



Information note



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Taught Postgraduate Students and ASNs

Reason for paper

Clarification of current policy regarding recruitment and funding of Home/EU PGT students

Action

For information

Suggested distribution

Vice-Chancellors, Heads of Planning

Executive summary

The restriction on recruitment of students for 2009-10 applies to full-time Home/EU undergraduate and PGCE students. This policy will impact on institutions which had planned to increase student numbers, and will restrict places at a time when demand will be high. It has been suggested that one way round this problem is to recruit increased numbers of PGT students. But with no additional funding available, and no change to the funding methodology, this will only be possible within the margins afforded by the tolerance band or by declaring students as independently funded, if funding is available from non-Government sources.

Attachments and links

None

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Commentary

1. The Secretary of State's grant letter for the sector in January 2009 stated that a restriction had been placed on the distribution of Additional Student Numbers (ASNs) for 2009-10. This policy is applied strictly to full-time Home/EU undergraduate and PGCE students, the number of places available being reduced from 15,000 to 10,000. The factor driving this is the cost to government of recruiting students in these categories, in terms of student support (including the cost of the student loan subsidy).
2. HEFCE has indicated that it will bear down heavily on any over-recruitment of these students, and will seek to reclaim from institutions any grant reduction made by DIUS as a result. This policy will have an impact on institutions which had planned to increase student numbers, for both strategic and financial reasons. This is particularly the case in the light of the withdrawal of ELQ funding.
3. The problem is especially acute in the context of increasing numbers of applications for entry to higher education, and the lack of alternative options given the current economic circumstances. Supply is effectively being restricted at a time when demand for places will be particularly high. The negative consequences of this, both to institutions, and to individuals, could be severe.
4. Following a meeting of UUK's Employability, Business, and Industry Policy Committee, attended by the Minister for Universities (David Lammy), it was suggested that one way to overcome this problem would be for institutions to recruit additional Home/EU PGT students. Such students fall outside the scope of the ASN cap, and the marginal cost to government of recruiting each additional PGT student is significantly less than that of the equivalent UG or PGCE student. In addition, this would be another way in which universities could help graduates during the economic downturn, and also increase the supply of highly-skilled individuals for the future health of the economy.
5. In response to the meeting, David Lammy wrote to Professor Christopher Snowden, Chair of Universities UK's Employability, Business and Industry Committee. The letter stated:

"Some of your members suggested that our restrictions on Additional Student Numbers (ASNs) and the wider pressure to bear down on student recruitment because of the knock-on effect on student support is negatively affecting PGT recruitment. I can confirm that PGT students do not come under the Department's instructions to HEFCE for the sector to eliminate over-recruitment in 2009-10 as they do not attract student support. So for those PGT courses which do not attract mainstream HEFCE funding (a significant proportion of all PGT) there should be no restriction on recruitment. However, as you know, some PGT courses (price groups A, B and C) do attract

mainstream funding so any recruitment will be taken into account in terms of keeping within the tolerance bands. Institutions close to the lower tolerance band threshold should therefore discuss with HEFCE the consequences of recruitment for these groups.”

6. Since that meeting, extensive discussions have taken place between UUK, DIUS, and HEFCE, to look at whether additional flexibility might be achieved, and how the aim of getting more skilled graduates in high-demand areas into the workforce might be achieved through this route. Options for doing this included identifying whether any additional funding for this purpose might be made available by government, or whether any short-term changes to the funding methodology could be applied in recognition of the exceptional circumstances which currently obtain.
7. *However, as things stand, it has not proved possible to secure the necessary agreements and thus the current funding and recruitment situation with regard to PGT students still applies.* The reasons for this are:
 - a. There is currently no additional funding available from DIUS to support the recruitment of extra students, and the future funding position will not be known until after the budget on 22 April.
 - b. The tolerance band exists to protect the quality of teaching in UK universities, by preserving the relationship between accepted funding levels and numbers of students. Relaxing this constraint, even for a short period, could lead to unfunded growth in student numbers, which could be difficult to retrieve, and which could in turn jeopardise the quality of the student experience in the future.
 - c. It is not possible, under the current system, to isolate recruitment of additional H/EU PGT students as being the factor taking institutions outside the tolerance band. Thus, it is not possible to make an exception in terms of recruitment of these students, even for one year.
 - d. Institutions do not necessarily have the capability required to manage their student intakes with sufficient flexibility, and at such short notice, to compensate for recruitment of additional PGT students (for example, by changing the mix of students in other areas).
 - e. Without a clear ‘safety-netting’ policy in place, the risks to institutions of over-recruiting students remain high.

8. For the avoidance of doubt, the current policy concerning the recruitment and funding of additional H/EU PGT students is as follows:
 - a. Institutions can recruit additional H/EU PGT students *up to* the limit implied by their tolerance band. However, to recruit such that they were taken beyond the lower limit of the tolerance band would normally initiate a discussion with HEFCE concerning remedial action. This is due to the fact that there is a marginal cost attached to H/EU students in price groups A, B, and C – which, although lower than that for H/EU UG or PGCE students, is still significant.
 - b. Institutions *can* recruit additional H/EU PGT students in price group D, or which are classed as independent (with funding coming from non-HEFCE sources), without incurring a potential penalty, as is currently the case.
 - c. Institutions which are in this position, or which may be considering recruiting additional H/EU PGT students this year, are encouraged to talk to the HEFCE institutional contacts in the first instance.

Reductions in grant for over-recruitment

9. HEFCE has indicated that they will seek to reclaim from institutions any grant reduction made by DIUS in the event of over-recruitment. A number of Members have raised concerns about the criteria and method for applying any such fines. Our current understanding is as follows:
 - a. Reductions will only be based on over-recruitment of H/EU UG and PGCE entrants, compared with the number of entrants in 2008/9;
 - b. HEFCE's working assumption is that they will only seek to reclaim funds from institutions if DIUS makes a grant reduction;
 - c. Based on HESES data (using the HESES census date of 1st December), HEFCE will isolate those institutions which appear to have recruited a greater number of *entrants* in 2009/10 compared with 2008/09;
 - d. Any grant reduction imposed by DIUS will be passed on to the institutions which have over-recruited. Institutions which have not over-recruited will not be affected;
 - e. Any reductions in funding will be proportional to the level of over-recruitment per institution, although the details of how this will be achieved have still to be determined;
 - f. HEFCE will subsequently use HESA data to confirm the *actual* number of entrants, and will use record-linking to check the results and recalculate any reductions – any material differences will be corrected;
 - g. The amount of any reduction will depend on how much DIUS deducts from the HEFCE grant. A figure of £10,000 per FTE is 'plausible'.

Next steps

10. UUK will continue to pursue the issue with DIUS using all available means, with the aim of securing additional investment for PGT students in the short term. We will report back to the sector once we have further information.

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