



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: **The Forecast for Income to the Higher Education Sector in
Wales from 2011 – 2012 until 2016 - 2017**

Date: **15 December 2010**

By: **Leighton Andrews, Minister for Children, Education and
Lifelong Learning**

In my statement to the National Assembly on the 30 November, I announced the Welsh Assembly Government's response to the decision by the UK Government to increase tuition fees in higher education institutions in England.

As I outlined in my statement, the Assembly Government has a responsibility to Welsh-domiciled students, wherever they choose to study. We also have a responsibility to ensure that Wales benefits, economically, socially and culturally, from the investment that the Assembly Government makes in higher education in Wales. In *For our Future*, we set out our objectives for higher education. We stated that we would build the future of higher education on the secure foundations of social justice and supporting a buoyant economy.

Our response to the increase in tuition fees in England, means that we are able to maintain a significant public subsidy of the higher education sector in Wales, whilst continuing to subsidise higher education for Welsh-domiciled students.

To pay for the increased fee support for Welsh-domiciled students I announced that we would be top-slicing the HEFCW teaching grant by around 35% and that the income of Welsh HEIs will be the same in real terms in 2016-17 as it will be in 2012-13.

I feel it would be helpful to Assembly members to see the figures underpinning our modelling.

The following tables and charts estimate the latest forecasts for the income to the higher education sector in Wales from 2011-2012 until 2016-2017. This analysis makes a number of modelling assumptions, and whilst recognising the risks surrounding these, provides an indication of the impact of proposed approach on the HE sector's overall income (minus any changes to part time fees and charges).

The analysis projects forward from the baseline 2008/09 Higher Education Statistics Agency (HESA) finance record data, combined with Assembly Government forecasts for the grants. Additional income resulting from increased full-time fees is estimated by projecting forward student numbers and assuming an average fee level of £7,000 for 2012 entrants, followed by inflationary increases. Other than the funding body grant and fees for full-time students, other strands of income such as research income are assumed to be constant over time, in real terms.

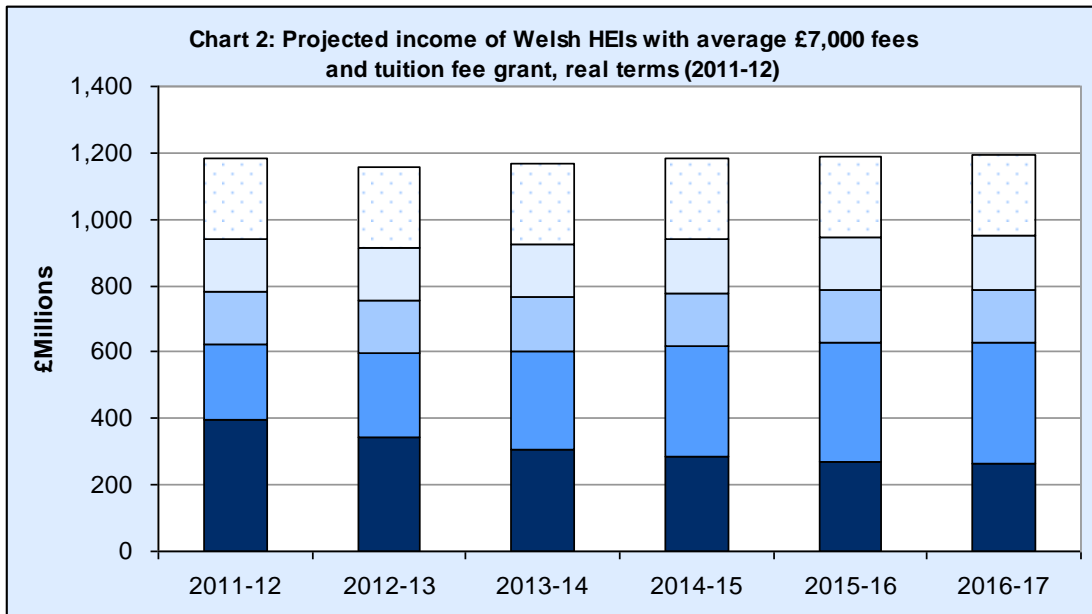
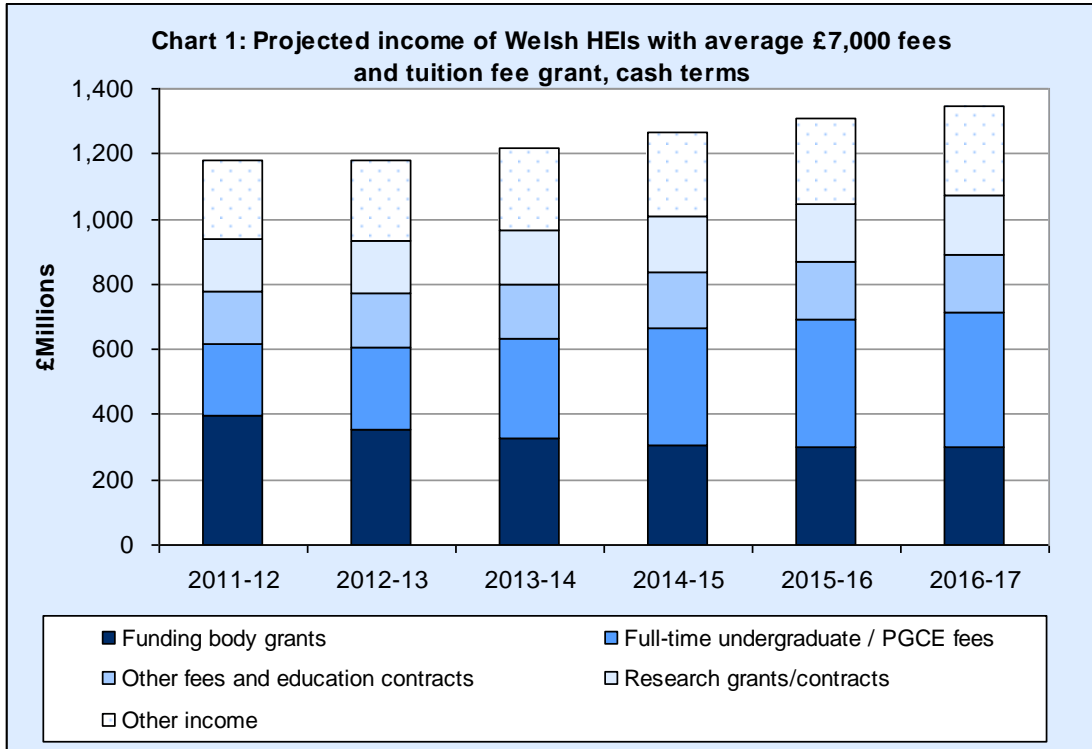
Table 1 below shows the forecast figures for 2011-12 to 2016-17. As the figures indicate, this is a sustainable solution that offers growth for our Welsh Higher Education Institutions while being fair to Welsh domiciled students.

Table 1: Projected income of Welsh HEIs, with average £7,000 fees and tuition fee grant, cash term *£Million*

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Funding body grants	395	354	325	307	300	301
Full-time undergraduate / PGCE fees	224	254	308	357	391	411
<i>current level of fees</i>	224	229	234	239	245	252
<i>net additional fee income</i>	0	25	74	118	146	159
Other fees and education contracts	158	162	167	171	176	181
Research grants/contracts	161	163	167	172	176	181
Other income	243	246	253	260	267	274
Total	1,180	1,179	1,219	1,267	1,311	1,348

Source: WAG forecasts, HESA finance record and student numbers projected forward

The data in table 1 is displayed in chart 1 below, followed by chart 2 which displays the same information in real terms, at 2011-12 prices.



I would be happy to make an oral statement if Assembly Members wish me to do so, at the first opportunity in the new session.