE should consider allowing institutions to bid for margin numbers in order to support Fair Access and other widening participation activity.

The University of Manchester also believes there is an issue around recruitment of SIVS students. As currently outlined, the 8% reduction in Student Number Control required to provide the 20,000 margin, will be applied to all non-AAB+ equivalent students, including students on SIVS courses. As it

is highly unlikely that world-class SIVS (particularly STEM) provision can be offered at institutions eligible to bid for the 20,000 ASNs, because of the need for high-cost laboratories and research staff, this is effectively reducing SIVS provision in the sector. In our opinion, these proposals are not in keeping with the guidance from the Secretary of State that HEFCE “should also ensure, in freeing up student number controls, that provision of, and support for, Strategically Important and Vulnerable subjects is not disadvantaged.” We believe that HEFCE should consider removing SIVS subjects from the Student Number Control, in a similar manner to Medicine and Dentistry, on the understanding that institutions continue to maintain capacity in these areas. At the very least, SIVS numbers should be removed from the top-slice that is part of the core/margin mechanism through a non-uniform reduction of the 20,000 margin.

Q5: The Government has asked us to consult on a core/margin approach to re-allocating places towards lower fee provision in order to increase choice, competition and fee diversity. Do you have any comments on our proposed method of implementation, as outlined in paragraphs 129 to 139? Please indicate any impacts you can identify, whether positive or negative.

The University of Manchester is very concerned about the core/margin mechanism as currently proposed, particularly the notion that the 20,000 places should be re-allocated on the basis of lower fee provision. The emphasis on cost potentially undermines the reputation of the sector internationally and these proposals do not create a genuine market. While the top slice penalises all institutions and adds greater pressure in an already volatile recruitment market for 2012, the limited and inelastic nature of the AAB+ pool means that only institutions able to bid for the 20,000 places (ie the low-cost providers) are able to respond strategically to the increased competition.

The opportunity to bid for the 20,000 places should be open to all institutions, based on evidence of real demand and quality. There is no evidence of significant unmet student demand for the type of provision that can be offered by the lower cost institutions. The current proposals raise a real risk that well-qualified students (those just below the AAB+ threshold) will be squeezed out of the system. The emphasis on low-cost provision is artificial and driven by short-term financial considerations, rather than the long-term success of the UK.

Q6: Do you have any comments on the impact(s), positive or negative, that the proposals in this consultation will have on equality and diversity?

As noted above, the University of Manchester feels that these proposals will have a very significant negative impact on its Fair Access activity. While the University is committed to meeting its obligations under its OFFA agreement, it is worried that the pressures of the new system (not least having to meet 3 different student recruitment targets – total student numbers, HEFCE Student Number Control and OFFA Fair Access targets -in a year of expected volatility in student demand) will impact adversely on its ability to recruit bright students from non-traditional backgrounds. Indeed, this is an even more important issue for the sector as a whole. With no growth in the system because of the overall Student Number Control, it is difficult to see how the sector can deliver its collective OFFA targets for increasing participation of non-traditional students in Higher Education.

General Comments

The timescale for implementation of these very different control mechanisms is very tight. On current timetable, institutions will only be informed of their Student Number Control early in 2012, well past the deadline for UCAS applications for 2012 entry and consequently after a large number of offers will have been made. We are in the process of calculating what we assume our Student Number Control figure will be but as the mechanism is complex, open to interpretation and still subject to consultation, there is a real risk that the University will be working to an incorrect SNC.

We are very concerned by the suggestion in the consultation document (para 147) that institutions charging lower fees for higher-cost subjects should receive more funding from HEFCE. This seems completely counter to the UK's presumed desire to remain amongst the world's competitive nations in discovery and its application, and would not only be unfair but also contrary to the whole thrust of the Government's white paper, which is for institutions to be more responsive to student demand.