

Explanatory Memorandum to:

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

This Explanatory Memorandum has been prepared by the Department for Children, Education, Lifelong Learning and Skills and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 24.1.

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the above listed Regulations. I am satisfied that the benefits outweigh any costs.

Leighton Andrews

Minister for Children, Education and Lifelong Learning

14 February 2011

EXPLANATORY MEMORANDUM

1. Description

This suite of legislation will implement the Welsh Assembly Government's policy on higher education tuition fees and statutory student support arrangements for higher education courses commencing from 1 September 2012.

The HE Funding Council for Wales (Supplementary functions) Order 2011

This Order confers supplementary functions on the Higher Education Funding Council for Wales, enabling the Council to administer the payment of tuition fee grant to higher education institutions (and the recovery of such grant) in respect of students starting designated higher education courses on or after 1 September 2012

The Student Fees (Amounts) (Wales) Regulations 2011

These regulations prescribe the basic and higher amounts which relevant institutions will be able to charge by way of tuition fees for full-time undergraduate courses commencing from academic year 2012/13 onwards. "Relevant institutions" are those which receive grants, loans or other payments from the Higher Education Funding Council for Wales (HEFCW).

Without an approved fee plan in place, fees can be charged up to the basic amount of £4000. With a fee plan in place, approved by HEFCW, fees can be charged up to the amount stated in the fee plan for that course, subject to the limit prescribed as the higher amount of £9000. The regulations also set basic and higher amounts of £2000 and £4500 that will apply to full-time undergraduate courses where the final year of a course is completed after less than 15 weeks attendance, for a sandwich year where the period of attendance at a relevant institution during the academic year is less than 10 weeks and for an academic year undertaken in conjunction with an overseas institution where the period of attendance at the UK institution is less than 10 weeks.

The Student Fees (Approved Plans) (Wales) Regulations 2011

These regulations prescribe various matters relating to fee plans to be submitted by higher education providers to HEFCW. These regulations specify the content and duration of fee plans required from relevant institutions which wish to charge tuition fees above the basic amount. They set out what is required of HEFCW (as the relevant authority in relation to Wales) when approving and enforcing fee plans and require institutions to publish approved plans. The maximum period during which an approved plan can be in force is prescribed as 2 years.

The regulations also make provision for an appeals process and the appointment by Welsh Ministers of a person or panel to review appeal applications.

The Higher Education Act (Relevant Authority) (Designation) (Wales) Regulations 2011

These regulations designate HEFCW as the relevant authority in relation to Wales with the functions of approving and enforcing fee plans from relevant institutions which wish to charge tuition fees above the basic amount for full time undergraduate courses.

The Student Fees (Qualifying Courses and Persons) (Wales) Regulations 2011

These regulations prescribe the courses and persons in respect of which and to whom relevant institutions can charge qualifying fees from 1 September 2012.

The Assembly Learning Grant (Higher Education) (Wales) (No.2) Regulations 2011

These Regulations provide for the overall financial support package for students who are ordinarily resident in Wales and are taking designated higher education courses in respect of the academic year beginning on or after 1 September 2012. Grants and loans are available to eligible students subject to the conditions set out in the relevant regulations, including grants and loans for tuition fees and for maintenance.

A “New Fee Grant” has been introduced at Regulation 20 to support students attending full-time courses whose fees will be set by UK Higher Education Institutions up to a ceiling of £9,000. Regulation 65 will allow flexible payment of the new grant via the HEFCW and the Student Loans Company.

2. Matters of special interest to the Constitutional Affairs Committee

A single regulatory impact assessment has been undertaken in relation to the full suite of legislation being brought forward to implement the Assembly Government’s policy on higher education funding and student finance for academic year 2012/13.

3. Legislative background

The relevant enabling powers for each instrument are as follows:

- The Assembly Learning Grant (Higher Education) (Wales) (No.2) Regulations 2011 – Teaching and Higher Education Act 1998 section 22 (negative procedure)

- The Higher Education Funding Council for Wales (Supplementary functions) Order 2011 - Further and Higher Education Act 1992 section 69 (negative procedure)
- The Student Fees(Amounts)(Wales) Regulations 2011 - Higher Education Act 2004 section 28 (affirmative procedure)
- The Student Fees (Qualifying courses and Persons)(Wales) Regulations 2011 - Higher Education Act 2004 section 28 (negative procedure)
- The Higher Education Act 2004 (Relevant Authority) (Designation) (Wales) Regulations 2011 - Higher Education Act 2004 section 30 (negative procedure)
- The Student Fees (Approved Plans)(Wales) Regulations 2011 - Higher Education Act 2004 sections 33-36, 38 and 39 (affirmative procedure).

The above statutory instruments will be brought forward according to the procedure appropriate in each case between 15 February 2011 and 31 March 2011. This Explanatory Memorandum and Regulatory Impact Assessment applies to the entire legislative package and is being laid at the same time as the first set of regulations.

4. Purpose and intended effect of the legislation

The suite of legislation is intended to implement the Welsh Assembly Government's policy on higher education funding and student finance for academic year 2012/13 onwards. That policy is being implemented in response to the report by Lord Browne on higher education funding and student finance in England and consequent decisions by Ministers in England to cut higher education funding and allow higher education institutions (HEIs) to charge significantly higher tuition fees.

In England:

- the basic tuition fee will increase to £6,000 per annum;
- HEIs will be able to charge tuition fees up to £9,000 per annum, providing they can demonstrate a commitment to widening access;
- the income repayment threshold for student loans will increase from £15,000 to £21,000;
- the interest rates for student loans will be increased for those on higher incomes;
- the repayment period for student loans will be extended to 30 years (from 25);
- maintenance grants for those below £42,000 will increase to a maximum of £3,250;
- part-time students will be able to access a tuition fee loan depending on the level of intensity.

The UK Government intends to introduce these changes in England with effect from academic year 2012/13.

The proposed changes to higher education funding and student finance in England have significant implications for students ordinarily resident in Wales, for Welsh HEIs and for the Assembly Government. Approximately 16,000 students ordinarily resident in Wales study in England. If English universities were to charge average tuition fees of £7,000, the cost to the Assembly Government of providing increased tuition fee loans to students ordinarily resident in Wales would be additional £70m by 2015-2016. At the same time, if HEIs in Wales were not permitted to charge tuition fees at broadly comparable rates to those in England, competition for undergraduate student places at Welsh institutions from students ordinarily resident in England or other parts of the UK would be likely to increase dramatically. The number of places available at Welsh HEIs for students ordinarily resident in Wales might be expected to reduce accordingly.

In response to the changes announced in England, the Minister for Children, Education and Lifelong Learning made a statement to the Assembly on 30 November 2010. In order to provide additional support for students ordinarily resident in Wales, and to ensure that Wales continues to benefit, economically, socially and culturally from the investment that the Assembly Government makes in higher education, the Minister announced that:

- tuition fees in Wales will increase from academic year 2012/2013 and higher education institutions (HEIs) will be able to charge tuition fees up to £9,000 per annum, providing they can demonstrate a commitment to widening access and other strategic objectives through fee plans approved by the HEFCW in line with its corporate strategy announced in June 2010;
- students ordinarily resident in Wales will continue to be eligible for subsidised loans to meet the cost of fees up to the current level (£3290 per annum in respect of academic year 2010/11). The Assembly Government will provide a non-means-tested tuition fee grant for the balance over and above current fee levels, to be paid through the HEFCW (and the Student Loans Company in respect of English HEIs) on behalf of students ordinarily resident in Wales wherever they study;
- the income repayment threshold for student loans will increase from £15,000 to £21,000, and variable progressive rates of interest charged depending on income;
- part-time students will be able to access a tuition fee loan depending on the level of intensity of their course.

The rationale for this policy is set out more fully in the Regulatory Impact Assessment (RIA) below. An Inclusive Policy Making Assessment was carried out as part of the Policy Gateway process. A copy of the assessment is at Annex 1 to the RIA.

5. Consultation

Details of the consultation undertaken are included in the RIA below.

REGULATORY IMPACT ASSESSMENT

Options Appraisal

Option 1 – do nothing. To do nothing in response to the changes announced in England in respect of higher education tuition fees and student finance would have important negative consequences for students ordinarily resident in Wales, the Welsh Assembly Government's budget and HEIs in Wales. For students who choose to study at an institution in England the consequences would be significantly increased levels of student debt as a result of taking out higher tuition fee loans. Welsh students wishing to undertake certain courses currently unavailable in Wales would be obliged to enter into higher levels of debt in order to access those learning opportunities. The cost to the Assembly Government's budget of making available higher fee loans to students ordinarily resident in Wales would be an additional **£12million** (based on an average tuition fee level of £7,000p.a in England) in 2012-13 rising to around **£70million** per year in 2015-16; the majority of that extra cost would be invested in English universities. Under the voluntary arrangement currently in place in Wales, HEIs would be limited to charging significantly lower fees relative to those in England, bringing the risk that a university education in Wales would be regarded as a cheap (and possibly lower quality) alternative. Higher numbers of well-qualified students from outside Wales might be expected to apply for places at Welsh HEIs, thereby limiting the number of places available to students ordinarily resident in Wales. Young people from disadvantaged backgrounds might be deterred from entering higher education, particularly in relation to HEIs in England, by higher fee and debt levels.

Option 2 – mirror the policy for England. Adopting the same policy as England would mean very significant reductions in public funding for higher education in Wales (potentially a reduction of up to 80% in the HEFCW's teaching grant to Welsh universities), effectively moving responsibility for funding higher education from the state to the individual. HEIs in Wales would have the freedom to charge tuition fees at levels comparable to those in England. Students ordinarily resident in Wales would be obliged to take out substantially higher tuition fee loans in order to access higher education in Wales or elsewhere, thereby incurring additional student debt. Young people from disadvantaged backgrounds might be deterred from entering higher education, particularly in relation to HEIs in England, by higher fee and debt levels.

Option 3 – the Assembly Government's solution. The option being proposed allows institutions in Wales to charge higher tuition fees while providing additional fee support to students ordinarily resident in Wales to protect them against increased levels of debt and guard against any disincentive to access higher education. Under this option, income to the higher education sector in Wales will be at least the same in real terms in 2016/17 as it will be in 2012/13. Students ordinarily resident in Wales will continue to be eligible for subsidised loans to meet the cost of tuition fees up to the current level. However, the Assembly Government will provide a non-

means-tested tuition fee grant for the balance over and above the current fee level. This means that students ordinarily resident in Wales who go to university in 2012/13 will be paying the same in real terms as students who go to university in this academic year. Students ordinarily resident in Wales will not face higher levels of debt in order to access higher education. There would be no perverse incentive for students from elsewhere in the UK to seek places at Welsh HEIs as a “cheap” alternative. There would be no additional disincentive or barrier to higher education for young people from disadvantaged backgrounds in Wales.

Costs and benefits

The changes to higher education funding and student support introduced by this suite of legislation will be phased over 3-4 academic years, with HEIs, HEFCW and students receiving cohort protection in line with the level of support that was provided to students at the start of their studies.

Students

All three options identified above would impact on students.

Option 1

Existing Students

For students who decided to study in Wales, there will be no financial impact if they started their course on or before the 1 September 2012 as they would continue to receive the support package that was available in 2011. Under the voluntary arrangement currently in place, their tuition fee would be limited to £3,465 per year.

New students

Given that we could expect there to be an influx of students from other parts of the UK in view of the lower fees in Wales under this option, it is likely that there would be extra competition for places at Welsh HEIs in the initial years. This could reduce the opportunities available to students ordinarily resident in Wales (and particularly those from disadvantaged backgrounds) to study at Welsh HEIs.

However, students ordinarily resident in Wales who choose to study in England, for example, would have to pay an increased tuition fee (up to £5,535 over and above the current fee). This would be paid either by increasing their student loan or paying the tuition fees up front.

Option 2

Existing students

There would be no financial impact for students who start their courses on or before the 1 September 2012 as they would continue to receive the support package that was previously available in 2011. Their tuition fee would be limited to £3,465 regardless of where they are ordinarily resident.

New students

New students ordinarily resident in Wales would be required to pay an increased tuition fee (up to £5,535 over and above the current fee) whether they chose to study in Wales or elsewhere in the UK. The increased fee would be paid either by increasing their student loan or paying the tuition fees up front.

There would be no differential in fee levels between England and Wales; hence no greater incentive for students from outside Wales to access higher education courses at Welsh HEIs. The prospect of significantly increased fees and higher student borrowing to pay them might deter some young people ordinarily resident in Wales from accessing higher education (particularly those from disadvantaged or non-traditional backgrounds).

Option 3

Existing students

There will be no financial impact for students who start their courses on or before the 1 September 2012 as they will continue to receive the support package that was previously available in 2011. Their tuition fee will be limited to £3,465 regardless of where they are ordinarily resident.

New students

Students who start their studies from 1 September 2012 will be liable for a tuition fee of up to £9,000 per annum. Students who are ordinarily resident in Wales (or from the EU studying in Wales) will be eligible for a loan (from the Welsh Ministers) to cover the first £3,465, and a grant to cover the remaining fee.

Students who are ordinarily resident in other parts of the UK but choose to study in Wales will be eligible for a tuition fee loan (from the Secretary of State in England, Student Awards Agency Scotland in Scotland or the Local Education Library Board in Northern Ireland) to cover the up-front costs of the fee.

HEFCW

Option 1

There would be no additional implications for HEFCW as the student support system would continue to operate in its format.

Option 2

There would be no additional implications for HEFCW as the student support system would continue to operate in its format in Wales

Option 3

This suite of legislation will extend HEFCW's responsibility to include student finance and place the approval of fee plans on a statutory footing.

Whilst most of the functions are already undertaken by HEFCW in respect of existing arrangements for approving fee plans, regulating this process will necessitate some additional costs to HEFCW, including the provision of reports and information to Welsh Ministers.

The provision of student finance and the subsequent changes to the funding of the HE sector in Wales, will also necessitate initial additional expenditure, either to develop a financial system to enable payment of tuition fee grant to higher education institutions throughout the UK, or to procure the services of the Student Loans Company to administrate the system on HEFCW's behalf.

In addition an independent panel will need to be appointed to review initial fee plan decisions in the event of an appeal against HEFCW's decisions.

The additional costs of operating this system will be met from within existing resources - either from HEFCW's current budget or from WAG accounts.

Student Finance

The cost of providing the additional fee support (which will be paid direct to HEIs on behalf of each student) to students ordinarily resident in Wales in 2012/13 will be funded by a transfer of resources from the HEFCW teaching grant. This will amount to £31.5m in the financial year 2012-2013.

HE Sector in Wales

Option 1

The HE sector in Wales would be at a financial disadvantage when compared to the sector in England as institutes in Wales would be unable to raise extra fee income through increased tuition fees. Whilst a significant amount of public subsidy (from WAG) would be available to partially offset the income stream, it is unlikely (depending on the level of fees) to be sufficient to cover

the potential additional income that the HE sector in England would be able to access.

Option 2

Implementation of Part 3 of the Higher Education Act 2004, introduces significant new statutory functions and procedures to the HE Sector. However, under the voluntary system that is already in place in Wales, most or all of the functions and procedures are already being performed so there are no significant additional costs.

However, the regulations will introduce some potential costs associated with non compliance and / or those issues arising from fee plans not being approved by HEFCW.

Conversely the HE sector in Wales will benefit from the following additional fee income in the financial year 2012-2013.

HEFCW paying for students ordinarily resident in Wales (and EU) – £22.6m
Students ordinarily resident in other parts of the UK - £14.5m

Whilst the HE sector would be able to charge a higher tuition fee, there would be at least an 80% cut in the amount of public subsidy that would be available from WAG – total £222m during the Assembly Government budgeting period.

Option 3

Implementation of Part 3 of the Higher Education Act 2004, introduces significant new statutory functions and procedures to the HE Sector. However, under the voluntary system that is already in place in Wales, most or all of the functions and procedures are already being performed so there are no significant additional costs.

However, the regulations will introduce some potential costs associated with non compliance and / or those issues arising from fee plans not being approved by HEFCW.

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HEFCW paying for students ordinarily resident in Wales (and EU) – £22.6m
Students ordinarily resident in other parts of the UK - £14.5m

There will be less WAG subsidy to be distributed to the sector in Wales – total £31.5m in FY 2012-2013

The economic benefits of high level skills

Economic and social benefits

Economic evidence has found a significant role for high level skills in economic development. In Wales research has shown that part of the productivity gap between Wales and the faster growing regions of the UK can be explained by Wales having a lower proportion of the population with high level skills¹. The same research found that an increase in the proportion of the Welsh population with degree level qualifications and above would significantly improve the productivity of businesses in Wales, a key ingredient for economic growth.

There is also a sizeable literature focusing on the wider spill over benefits arising from increases in high level skills. Workers do not in general work autonomously, but in teams, so that the productivity of an individual worker may be related to the level of education of co-workers. Lower skilled workers may well benefit from working within a team with higher skilled colleagues thus generating additional positive benefits to the business as a whole. The OECD (1998) also identified more indirect wider spill over benefits arising from increases in skills across the economy. This can lead to better public health and parenting, lower crime, an improved environment and greater social cohesion, amongst other things. These improvements themselves can feed back into higher rates of economic growth.²

Benefits from HE to the individual

This section summarises the evidence on the returns from higher education and participation into higher education in Wales. Understanding these trends in participation will help in estimating the potential impact from any reform, especially on individuals from lower income groups.

When making the decision to invest in higher education, individuals typically look at the potential benefits they will accrue against the cost of obtaining a degree. The economic returns (in the form of higher wages) from higher education are found to be positive and have increased during a time where the supply of graduates has also increased. This implies that the demand for graduates has increased to more than match the increase in supply.

The evidence of an increase in graduate over-provision is weak or absent, once allowance is made for the fact that graduates may do better in some jobs for which a degree is not a formal qualification, and some may want to work in lower level employment, e.g. for family reasons. The evidence suggests that any growth in over qualification amongst graduates has mainly been in the form of graduates reporting that there are in below-graduate level

¹ Boddy, M and Hudson, J (2006), Understanding productivity variations between Wales and the rest of the UK - Report to the Economic Research Advisory Panel, Welsh Assembly Government

² Sloane, P et al (2003), Returns to Education: A Survey of Findings - Report to the Economic Research Advisory Panel, Welsh Assembly Government

jobs but nevertheless do not report that they are underutilising their skills. By contrast, there has been little or no growth in the proportion of graduates who report that they are both overqualified and underutilising their skills.

Compared to individuals that have 2 or more A-levels (i.e. those that had sufficient grades to enter higher education) the returns from higher education are found to be positive and large for women for all degree subjects³. Those returns range from between 15% and 21% depending on the level of award.⁴

For men, the returns from a degree are found to vary by main degree subject completed. The largest returns are found for students that completed LEM subjects. Those returns on average are found to be between 23% and 28% higher than for males with 2 or more A-levels as their highest qualification. While there are positive returns from studying STEM subjects those are far smaller on average than LEM subjects. On average the returns from STEM subjects ranges from between 5% and 7% higher than for males with 2 or more A-levels as their highest qualification. Small negative returns are found for males completing OSSAH subjects. For males completing combined degree subjects the returns are found to range between 8% and 9%.

For both men and women degree class has large positive effects in all subjects suggesting the possibility of large returns to effort.

Part of the reason for this high rate of return is that individuals with degree level qualifications and above are much more likely to be in employment. In addition, evidence following the recent recession has shown that the employment rates for individuals with degree level qualifications and above only fell slightly compared to much larger falls for those with lower level skills. This shows that even during a very steep economic decline the demand for workers with degree level qualifications remains relatively strong. Indeed, there is a wide literature showing that the demand for workers has shifted much towards those with high level skills while the demand for workers without any formal skills has fallen⁵.

Impact of tuition fees

In Wales the introduction of tuition fees appears not to have substantially depressed the overall demand for higher education. This is true in England also. Prior to the introduction of tuition fees many feared that they would result in fewer students from poorer families entering higher education. In Wales there was little evidence that full time and degree level higher education

³ The research undertaken on the returns by degree subject groups subjects into three main categories: Law Economic and Management (LAW); Science Technology, Engineering and Medicine and also includes mathematics (STEM); Other Social Sciences, Arts and Humanities and also includes Languages (OSSAH) and degrees that combine more than one subject.

⁴ Walker, I and Zhu, Y (2010) Differences by Degree: Evidence of the Net Financial Rates of Return to Undergraduate Study for England and Wales. Lancaster University Management School Working Paper 2010/038.

⁵ Berman, E et al (1997), Implications of Skills Biased Technical Change: International Evidence. CEP Discussion Paper no. 367

participation in poorer neighbourhoods had been particularly depressed during the 1990s. The growth in higher education participation was faster for poorer neighbourhoods, at least from 2002 onwards. This latter finding is potentially extremely important, given that student grants were re-introduced for full time undergraduates in 2002 in Wales. Enrolment on first degrees grew more rapidly in poorer neighbourhoods for the period 2002 onwards, i.e. after the re-introduction of the student grant.⁶ This shows that financial support for students from poorer backgrounds can increase participation into higher education.

Consultation

All relevant stakeholders have been consulted. A technical consultation paper on the implementation of the proposed new system of higher education funding and student finance was published on the Assembly Government's consultation web page. Key stakeholders consulted include:

- HEIs in Wales
- Higher Education Wales
- Further education colleges in Wales
- Student unions
- Local authorities in Wales
- Student Loans Company
- Higher Education Funding Council for Wales
- UCAS
- Children in Wales
- National Association of Student Money Advisers
- Student Finance Officers in local authorities, HEIs and further education colleges

The consultation period lasted four weeks. 25 written responses were received - an analysis of the individual consultation responses is at **Annex 1**.

In addition to the consultation paper, a stakeholder workshop was held on 24 January 2011. 41 stakeholder representatives attended the consultation event. Details of the views expressed by participants in the workshop are given at **Annex 2**.

The consultation paper and stakeholder workshop focused on a small number of key implementation issues and questions. A summary of the views expressed by stakeholders in both their written responses and the wider stakeholder workshop follows:

⁶ Marcenaro-Gutierrez, O and Vignoles, A (2006), Trends in HE participation by neighbourhood: evidence for Wales Update - Report to the Economic Research Advisory Panel, Welsh Assembly Government

Consultation questions	Summary of responses
<p>Q1. If institutions in Wales wish to set tuition fees above the basic fee rate they will be required to have in place fee plans agreed by HEFCW. The Government intends that fee plans in Wales will include provisions relating to reconfiguration of the HE sector and other <i>For Our Future</i> strategic priorities. How should those provisions be expressed? What other issues should the fee planning guidance address? Are there other conditions you think should be imposed on HEIs wishing to charge more than the basic rate of fee?</p>	<p>The consultation responses showed a mix of views. There was broad support, both in the written responses and the stakeholder seminar, for the principle that fee plans should continue to focus on widening participation in higher education, particularly by those from under-represented or non-traditional groups. Other objectives to be supported by fee plans should be those already set out in the Assembly Government's "<i>For Our Future</i>" strategy for higher education and HEFCW's Strategic Plan. Some respondents suggested that since fee plans will be intrinsically linked to the ability to charge higher tuition fees, they should reflect an expectation on HEIs to improve the learning experience for students. Some respondents acknowledged the potential role of fee plans in furthering the process of reconfiguration in the Welsh higher education sector; however, there was relatively little support for that approach. One written response highlighted the need for widening access provisions to take specific account of the needs of disabled students. Some further education colleges which provide higher education courses on behalf of HEIs argued that fee income should follow the student and should be with the relevant provider to cover direct costs. Some respondents considered that fee plans should make explicit reference to part-time higher education provision.</p>
<p>Q2. The Minister has suggested setting the basic fee rate (that is the tuition fee level above which institutions would be required to submit a fee plan to HEFCW for approval) at £6,000 per annum, the same level as in England. There is the potential, however, for the basic fee rate to be set at a lower level – perhaps even at the present maximum rate (£3375 for AY2011/12 AY). What would</p>	<p>The majority of written responses (particularly those from HEIs) argued that the basic amount of fee in Wales should remain at the proposed £6,000 in order to maintain parity with England. The stakeholder workshop demonstrated a greater variety of views on this question, however, with little consistency among the stakeholders present as to the preferred level of the basic fee amount.</p>

<p>be the advantages or disadvantages of a lower basic fee rate in Wales? What criteria do you consider should be used to determine the level of the basic fee rate?</p>	
<p>Q3. We intend to introduce a relatively simple, non-burdensome fee grant scheme for Wales, of the sort described in paragraph 7(c) above. How might that scheme be designed to minimise the administrative burden on HEIs and HEFCW?</p>	<p>The stakeholder seminar demonstrated a good deal of support for the idea that the Student Loans Company rather than HEFCW might administer the new fee grant. Few of the written responses made the same suggestion; a number suggested that to keep the administrative costs of the grant scheme low there should be continued dialogue between the Assembly Government, HEIs in Wales and the chosen delivery partner to administer the fee grant. Some respondents argued in favour of a centralised model of delivery for student finance in Wales, akin to that already adopted in England. Some respondents argued that the fee grant mechanism should take account of the cash-flow needs of institutions.</p>
<p>Q4. A Programme Delivery Board has been established to oversee implementation of the 2012/13 HE funding and student finance arrangements for Wales. Our main delivery partners are represented on the Board, which will be developing mechanisms for ongoing consultation and communication with other stakeholders, including a series of workshops on particular topics. What would be the most effective means of engagement and further consultation on the implementation issues identified in this paper?</p>	<p>HEIs expressed concern that the Programme Delivery Board does not include specific representation by the sector. There was a broad level of agreement at the stakeholder event that implementation of the new system should involve close working with the National Union of Students and HEIs (including Student Services/Finance staff). In general, respondents urged the use of a range of communications and engagement techniques at local, regional and national level and making use of existing networks or forums such as Higher Education Wales, Welsh Higher Education Finance Directors Group, National Association of Student Money Advisors and Welsh Higher Education Student Finance Practitioners Group to facilitate communication and collaborative working. Participants in the stakeholder workshop supported strongly the proposal that there should be separate consultation on changes to part-time higher education and student</p>

	<p>support when the policy details are available. Several respondents suggested that the Board should include or have direct input from operational staff in university registry and student services departments as well as local authority student finance staff. Respondents representing further education providers argued that there should be specific representation from that sector.</p>
<p>Q5. Are there other ways in which Student Finance Wales processes could be simplified to reduce complexity and cost?</p>	<p>Few respondents had views on this question. Some respondents argued that one significant simplification to existing systems could be achieved through greater stability and fewer year-on-year changes to student support entitlements.</p>
<p>Other issues raised in consultation</p>	<p>Some respondents (HEIs) suggested that fee plans under the new system should be reviewed after 3 years and not before. Other respondents commented on the need to ensure that HEIs in Wales are able to set fee levels to a similar timescale as those in England so that students wishing to enter higher education in 2012 are able to take properly informed decisions about their institution(s) of choice. Several respondents raised issues about the timing of implementation of the changes proposed. Some respondents sought clarification of the place of the Financial Contingency / Hardship Fund (currently provided by the Assembly Government) in the new policy context.</p>

Competition assessment

The results of the competition filter test are set out below:

The competition filter test	
Question	Answer yes or no
Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?	No
Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?	No
Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?	No

The competition filter test	
Question	Answer yes or no
Q4: Would the costs of the regulation affect some firms substantially more than others?	No
Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation?	No
Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet?	No
Q8: Is the sector characterised by rapid technological change?	No
Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?	Yes – a statutory limit will be imposed on the amount of fees chargeable by HEIs in Wales under powers given by the Higher Education Act 2004

Post implementation review

This suite of legislation is being introduced now because of the relatively long lead-in time required to ensure that the new higher education funding and student finance systems can be implemented effectively for academic year 2012/13.

The objective of the post implementation review will be to assess whether the reforms to higher education funding and student finance are operating as expected and whether they have achieved the policy objectives set. The review will need to be based on an ongoing evaluation of the reforms and their impact, taking account of the fact that the new systems will not be fully operational until 2014/15 when three full cohorts of students will have entered higher education under the new tuition fee and student finance regime proposed.

Policy objectives / success criteria:

- promote the delivery of the Assembly Government's "For Our Future" strategy for higher education;
- increase social mobility;

- mitigate the impact of higher tuition fees on students ordinarily resident in Wales and student debt;
- ensure a sustainably funded higher education sector in Wales;
- attract a higher proportion of Wales resident students from disadvantaged backgrounds into higher education.

Many aspects of the baseline position in relation to these success criteria are readily available from administrative data sources – including information on overall levels of applications, participation and completion of different types of students in different types of institution, modes of study, or subject areas. Information is also available on overall costs and institutional finances. The National Student Survey and Student Income and Expenditure Survey provide information on student satisfaction, student finances. For some areas, such as social mobility, it may be necessary to establish proxy measures or leading indicators against which progress can be measured.