

Finance Committee  
FIN(4)-20-13 (paper 6)  
13 November 2013

### [Inquiry into Higher Education Funding](#)

Evidence from the Open University in Wales

## Open University in Wales - Response to the Finance Committee's inquiry into Higher Education Funding in Wales.

### About The Open University in Wales

1. The Open University (OU) was established in 1969, with its first students enrolling in 1971. It is a world-leader in providing innovative and flexible distance learning opportunities at higher education (HE) level. It is open to people, places, methods and ideas. It promotes educational opportunity and social justice by providing high-quality university education to all who wish to realise their ambitions and fulfil their potential.
2. Over 8,000 students across Wales are currently studying with The Open University, enrolled on over 11,000 modules. There are OU students in every National Assembly for Wales constituency and we are the nation's leading provider of part-time higher education. More than three out of four Open University students are in employment while they study and with an open admissions policy, no qualifications are necessary to study at degree level. Over a third of our undergraduate students in Wales join us without standard university entry level qualifications.
3. In 2013, for the ninth successive year, The Open University was top in Wales for 'overall student satisfaction' in the National Student Survey. As a world leader in education technology, our vast 'open content' portfolio includes free study units on OpenLearn (including many Wales-related materials) and substantial content on YouTube and on iTunesU where we have recorded over 60 million downloads.

### Remit of the inquiry

4. The Terms of Reference of the Committee's inquiry state that as the new part-time higher education funding policy does not come into effect until 2014 the focus of the inquiry will be full-time higher education. While there are changes being implemented in the part-time funding system in 2014 (namely the introduction of loans for part-time students who meet certain criteria) we do not believe that these represent a final or settled arrangement for the future funding of part-time HE in Wales. There are further developments that are in the process of being implemented, such as the removal of HEFCW institutional strategy funding, which will impact upon the ability of institutions to deliver part-time HE in priority areas such as widening access and working with employers (where part-time provision plays a major role). We believe that it is neither possible nor desirable to have a discussion about the future funding of Higher Education if part-time provision is excluded. This would represent a missed opportunity to consider the future of HE in the broadest possible context and will not allow for consideration of how any future changes might affect part-time providers and students. There is a fundamental point here that derives from the realities of finite public funding: **Like all areas of public investment higher education will have a finite budget and any changes made to the future funding of full-time HE in Wales - if made separately - will determine the residue of funding that can support part-time HE. We would urge the committee to take the opportunity to consider both part-time and full-time within this inquiry in order to produce recommendations that can have a balanced impact across modes of study rather than allowing part-time to be considered as separate or an after-thought.** If this is not possible, we would ask that the Committee be mindful of the potential impacts and unintended

consequences for part-time provision and students following any recommendations to changes and investment in full-time provision.

5. We have responded below to the inquiry questions that are relevant to our institution and to the future of part-time higher education. We hope that these responses will make a valuable contribution to the inquiry and will be taken into consideration by the Committee.
6. The Open University in Wales would be very keen to expand upon the points raised in this submission in an oral evidence session with the committee where we hope the link between full-time and part-time HE, and the future funding of both, could be further explored.

## **Response to inquiry questions**

### *Tuition fee income and support*

*What has been the financial effect of the new tuition fee policy, introduced in the 2012/13 academic year, which allows Higher Education Institutions to charge students up to £9,000 per annum for HE courses? What future financial effect is the policy likely to have?*

7. The tuition fee policy of allowing institutions to charge up to £9,000 per annum has resulted in a net transfer of resource from part-time to full-time study, facilitated in part by the removal of HEFCW strategy funding. This funding underpinned targeted work in widening access and in skills development via links with employers. In respect of institutions that provide full-time provision the increased fee income from the higher fee levels and fee grants compensates for the removal of their strategy funding. However, this funding has also been removed for part-time provision where no equivalent to higher fees or fee grants exist to provide the income. These policy decisions will almost certainly lead to a decrease in the number of part-time students as has already been evidenced in England<sup>1</sup>.

*Does the new tuition fee policy create a greater or lesser level of financial uncertainty for Higher Education Institutions?*

8. The tuition fee policy creates a greater level of uncertainty as it is market driven, although the fee grant system for full-time students mitigates market mechanisms to some extent in respect of Welsh-domiciled students. In respect of part-time, institutions are expected to make up for the fall in direct HEFCW funding through their tuition fee policy yet any implementation of high fees in the absence of the mitigating fee grant will lead to loss of demand. Institutions are therefore 'between a rock and hard place', and part-time provision has overnight become less lucrative to institutions. For an institution like the Open University this is particularly acute, as it does not have the alternative of full-time provision. We welcome the special measures that have been put in place for us so far to allow us to continue providing part-time opportunities for students in Wales. However, this arrangement is not confirmed for the long term and therefore makes our ability to provide the focused work on widening access and with employers and trades unions more uncertain. This is why we believe that these issues also need to be considered alongside the future for full-time HE funding.

*What has been, and is likely to be in the future, the financial implications of the Welsh Government's tuition fee grant?*

9. As part-time students are not eligible for the tuition fee grant one impact is that there is now public support going into full-time higher education that is not proportionately going into part-time higher education. There are significant issues here to do with equity for students as no case has been made for treating part-time students in this less favourable manner. Any decision by the Welsh Government to provide grant support for full-time students reduces the pot of money available for the support of part-time provision. For this reason the two modes of study need to be considered together when making policy decisions.

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<sup>1</sup> HEFCE, "Higher Education in England: Impact of the 2012 reforms" (2012), available at <http://www.hefce.ac.uk/about/intro/abouthighereducationinengland/impact/>

*Does the current funding regime provide effective financial support to students from lowest income households and is this the most cost effective way of financially supporting this cohort of students?*

10. We do not believe that the current regime is the most effective way of supporting students from the lowest income households into HE, particularly in respect of part-time. Many students studying with the Open University are from low income households, and do not receive equivalent amounts of public support to those received by a student studying full-time. It should also be noted that the full-time fee grant is universal and is made available to those from affluent households. Yet a low income student studying part-time, who is likely to have already paid taxes (and may continue to do so whilst studying) that contribute to the full-time fee grant, is not supported in the same way. The loss of strategy and widening access funding will impact on students from lowest income households and decisions about future support for part-time students should take account of how to support those on the lowest incomes to access flexible HE provision. Requirements for minimum study intensity in order to qualify for support may also act as a disincentive for some potential students.

*What are the financial implications for Wales of subsidising Welsh students who study in Higher Education Institutions outside of Wales?*

11. In the area of learning and teaching the higher education system in Wales should be predicated upon supporting students and institutions to thrive regardless of a student's choice of mode of study. This should be the starting point rather than geography. Within this context the Open University would wish to see most support going to those most in need.

## **Conclusion**

12. The OU in Wales has welcomed the Welsh Government's policy direction in respect of part-time to date, including the decision to introduce loans for some part-time students<sup>2</sup> whilst also directing intuitions to keep fees at current levels<sup>3</sup>. However, this still appears to be a temporary arrangement with no assurances given about the longer-term future for part-time. It is therefore all the more important that part-time HE is factored into policy discussions - where the future of HE is being considered it must be done in the round. It is essential to learn lessons from England where policy decisions were made for full-time HE and then simply applied to part-time; this has led to a worrying drop in the number of students studying part time<sup>4</sup>.
13. Many students who choose to study part-time do so because their circumstances mean that it is the best, or only, option available to them. It is almost invariably a positive choice. These may be people with caring responsibilities or those already in work who wish to up-skill or retrain. Access to part-time higher education for these individuals will enable us to meet the needs of the Welsh economy, aid social mobility and social justice and contribute to the creation of a more prosperous Wales. In order to do this, decisions about how to support part-time students must be central to any discussions about the future funding of HE and not considered as an after-thought.
14. We would welcome the opportunity to discuss these issues in more detail with the committee.

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<sup>2</sup> Welsh Government, Student Finance Wales Information Notice (03/2013), "Part-time Student Support: Fees (Wales) for Academic Year 2014/15

<sup>3</sup> Minister for Education and Skills, Higher Education Funding Council for Wales Remit Letter 2013/14

<sup>4</sup> HEFCE, "Higher Education in England: Impact of the 2012 reforms" (2012), available at <http://www.hefce.ac.uk/about/intro/abouthighereducationinengland/impact/>