

EXPLANATORY MEMORANDUM TO THE STUDENT FEES (AMOUNTS) (WALES) (AMENDMENT) REGULATIONS 2014

The Explanatory Memorandum has been prepared by the Department for Education and Skills and is laid before the National Assembly for Wales under Standing Order 27.1.

Minister's Declaration

In my view this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Student Fees (Amounts) (Wales) (Amendment) Regulations 2014. I am satisfied that the benefits outweigh any costs.

Huw Lewis
Minister for Education and Skills

23 July 2014

DESCRIPTION

1. These Regulations make amendments to The Student Fees (Amounts) (Wales) Regulations 2011 (2011/885). The Regulations implement the new tuition fee and financial support arrangements for students undertaking a work placement year or a whole year abroad as part of their studies (Erasmus and non-Erasmus programmes) on or after 1 September 2014.

MATTERS OF SPECIAL INTEREST TO THE CONSTITUTIONAL AND LEGISLATIVE AFFAIRS COMMITTEE

2. None.

LEGISLATIVE BACKGROUND

3. Sections 28(6) and 47(5) of the Higher Education Act 2004 provide the National Assembly for Wales with the power to make regulations to prescribe the amounts of the basic and higher fees chargeable by publicly funded institutions in Wales in respect of qualifying courses.
4. By virtue of section 162 of, and paragraph 30 of Schedule 11 to, the Government of Wales Act 2006 (c.32) those functions are exercisable by the Welsh Ministers.
5. These regulations are made under sections 28(6) and 47(5) of the Higher Education Act 2004 and are subject to the negative procedure.

PURPOSE AND INTENDED EFFECT OF THE LEGISLATION

6. These Regulations are intended to implement the new tuition fee and financial support arrangements for students undertaking a work placement year or a whole year abroad as part of their studies (Erasmus and non-Erasmus programmes) from academic year 2014/15.
7. The specific changes incorporated within the Regulations are set out below:

(a) Erasmus (study and work) and non-Erasmus (study) whole year abroad

These Regulations will allow institutions delivering higher education in Wales to charge students who take (i) an Erasmus (study or work) full year abroad placement; and (ii) a non-Erasmus (study) full year abroad placement, a tuition fee up to 15% of the institution's maximum fee cap (this would be up to £1,350 to students attending institutions where the higher tuition fee amount is permitted and up to £600 for students attending institutions where the basic amount is permitted). A summary of the number of participating students and staff on the Erasmus programme is at annex A.

(b) Sandwich Courses

Under these Regulations, institutions delivering higher education in Wales will be permitted to charge students who undertake a work placement year (including a non-Erasmus work placement year abroad) as part of a sandwich course a tuition fee up to 20% of the institution's maximum fee cap, (this would be up to £1,800 to students attending institutions where the higher tuition fee amount is permitted and up to £800 for students attending institutions where the basic amount is permitted). Reducing the fee permitted for these courses will encourage students to enrol onto sandwich courses and to complete the work placement year. A summary of the number of students on sandwich courses is at annex B.

CONSULTATION

8. There is no statutory requirement to consult on these Regulations. However, the changes in policy introduced by these Regulations were incorporated in a Student Finance Wales Information Notice which was issued as part of the engagement exercise dealing with the Education (Student Support) (Wales) Regulations 2013 in May 2013.
9. Officials were mindful that Higher Education Institutions providing sandwich courses might have concerns about the reduction in the maximum fees chargeable to students for the years when they are undertaking their placements. That proved not to be the case, with respondents generally supportive of the change in levels of tuition fee support. Institutions have publicised and recruited these placement years within the relevant sandwich courses at the revised fee levels for the academic year 2014/15.
10. Some concerns regarding the Erasmus/non-Erasmus support were noted and the Welsh Government has committed to monitoring the changes and reviewing if necessary.

PART 2: REGULATORY IMPACT ASSESSMENT

Options

11. Two options have been considered in this RIA:

Option 1: Do nothing – by not amending the existing Student Fees (Amounts) (Wales) Regulations 2011 students might be significantly disadvantaged. The Education (Student Support) (Wales) Regulations 2013 (2013/3177) permit fee support (by way of new fee grant and new fee loan) up to the maximum higher amounts specified by these Regulations under the prescribed circumstances. If the Regulations were not made, the fee levels not restricted, and institutions chose to continue charging higher fees, those students to whom the rates applied would be disadvantaged and unable to claim enough support to pay their fees.

Further, by maintaining a scheme on a different basis to that in England, Welsh institutions could potentially charge a higher fee than English and other UK institutions which could have a negative impact on the competitiveness of courses offered by Welsh institutions.

- **Option 2: Make the Legislation** – implementing these Regulations will achieve the benefits detailed in the section below.

BENEFITS

Option 1: Do Nothing

12. If these Regulations were not made Welsh institutions offering these courses could continue to charge up to £4,500 for the types of study years outlined above. This could lead to students incurring up-front fees for the years in question since the statutory fee support available would be at a lower rate. The only benefit would be to maintain the income stream for the institutions. Permitting Welsh institutions to charge higher fees than are permitted in England could potentially discourage students from studying in Wales.

Option 2: Make the Legislation

13. By making the Regulations the Welsh Ministers are ensuring that the cross-border difficulties detailed above are avoided and the competitiveness of courses offered by Welsh institutions is retained. Setting the maximum fee cap for these groups of students will provide sufficient income to Welsh institutions to meet the real costs and to continue to invest in and expand course provision.

Other benefits are that:

- a. the amount of student support available to students provided within the Education (Student Support) (Wales) Regulations 2013 will equate to the maximum level of fees that may be charged by

institutions in the circumstances envisaged by the Student Fees (Amounts) (Wales) Regulations 2011;

- b. students affected would accrue less debt overall;
- c. the Welsh student support system has a proper underpinning legal framework; and
- d. the delivery partners (i.e. the Higher Education Funding Council for Wales and the Student Loans Company) will benefit from the knowledge that they are acting within the requirements of the Welsh legislation.

COSTS

Option 1: Do Nothing

- 14. By not making these regulations there would be a potential cost to students ordinarily resident in Wales and England as Welsh institutions could charge students fees that are higher than the level of student support that they would be entitled to claim.
- 15. Students who undertake a work placement year (including a non-Erasmus work placement year abroad) as part of a sandwich course, Welsh institutions could choose to charge up to £4,500 for the course and the student would only be entitled to receive up to £1,800 of statutory fee support, meaning that the student would have to self fund the remaining £2,700.
- 16. Erasmus support is presently paid by the Higher Education Funding Council for Wales directly to institutions as grant funding. Doing nothing would not change this and no impact would be felt by students or institutions. However, maintaining such a system is incompatible with the continued policy shift in student support to fee grants and loans, and with regulation for the purpose of protecting students via a fee cap.

Option 2: Make the Legislation

- 17. By making these Regulations and reducing the maximum fee chargeable to these students there is a potential reduction in the amount of fee income for Welsh Institutions.
- 18. Using the example in paragraph 15, there is a potential maximum reduction in fee income to institutions from sandwich course provision of approximately £2,700 per student. Based on figures from academic year 2011/12, when there were 3,210 enrolments on to sandwich courses at Welsh Institutions, there is a potential reduction in the amount of total fee income the sector can realise of £8.7m per annum. This figure is set against the context of the sectors' total income of £1.2bn¹ in 2011/12. The actual amount lost to the sector will depend upon the fee levels charged on a course-by-course basis and thus this figure represents the maximum possible loss. Welsh institutions will benefit from the savings to the HEFCW fee grant, which will be passed on to institutions via an

¹ Finance of HEIs by category and year, StatsWales.

increase in recurrent grant funding, although not specifically ring fenced for this purpose.

19. The situation with Erasmus is more complex and it is difficult to estimate with any degree of certainty the financial effect on the sector. The previous Erasmus grant, paid to institutions by the Higher Education Funding Council for Wales, has now been absorbed within the wider student support budget, from where the new support will be paid. Officials are of the opinion that the net effect on the sector from the change to funding arrangements for Erasmus is not likely to be significant.
20. Individual students undertaking the Erasmus programme will now be expected to take out a fee loan at 50% of the fee cap i.e. a loan of £675. This is an additional cost to individual students. The overall effect on the student support budget of the Welsh Government is negligible.
21. No financial concerns were raised by the affected HEIs during the consultation process. Reducing the fee charged in line with England means that Welsh institutions will be charging comparable rates to English HEIs so that they should continue to attract students from the rest of the UK as they do now.

COMPETITION ASSESSMENT

22. The making of these Regulations has no impact on the competitiveness of businesses, charities or the voluntary sector.

POST IMPLEMENTATION REVIEW

23. These Regulations will continue to be reviewed annually within the same cycle as the Education (Student Support) Regulations and any appropriate changes made.

SUMMARY

24. The making of these Regulations is necessary to implement the new tuition fee arrangements and bring it into line with the financial support for students undertaking a work placement year or a whole year abroad as part of their studies (Erasmus and non-Erasmus programmes) from academic year 2014/15.

Annex A

Participation in the Erasmus programme 2009/10 – 2011/12

Student participants

Region	2009/10			2010/11			2011/12		
	Study	Work	Total	Study	Work	Total	Study	Work	Total
England	6,283	3,017	9,300	6,642	3,586	10,228	6,961	3,771	10,732
N. Ireland	171	165	336	215	146	361	228	205	433
Scotland	1,148	357	1,505	1,243	371	1,614	1,362	448	1,810
Wales	451	131	582	477	153	630	544	144	688
Total	8,053	3,670	11,723	8,577	4,256	12,833	9,095	4,568	13,663

Staff participants

Region	2009/10			2010/11			2011/12		
	Teach	Train	Total	Teach	Train	Total	Teach	Train	Total
England	1,181	251	1,432	1,303	339	1,642	1,325	414	1,739
N. Ireland	24	2	26	37	2	39	33	3	36
Scotland	200	27	227	235	29	264	217	55	272
Wales	82	11	93	97	15	112	102	26	128
Total	1,487	291	1,778	1,672	385	2,057	1,677	498	2,175

Source: The British Council

http://www.britishcouncil.org/outgoing_mobility_by_region_2007_-_2011_students_and_staff-2.pdf

Annex B

Number of enrolments on to sandwich courses at Welsh HEIs by institution, 2011/12

	2011/12
Cardiff Metropolitan University	265
University of Glamorgan	175
Swansea Metropolitan University	130
Aberystwyth University	485
Bangor University	20
Cardiff University	1,840
Swansea University	300
Total	3,210
