

**Report of: Director of Children's Services and Director of City Development**

**Report to: Executive Board**

**Date: 7<sup>th</sup> March 2012**

**Subject: Impact of tuition fee rises for Leeds**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## Summary of Main Issues

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. In June 2011 the government set out its plans for the future of higher education.

The attached report considers the potential impact of tuition fee rises and the wider changes to higher education for Leeds. However, due to the complexity and changing nature of the current proposals, with further announcements due in 2012, the findings of the attached report can only be seen as reflecting the situation as of January 2012. The reports findings are:

- There are differing views from the HEIs in Leeds on the potential impacts on the number of students recruited from 2012. The attractiveness of Leeds as a city is seen as vital selling point in appealing to students.
- There is evidence to suggest that an increasing number of students may choose to study locally and live at home.
- Continuing to ensure that students from poorer backgrounds are able to enter into higher education is a key concern.
- The proposed changes, concerns about wider participation and the potential for increased competition between institutions highlights the need for the City to have a coordinated partnership approach to higher education.

## **Recommendations**

Executive Board is recommended to:

- (i) Comment on the content of the attached report.
- (ii) Consider commissioning a further piece of work to assess the economic impact of tuition fee rises and the wider changes to higher education being implemented post 2012, to be undertaken in 12 months time.

## **1 Purpose of this report**

- 1.1 To inform Executive Board of the potential impacts of tuition fee rises and the wider changes to higher education for Leeds.

## **2 Background information**

- 2.1 The Executive Board of 5<sup>th</sup> January 2011 considered a deputation led by the Leeds University Union on the changes to funding of higher education. As a result 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 understand the impact of the changes for Leeds. It has not been possible to report earlier as the detail has only recently become available.
- 2.2 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.
- 2.3 On 28<sup>th</sup> June 2011 the government set out its intentions for the reforms to the university sector in 'Higher Education: Students at the Heart of the System' White Paper. The reforms are concentrated around three main issues; financing of higher education, the student experience, and social mobility.
- 2.4 Following consultation with the Higher Education Institutions (HEIs) in Leeds and relevant council services, the attached report considers the potential impact of tuition fee rises and the wider changes to higher education for Leeds.
- 2.5 It should be noted that there are some inconsistencies in the data used in the attached report, mainly due to different counting measures used by institutions and slight variations in definitions. However, these issues do not impact on the broad messages or the final conclusions.

## **3 Main issues**

- 3.1 The full report which is attached at appendix 1, presents the key issues under the following headings; funding, student numbers, accommodation and infrastructure, widening participation, and curriculum changes.
- 3.2 In terms of funding, in 2009/10 HEIs in Leeds had a total income of £717million, 35% of which was from government grants and 30% from tuition fees. HEIs in Leeds believe that income will fall over the next year but will remain manageable, as funding received from tuition fees and that generated through diversification of income sources replaces government grant funding.
- 3.3 In order to replace the government grant funding that is being lost, institutions in Leeds have currently set maximum tuition fees ranging from £8,000 to £9,000 per annum. Once fee waivers are taken into account average tuition fees in Leeds for undergraduates will range from £7,110 to £8,230 per year (excluding bursaries).
- 3.4 There are currently 57,300 undergraduate students studying in the City's four HEIs referred to in the report. There are differing views from the HEIs in Leeds on the potential impacts on the number of students recruited from 2012. This is in part due

to each institution having adopted its own strategy in light of the changes being introduced, with different fee levels and access measures in place. The reduction in the fixed level of supply is likely to result in a lower number of year one entrants for some HEIs. Therefore, the attractiveness of Leeds as a city is seen as vital selling point in appealing to students and it is believed that demand for places is likely to remain high, even though places on offer may reduce.

- 3.5 Recent data from the University and Colleges Admissions Service on applications received by 15<sup>th</sup> January 2012, show falls both nationally and locally when compared to 2011. Locally there has been an -11% reduction in the number of main scheme choices (each student has five choices), compared to -7% across the UK. The University of Leeds has seen a reduction of -5.9%, Leeds Metropolitan University -15.6%, Leeds Trinity and All Saints -16.3%, and Leeds College of Art -21%. However, applications for September 2011 are believed to have been significantly increased due to the changes to fees being implemented in 2012. As a result current application numbers have returned to previous trends and are similar to the levels of two years ago.
- 3.6 Evidence outlined in sections 3.5 and 3.7 of the attached report 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.
- 3.7 Arguably the greatest concern is that the increases in tuition fees will deter students from poorer backgrounds from entering higher education, as they perceive it to be too expensive. Research from The Centre for Economic Performance suggests that historically higher education finance has had a minimal impact on participation rates and instead prior educational attainment has been the key determinant. Only time will tell, whether this will remain the case given the substantial increase in tuition fees from 2012. By 2015/16 around £32.8 million will be being spent by HEIs in Leeds on access measures to encourage wider participation. It is therefore important that young people fully understand the new fees policy. Continued monitoring of participation rates is recommended.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 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.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality impact assessment is not required as this report is for information, and not for decision or a policy making document. An assessment maybe required on subsequent pieces of work.

### **4.3 Council Policies and City Priorities**

4.3.1 The report is relevant to the new Sustainable Economy and Culture Corporate Priority Plan, and the Child & Young People Plan.

### **4.4 Resources and Value for Money**

4.4.1 There are no immediate implications.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 There are no immediate implications.

## **5 Conclusions**

5.1 The proposed changes to the higher education system and increased competition between institutions for higher education students, highlight the need for the City to have a co-ordinated approach to higher education, which recognises the diverse offer available in Leeds. The recent establishment of a Further Education and Higher Education Forum for Leeds is a step in this direction. However, the challenges of achieving a coherent approach amongst autonomous institutions should not be overlooked. This is especially important as all organisations are facing funding cuts. The governments plans highlight the need for greater partnership working with private sector, HEIs in Leeds are well placed to do this as they already have good working relationships with business.

5.2 In the coming months, once greater understanding of the impact 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. The attached 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 situation and look more closely at the impacts and particularly the potential economic impacts.

5.3 Announcements which are expected in February and March 2012 include; the government response on the White Paper 'Students at the heart of the system'; the Higher Education Funding Councils for England (HEFCE) response on the consultation on student number controls post 2013; and the announcement by HEFCE on the outcome of the bids for the 20,000 marginal student places available in 2012-13.

## **6 Recommendations**

6.1 Executive Board is recommended to:

- (i) Comment on the content of the attached report.

- (ii) Consider commissioning a further piece of work to assess the economic impact of tuition fee rises and the wider changes to higher education being implemented post 2012, to be undertaken in 12 months time.

## **7 Background Documents<sup>1</sup>**

6.1 The following documents provide background to this report:

- Executive Board of 5<sup>th</sup> January 2010, Agenda Item 15, Deputation to Council 17<sup>th</sup> November 2010. Government proposal to increase university tuition fees
- Department for Business Innovation & Skills (2011) Higher Education: Students at the Heart of the System.
- Appendix 1: Impact of tuition fee rises for Leeds

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<sup>1</sup> The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.