

Impact of tuition fee rises for Leeds

1. Introduction

- 1.1 A deputation led by the Leeds University Union to Council on 17th November 2010 asked council members to call upon local MPs to:
- support adequate funding of higher education without removing the cap on fees;
 - vote against the cuts to higher education and against any subsequent rise in fees; and
 - vote against tuition fee loans with interest, because Muslim students will not be able to use the proposed loans.
- 1.2 The Council referred the deputation to Executive Board for consideration at its meeting on 5th January 2011. Executive Board decided that officers should be authorised to engage with the universities and other relevant parties in order to undertake a piece of work to help fully understand the impact of the changes on students, the universities and the economy in Leeds, with a further report detailing the findings being submitted to the Board in due course.
- 1.3 Therefore, this report outlines the potential impacts of tuition fees rises and the wider changes to higher education being implemented in 2012-13 for Leeds. It was decided that the report should be written after the publication of the government's White Paper 'Higher Education: Students at the Heart of the System', in order to more accurately assess potential impacts for the City.
- 1.4 Although the publication of the White Paper has offered some clarity, there is still uncertainty on how students, institutions and indeed cities will be effected by the proposed changes. This is due to the complexity and the changing nature of the proposals, with consultations on the various elements of the White Paper running from June 2011 to spring 2012. Indeed the current proposals are far reaching and introduce unprecedented changes to the higher education system. As result the findings of this report can only be seen as reflecting the situation as of January 2012. In addition the report focuses on the changes which will be implemented in the first year of 2012-13, as the proposals post 2013 are still unclear.
- 1.5 The attached report has been written in collaboration with staff and students union representatives from Leeds College of Art, Leeds Metropolitan University, Leeds Trinity University College, and the University of Leeds, along with colleagues from Environments & Neighbourhoods, Children's Services and Resources. In addition Leeds City College have also been consulted on the draft report.

2. Background

- 2.1 The coalition government announced changes to tuition fees in November 2010, allowing universities to charge undergraduate tuition fees of up to £9,000 per year from 2012, raising the cap from the current level of £3,375.
- 2.2 On 28th June 2011 the government set out its intentions for the reforms to the university sector in the 'Higher Education: Students at the Heart of the System' White Paper. The reforms are concentrated around the three main issues listed below, and seek to introduce increased competition, choice and diversity into the sector.
 1. Financing of higher education
 2. The student experience
 3. Social mobility

A summary of the reforms can be found in the annex.

- 2.3 On 2nd December the Office for Fair Access announced that it had approved the level of fees to be charged at 149 institutions (124 higher and 25 further education institutions).
- 2.4 Approximately 54% of universities and colleges have had their plans to charge the maximum £9,000 fees for some or all courses approved. However, OFFA believe that only 4% of institutions will charge the average fee of £9,000, once fee waivers have been taken into account.
- 2.5 It is estimated that the average fee charge for institutions in England will be £8,354, this reduces to £8,071 when fee waivers are included.

3. Impacts

- 3.1 The Chief Economic Development Officer chaired a meeting of council officers, and staff and student representatives from Higher Education Institutions (HEIs) in Leeds, to consider the impacts of tuition fee rises to the individual institutions and the wider Leeds economy. It was concluded that the impacts could be presented under the following themes; funding, student numbers, accommodation and infrastructure, widening participation, and curriculum changes.
- 3.2 This report considers the impact of tuition fees specifically for the four HEIs in Leeds: University of Leeds, Leeds Metropolitan University, Leeds Trinity University College, and Leeds College of Art. However, it should be recognised that higher education provision is also available in further education colleges within the City. Principally through Leeds City College (including Leeds College of Music) and Leeds College of Building, who between them have around 1,600 students studying on higher education courses.

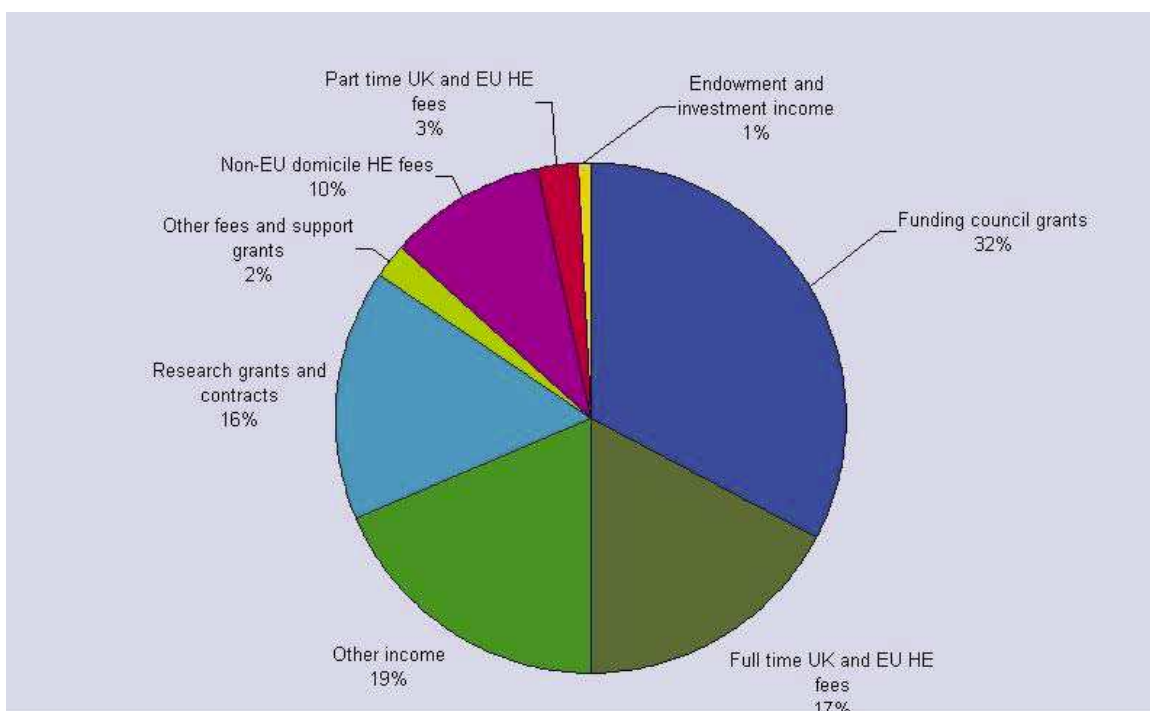
Appendix 1

3.3 Funding

3.3.1 The most direct impact of the rise in tuition fees will be on how HEIs are funded. Over the period of the Spending Review, the proportion of funding for teaching provided by direct grant from Higher Education Funding Council for England (HEFCE) will decline and the proportion from graduate contributions, supported by subsidised loans from Government, will increase.

3.3.2 In terms of the current position in 2009/10 the total income of HEIs in England was £22.2 billion. HEFCE provided £7.4 billion of this income, whilst tuition fees and education contracts contributed £7.1 billion. The chart below shows the current distribution of income sources.

Sources of income for Higher Education Institutions in England 2009/10



Source: Higher Education Statistics Agency (2011)

3.3.3 Of the £7.4 billion HEFCE funding, £4.7 billion is allocated for teaching grants, £1.6 billion for research and £1.1 billion is classified as 'other' funding. The Government has yet to finalise HEFCE teaching grants for the current spending review period. However, it is expected that, as income from tuition loans replaces HEFCE teaching funding, teaching grants will be reduced in cash terms to around £2 billion by the 2014-15 financial year. Over the same period, the Department for Business, Innovation and Skills (BIS) loans outlay will rise and it is estimated that total BIS investment in higher education in England could increase by nearly 10% in cash terms by 2014-15 if participation remains at existing levels.

3.3.4 In 2009/10 universities and colleges in Leeds had a total income of £717million, 35% of which is granted through the HEFCE, and 30% from

Appendix 1

tuition fees. The current sources of income for HEIs in Leeds are outlined in the table below. Despite the future reduction in funding council grants, institutions in Leeds believe that the funding received from tuition fees, along with funding generated through diversification of income sources will ensure that overall income levels will remain relatively stable, and although there may be a fall in income this year this will remain manageable.

Funding to Higher Education Institutions in Leeds 2009/10 (£/m)									
Institution	Total income	Funding Council Grants		Tuition fees & educational contracts		Research Grants & Contracts		Other*	
		£/m	%	£/m	%	£/m	%	£/m	%
Leeds College of Art	13.261	8.850	66	4.174	32	-	-	237	2
Leeds Metropolitan University	164.830	74.303	45	59.048	36	2.368	1	29.111	18
Leeds Trinity University College	21.339	10.597	50	7.620	36	32	0.1	3.090	14
The University of Leeds	517.781	157.773	30	143.488	28	119.319	23	97.201	19
Total	717.211	251.523	35	214.330	30	121.719	17	129.639	18

*Includes accommodation, property, consultancy, endowments and investments income, etc

3.3.5 In order to replace the grant funding being lost, HEIs in Leeds have currently set undergraduate tuition fees ranging from £8,000 at Leeds Trinity University College, to the maximum £9,000 at the University of Leeds. These fees have been approved by OFFA and will be in place from September 2012. Fee waivers and financial support will be available to students and are discussed in section 3.6.8.

Tuition fees by institution from September 2012				
	Leeds College of Art	Leeds Metropolitan University	Leeds Trinity University College	University of Leeds
Proposed fees post 2012	£8,250	£8,500	£8,000	£9,000

3.4 Student numbers and projected impacts

3.4.1 In order to increase income levels in the coming years HEIs in Leeds will have to continue to attract students. In the four HEI's referred to in this report there are currently approximately 57,300 undergraduate students. 51,800 are from UK & EU countries, and around 5,500 are international students. In addition there are approximately 1,600 undergraduates studying at further education colleges in the city. In 2010, approximately 101,000 applications for undergraduate degree courses in Leeds were made (prospective students have up to five selections), with around 15,400 being accepted (UCAS, 2011).

Number of undergraduate students 2010/11				
Institution	Full time	Part time	International	Total
Leeds College of Art	1,105	32	15	1,152
Leeds Metropolitan University	18,675	6,823	3,305	28,803
Leeds Trinity University College	2,328	30	48	2,406
University of Leeds	21,528	1,279	2,151	24,958
Total	43,636	8,164	5,519	57,319
Note: Full & part time figures include UK & EU students only				

- 3.4.2 Currently the HEFCE implements student number controls for HEIs in England, to ensure that universities and colleges do not over recruit students to their courses, and in order to control the student loan book. By fixing the number of student places HEIs have a degree of certainty from year to year about their likely income from the teaching grant and tuition fees. However, it also means that some popular institutions are oversubscribed but cannot expand, whilst other institutions are able to fill their allocations by attracting students unable to get into their first choice.
- 3.4.3 Following the Government's proposals in the White Paper, *Higher Education: Students at the heart of the system* a new method will be adopted from 2012-13. This method will remove institutional limits on the number of students who can be admitted who obtain grades at or higher than AAB (65,000 places). In addition a flexible margin of up to 20,000 places will be available to HEIs and further education colleges who combine good quality with good value, and who charge at or below £7,500. This will be on a competitive bidding basis.
- 3.4.4 The total number of places available nationally on an annual basis has decreased by 5,000 places for 2012/13, with around 355,000 places now available (includes undergraduate & post graduate). Furthermore, institutions current allocation of students places will be reduced, first by their expected number of high achieving applicants and then by a further percentage cut of around 10% to create the 20,000 margin. This will result in around one in four student places being contestable in 2012-13.
- 3.4.5 Further changes are likely to be adopted post 2013, with the government stating that it intends that the academic achievement threshold will be gradually lowered, to include more students. Whilst the number of 'marginal' places which can be bid for will also be increased.
- 3.4.6 The House of Commons Business, Innovation and Skills Committee's report on the reforms of higher education published in November 2011, highlighted concerns that the current proposals may create a three tiered system where:

Appendix 1

- i) Top universities that accept AAB students can expand, by attracting more students from the 'middle' university group.
- ii) Middle universities who may lose out by losing both AAB students, and also because they charge more than £7,500 are unable to bid for the 20,000 'margin' places available.
- iii) Lower priced institutions, who have a net fee of less than £7,500 and are therefore eligible to bid for the 20,000 'margin' places. This group is likely to include private providers, further education colleges, and access universities.

3.4.7 In terms of the potential impact on student numbers, there are differing views from the institutions in Leeds. This is unsurprising as each institution has adopted its own strategy in light of the changes being introduced. Leeds Trinity University College and Leeds College of Art, are the only HEI in the city eligible to contest for the 20,000 'margin' places, having decided to charge an average fee of £7,500 or less. Leeds Trinity is hopeful of good recruitment in 2012 but has developed various scenarios to assist with planning should there be a shortfall. Leeds College of Art, has taken the option made available to them by HEFCE as a specialist institution, and has opted out of both the AAB and the 'margin' provision, and is confident it can recruit a similar number of students in line with their student number control. The University of Leeds and Leeds Metropolitan University, will be aiming to attract AAB students, both have average tuition fees of over £7,500, so are therefore unable to contest for any of the 20,000 margin places.

3.4.8 This lack of certainty about how the changes will impact student recruitment is because of the measures being implemented by government to reduce the fixed level of supply (with AAB allocation and to create the 20,000 margin). Although institutions are confident that the demand for student places in Leeds will remain buoyant. Overall there is likely to be a reduction in the amount of year one students some HEIs are actually able to recruit, when compared with previous years. In addition, more changes to student number controls are likely to be introduced from 2013, creating further uncertainty for HEIs.

3.4.9 Nationally, statistics from the University and Colleges Admissions Service (UCAS) in January 2012 show that the total number of applications from UK born residents for the 2012/13 academic year was 462,507, which is a decrease of 8.7% from last year. The decrease ranged from 1.5% for Scottish applicants (where tuition fees are not paid), to 9.9% for English applicants. However, application rates which take into account annual changes in population, show that in England there has been only a 1% decrease in the application rates for 18 year olds (first time applicants) for 2012/13, compared with a trending rise since 2006.

3.4.10 Overall, it is important to note that demand for places will still far outstrip supply, with already 50,000 more applications this year nationally than there were acceptances in 2011. In addition, applications will still be received up to

Appendix 1

30th June, with those received after this point going into 'clearing'. Last year a further 116,000 people applied through UCAS between 15th January and the end of the cycle.

3.4.11 As the table below shows, according to UCAS, locally there has been a 11% reduction in the number main scheme choices applications to individual universities and colleges in Leeds on the previous year. This compares to 7% nationally. Amongst the HEIs referred to in this report this ranges from -5.9% and -21%. However, in addition to the points raised above it must also be recognised, that according to institutions applications in 2010/11 were artificially inflated due to an increased number of people applying a year earlier because of the changes to fees being imposed in 2012. Current applications for September 2012 are broadly in line with those received two years ago and past trends. HEIs in Leeds are working to ensure this years applications are turned into acceptances.

The number of main choices to universities and colleges in Leeds			
Institution	2011	2012	% change
Leeds College of Art	2,954	2,334	-21
Leeds Metropolitan University	42,639	35,966	-15.6
Leeds Trinity University College	4,594	3,843	-16.3
University of Leeds	48,539	45,684	-5.9
Total	98,726	87,829	-11
UK Total	2,539,257	2,361,672	-7

Source: UCAS, January 2012

3.4.12 In recent years HEIs have been working to increase the number of international students they recruit. Since 2005, statistics from the Higher Education Statistics Agency show that there has been a 25% increase in the number of international undergraduate students (non EU) to universities and colleges in the UK. This compares to a 6% increase for UK and EU undergraduates. With non EU students currently paying an average £11,000 a year, rising to up to £30,000 for some courses, and not being included within student number restrictions, recruiting international students is clearly important for the future sustainability of HEIs. This is acknowledged by universities and colleges in Leeds, however there are concerns that changes to and tightening of UK Student visa rules will limit the number of international students universities are able to recruit.

3.4.13 More generally, all institutions believe that the attractiveness of Leeds as a City is vital to the success and sustainability of its HEIs in continuing to appeal to students. As a successful core city which can attract students from a wide catchment area, the city itself is seen a key asset. In addition the diverse nature of the HEI's in the city, each with their own specialisms, further enhances the offer of the city for potential students. All partners were keen that as a city Leeds should seek to maximise the level of quality higher education on offer, and should remain welcoming and supportive of all learners.

Appendix 1

3.5 Accommodation and infrastructure issues

3.5.1 From the information available, it is estimated that there are currently around 32,400 students in rented accommodation in Leeds, of these 34% are provided by the HEIs and 66% by the private rental sector. Approximately 15,400 (32%) stay at home.

Accommodation type by institution				
Institution	Students in rented accommodation	Managed by institution	Privately rented	Stay at Home
Leeds College of Art*	n/a	n/a	n/a	n/a
Leeds Metropolitan University	12,997	4997	8,000	12,000
Leeds Trinity University College	1,901	575	1,326	925
The University of Leeds	17,511	5,585	11,926	2,455
Total	32,409	11,157	21,252	15,380

*LCA does not collect this information and does not own any halls of residence.

3.5.2 The table above shows that the majority of students studying in Leeds currently live in rented accommodation. However, there is evidence to suggest that this trend will reverse. According to research undertaken by *LV= insurance group* only a fifth (21%) of UK full time students currently live at home, but this is expected to increase to nearly half of all students (47%) over the next decade.

3.5.3 If this were to occur, this could have implications for universities as a supplier of accommodation and on private sector landlords. Furthermore, it may change the nature of local areas which have seen a predominance of students within their local areas.

3.5.4 Wider impacts of increases to the number of stay at home students also include;

- To transport connections, with the possibility of more students travelling to and from campus from across the region on a daily basis.
- To local businesses, particularly those which rely on the student market such as leisure and retail businesses within the city centre and Headingley.

3.6 Widening participation

3.6.1 According to government statistics the proportion of young people living in the most disadvantaged areas entering higher education in England has increased by around 30% (6,600 students) over the last five years, and by around 50% over the past 15 years (15,000 students). However, the

Appendix 1

government also acknowledge that there remains significant differences in the chances of participating in higher education depending on where you live. Currently fewer than one in five young people from the most disadvantaged areas enter higher education compared to more than one in two for the most advantaged areas.

- 3.6.2 The table below outlines the percentage of young full-time first degree entrants to HEIs in Leeds in the 2009/10 academic year. Both Leeds Metropolitan University & Leeds Trinity University College attract more young people from lower socio economic groups and low participation neighbourhoods, than the English average.

Participation of under-represented groups in higher education: young full-time first degree entrants 2009/10			
	% from state schools or colleges	% from low socio economic households	% from low participation neighbourhoods
Leeds College of Art	n/a	40	21
Leeds Metropolitan University	93.3	32.7	14.6
The University of Leeds	73.1	18.8	5.8
Leeds Trinity University College	97.0	38.0	22.7
Total England	88.4	30.1	10.5
Source: Higher Education Statistics Agency, 2011, and Leeds College of Art.			

- 3.6.3 Research undertaken by The Centre for Economic Performance in 2011 suggests that historically higher education finance has not been a factor in determining participation rates. Instead prior educational attainment has been the most important determinant. However, they question whether this will remain the case given the substantial increase in tuition fees from 2012.
- 3.6.4 In order to ensure that HEIs continue to attract students from poorer backgrounds post 2012, Access Agreements for all universities and colleges in England charging tuition fees of over £6,000 were approved in July this year.
- 3.6.5 Across England analysis of institutions investment in access measures shows that by 2015-16 universities and colleges will be spending £757.5 million a year representing 27% of their fee income above the basic level of £6,000. This consists of:
- £285.9 million on bursaries and scholarships
 - £261.3 million on fee waivers
 - £105.5 million a year on outreach activities
 - £80.6 million a year on activities to improve students retention
 - £24.2 million on other financial support

Appendix 1

3.6.6 Institutions will provide a further £136 million in financial support to students through the Government's contribution to the National Scholarship Programme.

3.6.7 All HEIs in Leeds will be charging over £6,000 and therefore have Access Agreements in place. Details of the proposed expenditure for each institution by 2015/16 are outlined in the table below. Between 22% and 44% of tuition fees above £6,000 will be spent on wider participation measures, with a total expenditure of £32.8 million.

Access agreement expenditure in 2015-16, by institution				
Institution	Access agreement expenditure £000	Overall spend as a proportion of fee income above the basic fee	Government allocation under the National Scholarship Programme £000	Total expenditure £000
Leeds College of Art	1,115	44%	180	1,295
Leeds Metropolitan University	8,531	22%	2,331	10,862
Leeds Trinity University College	979	28%	279	1,258
The University of Leeds	16,947	31%	2,448	19,395
Total	27,572		5,238	32,810

Source: Office for Fair Access, 2011

3.6.8 The table below includes estimates of how the current proposed Access Agreement expenditure will impact on the amount of tuition fees charged. Taking into consideration the allowances for financial support outlined within Access Agreements on average tuition fees in Leeds from 2012 will range from £7,110 to £8,230. This excludes expenditure on bursaries for students.

Tuition fees post 2012		
Institution	Maximum Fee (£)	Estimated average cost per student after allowance for financial support (£)*
Leeds College of Art	8,250	7,490
Leeds Metropolitan University	8,500	8,230
Leeds Trinity University College	8,000	7,110
The University of Leeds	9,000	7,950

Source: Office for Fair Access, 2011

3.6.9 There is concern however, that even with the measures being undertaken through Access Agreements, people from poorer backgrounds will be deterred in the future from applying to undergraduate degree courses. The National Union of Students, and The Sutton Trust agree that the prospect of £9,000 fees is a disincentive for students from widening participation backgrounds as they consider higher education. Although under the system the majority of students will not pay back fees in full, and graduates will repay £540 a year less than they do now. This is not necessarily the public

Appendix 1

perception as a recent BBC headline suggests “Average UK student debts could hit £53,000”.

3.6.10 Furthermore, graduate unemployment rates in 2010 were at the highest levels since 1995, and 40% of those who graduated in 2010 were classified as underemployed in low skilled jobs. These statistics could lead young people to questioning the value of a degree and deter them from entering higher education. These perceptions could genuinely dissuade young people with poorer backgrounds from going to university. This is important both in terms of economic growth and social mobility.

3.6.11 The government have recognised that there is a need to better inform students about the changes to the fee regime. As a result Martin Lewis (moneysavingexpert.com) is heading up the ‘Independent Taskforce on Student Finance Information’, in order to help people understand the real cost of higher education. In addition all of the HEIs in Leeds are ensuring that information on the new fee regime is easily available and understandable to prospective students.

3.7 Curriculum changes

3.7.1 Over recent years HEIs in Leeds have noticed a general increase in the take up rate of courses which bear titles closely related to careers. For example, Leeds Metropolitan University has seen a particular increase in the take up of courses in Business and Administrative Studies, rising from 29% to 34% of the total student population.

3.7.2 This refocusing by students on courses which are perceived as having a direct job out put is being further encouraged in the government’s proposals. As graduates are asked to contribute more than they do at present, the higher education sector is being asked to be more responsive to student choices. However, there is concern in some quarters that as the popularity of vocationally based courses increases, this would be to the detriment of social science and humanities courses, which are also popular with many graduate recruiters.

3.7.3 The government is also recommending the removal of the regulatory barriers that they believe are currently preventing a level playing field for higher education providers of all types. These include;

- Employers and charities will be able to offer sponsorship for individual places outside student number controls.
- Opening up the higher education market, including to further education colleges and alternative providers.
- Consultation on allowing non teaching organisations to award degrees and the process for determining which institutions are allowed to call themselves a “university”.

3.7.4 The government believe that this will further improve student choice by supporting a more diverse sector, with more opportunities for part-time,

accelerated courses, sandwich courses, distance learning and higher level vocational study. They are particularly keen to see better employer engagement and see a reversal in the decline in sandwich courses (which includes work experience), and more internships and apprenticeships.

- 3.7.5 HEIs in Leeds are fully supportive of fostering links with business, and have been undertaking such activities for many years. All HEIs in Leeds have their own business networks and programmes, for example Leeds Metropolitan University's Business Enhancement Scheme, which places recent graduates and offers support from academic staff into Leeds businesses requiring assistance with business growth. Leeds College of Art runs 'Creative Networks', an organisation with over 2,500 members that is dedicated to supporting and developing creative industries. University of Leeds is one of the UK's top ten most employer targeted campuses, and co-ordinated (with the involvement of Leeds Metropolitan University and Leeds Trinity University College) the regional graduate internship response to the economic downturn in 2009 and 2010.
- 3.7.6 In terms of sandwich courses, Leeds HEIs recognise the benefits of work placements for students, and believe that these courses have not been declining in the city. All students at Leeds Trinity University College undertake two professional work placements. In addition, the University of Leeds has more recently opened up the sandwich placement option to subject areas with which this option is not traditionally undertaken, such as Music, English, History and Social Policy.
- 3.7.7 Furthermore, a great deal of work is being carried out between the Council, colleges and universities to widen the opportunities for local residents to enter into higher education. Apprenticeships and vocational based learning through courses available in further education colleges are examples of alternative routes to higher education being developed. Although universities are seen as the gateway to professional recognition for many, increasingly apprenticeships are being seen as professional recognition for those preferring a work based route.
- 3.7.8 Over the past year there has been a 59% increase in the number of 16-19 year olds in Leeds who have started an apprenticeship. The Council has established a Leeds Apprenticeship Steering Group bringing together partners across the city to drive forward the agenda. Nationally, the Government are increasing the number of higher apprenticeships (working towards a level 4 qualification, foundation degree). Young people are being encouraged to consider apprenticeships as a pathway instead of A Levels or as a progression route after A Levels. Further education colleges in Leeds have confirmed within their strategic plans the intent to increase their high education provision. Potentially increasing competition between higher education & further education providers.
- 3.7.9 All institutions and partners within the city acknowledge that providing a co-ordinated partnership approach, which clearly sets out all routes into higher education, will become increasingly important in the coming years. With this in

mind an initiative to develop a Further Education and Higher Education Forum for Leeds is being established. The forum includes representatives from all HEIs and further education colleges in the city, and will be setting its terms of reference in the coming months. However, it should not be overlooked that each of the city's HEI are autonomous and have their own distinct strategies for working within the current reforms, and therefore achieving a coherent approach may prove challenging.

3.7.10 Greater flexibility in the length of courses and along with more vocationally based courses on offer reinforces the assumption that there will be more students that live at home. The potential implications for Leeds are outlined above.

3.7.11 There is also a concern, outlined in The Browne Review¹, that as graduates are contributing more to the costs of undergraduate education, they may be less likely to participate in post graduate study. Clearly this would have financial implications for HEIs.

4. Key findings and conclusions

4.1 This report has outlined the potential impacts for Leeds of the tuition fee rises being introduced from September 2012. The report has been written in collaboration with HEIs in Leeds, and with council colleagues in Environments & Neighbourhoods, Children's Services and Resources. Key findings and conclusions are as follows.

4.2 In terms of funding, HEIs currently believe that incomes may fall but will remain manageable over the next year, as funding received from tuition fees and that generated through diversification of income sources replaces government grant funding.

4.3 There are differing views from the HEIs in Leeds on the potential impacts on the number of students recruited from 2012. The reduction in the level of supply is likely to result in a lower number of year one entrants for some HEIs. Despite this, the attractiveness of Leeds as a city is seen as a vital selling point in appealing to students, even though places on offer may reduce.

4.4 Evidence suggests that there is likely to be an increase in the number of students studying at their local universities and colleges. In Leeds approximately 32% currently live at home, an increase in this number could impact on the suppliers of student accommodation, transport and local businesses.

4.5 Arguably the greatest concern is that the increases in tuition fees will deter students from poorer backgrounds from entering higher education. By 2015/16 around £32.8 million will be being spent on access measures to encourage wider participation in Leeds. However, it is important that young

¹ Browne Review (2010), Securing a Sustainable Future for Higher Education: The Independent Review of Higher Education Funding and Student Finance.

Appendix 1

people fully understand the new fees policy. Continued monitoring of participation rates by the City is therefore recommended.

- 4.6 The proposed changes to the higher education system and increased competition in the sector highlight the need for the City to have a co-ordinated partnership approach to higher education, which recognises the diverse offer available in Leeds. This is especially important as all organisations are facing funding cuts. Establishment of the FEHE Forum for Leeds is a step in this direction. However, the challenges of achieving a coherent approach amongst autonomous institutions should not be overlooked. The governments plans highlight the need for greater partnership working with the private sector, HEIs in Leeds are well placed to do this as they already have good working relationships with business.
- 4.7 In the coming months, once greater understanding of the government's policy is gained, it is likely that changes will be made to the strategies of HEIs across England on how they continue to attract students post 2012. It is important to note that 2012-13 is very much seen as a transitional year, with further changes being implemented from 2013. This report highlights the potential impacts given the information currently available, however, there is not enough evidence available to predict what the economic impact may be. It is therefore recommended that a further piece of work should be carried out in 12 months time to review the situation and look more closely at the impacts and particularly the potential economic impacts for Leeds.

Background papers

BBC (2011) Tuition fees for 2012. 28th March 2011

BBC (2011) More graduates taking low skilled jobs. 12th May 2011

BBC (2011) A third of universities to charge standard £9,000 fee. 12th July 2011

BBC (2011) Average UK student debts could hit £53,000. 12th August 2011

BVCA Research (2010) The potential impact of higher tuition fees. December 2010

CEBR (2011) Degrees of doubt: Is University worth the investment? May 2011

Centre for Cities (2011) Starter for ten: Five facts & five questions on the relationship between universities & city economies. May 2011

Centre for Economic Performance (2011) Fees and loathing: the impact of higher education finance of university participation. Summer 2011

Department for Business Innovation & Skills (2010) The impact of higher education finance on university participation in the UK. September 2010.

Department for Business Innovation & Skills (2011) Higher Education: Students at the Heart of the System. June 2011

Department for Business Innovation & Skills (2011) Economics paper 14: Supporting analysis for the Higher Education White Paper. June 2011

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Guardian (2011) Naming and shaming for degrees with poor jobs. 28th June 2011

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Higher Education Funding Council for England (2010) Guide to funding: How HEFCE allocates its funds. September 2010

Higher Education Funding Council for England (2011) Teaching funding and student number controls. Consultation on changes to be implemented in 2012-13. June 2011

Higher Education Funding Council for England (2011) 'Teaching funding and student number controls from 2012-13: summary of responses to consultation and decisions made'. Annex A, B & C. November 2011

House of Commons Business, Innovations & Skills Committee. (2011) Government reform for Higher Education. Twelfth Report of Session 2010-12. Volume 1. 10th November 2011

Appendix 1

Nelson Research for LV= (2011) Student towns report. March 2011

Office for Fair Access (2011) Universities and colleges to increase their spending on access measures by £600 million a year. 12th July 2011

Sutton Trust (2010) Response to the Independent Review of Higher Education Funding & Student Finance. October 2010

Sutton Trust (2010) Responding to the landscape for university access. December 2010

University and College Admissions Service (2012) Analysis of UCAS January deadline application rates by country. 30th January 2012

University of Southampton (2006) Changing Fee Regimes and their Impact on Student Attitudes to Higher Education. June 2006

Yorkshire Post (2011) A quarter of graduates working part time three years on. 2nd September 2011

Annex: Key aspects of the current proposals

Finance

- From autumn 2012, all higher education institutions will be able to charge a basic threshold of £6,000 a year for undergraduate course, rising to a maximum of £9,000 a year.
- No first time undergraduate students will be asked to pay for tuition up front. Part time and distance learning students will also be able to access loans.
- Students will not pay back loans until they earn £21,000 or more, this will rise annually with inflation.
- Students will be able to pay back their student loans early, but the government is consulting on how this can be done “without undermining the progressive nature of the system overall”
- An overall cap on the number of students receiving government funded loans will be retained.

Student numbers & competition

- Institutions will be allowed to recruit as many students they like with the grades AAB or higher (around 65,000 students).
- A “flexible margin” of 20,000 places will be available for universities who combined good quality with good value and who charge £7,500 or less.
- Employers and charities will be able to offer sponsorship for individual places outside student number controls.
- The government are committed to opening up the higher education market, including to further education colleges and alternative providers.
- Consultation will be undertaken on removing barriers to education. Including allowing non teaching organisations to award degrees and the process for determining which institutions are allowed to call themselves a “university”.

Student experience

- Universities are expected to publish a student charter. This may become mandatory in the future.
- Universities will have to publish directly comparable data for prospective students in 16 areas, including; teaching hours, accommodation costs, and qualification rates, employment rates and future salaries of graduates by course.

Appendix 1

- Online reports of student surveys of lecture courses will be published, “aiding choice and stimulating competition between the best academics”
- Details of how tuition fee income is spent will be published.
- Measures will be taken to make graduates more employable, such as working with employers to develop and kitemark courses.

Social mobility

- Universities wanting to charge more than £6000 will have to have an Access Agreement setting out what they will do to attract students from disadvantaged backgrounds.
- A £150 million National Scholarship programme will be established to help students from low income households with tuition fees and living costs.
- Students from households with income of less than £25,000 will be entitled to a full grant of £3,250.
- Students from households with income of between £25,000 and £42,600, will be entitled to a grant of between £50 and £3,250.
- Living cost loans (maintenance loans) of up to £5,500 a year, will be available to students to help pay for living costs (food, travel, accommodation etc). These loans do not have to be paid back until the individual is earning over £21,000 a year.