

Whose to lose?

Citizens, institutions and the ownership of higher education funding in a devolved UK

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HEPI Report 72

About the author

Lucy Hunter Blackburn spent 20 years working in public policy for local and central government, mainly in Scotland, ending up as a senior civil servant in what is now the Scottish Government. In that capacity, she was Head of Higher Education for four years. She is now a freelance writer.

In 2014, she wrote *The Fairest of Them All? The Support for Scottish Students in Full-time Higher Education in 2014-15*, which was part of the Economic and Social Research Council's project on higher education in Scotland, the devolution settlement and the referendum on independence.

Her blog, which keeps a close watch on student funding issues across the UK, is available at <http://adventuresinevidence.com>.

This report has been submitted to the Review of Higher Education Funding and Student Finance Arrangements in Wales.

Foreword

HEPI is a UK-wide body. That is always challenging in higher education. The alphabet spaghetti of middle-tier regulatory bodies that sit between government and higher education institutions is so messy partly because their geographical reach differs so much.

- The Higher Education Funding Council for England (HEFCE), which provides block funding to institutions, is matched by similar territorial bodies in Wales and Scotland (HEFCW and the Scottish Funding Council), while universities in Northern Ireland are funded by the Department for Employment and Learning.
- The Office for Fair Access (OFFA) covers students from England, while the Office of the Independent Adjudicator (OIA) covers only England and Wales.
- The Research Councils (RCUK) and the Quality Assurance Agency (QAA) have responsibility for the whole UK – at least for now.

This complexity explains why, despite Lord Browne's call for a new all-powerful Higher Education Council, the quango-culling Coalition has largely left the bodies regulating higher education untouched.

The complexity also reflects the tricky issues in deepening devolution. Last year's HEPI / *Times Higher Education* essay-writing competition revealed the challenges of the potential divorce of Scotland from the rest of the UK. Since then, voters

in Scotland have rejected full independence while policymakers have promised a further devolution of power. This new pamphlet raises some of the challenges when nations opt for 'living apart together'. These need to be debated if we are not to end up with all sorts of unintended consequences affecting individual mobility, social mobility and even the UK's relationship with other countries, particularly inside the EU. That is exactly what Lucy Hunter Blackburn does.

Among the important questions she raises are:

- To whom does the higher education budget of Wales really belong – institutions, taxpayers or students?
- Are citizens of Scotland and Northern Ireland who wish to study outside their home areas unfairly constrained by higher costs?
- Should UK students be able to take some of their funding with them to other parts of the EU, as the Scottish Government is piloting?

Not everyone will agree with the suggested answers provided in the pages that follow. But the discussion is critical to the future of our higher education sector. It will also help inform the future make-up of the UK as well as its relationship with other nation states.

Nick Hillman
Director of HEPI

Executive summary

- The right of Welsh-domiciled students to take their student support, particularly their portable fee grant, with them when studying elsewhere in the UK is controversial.
- The critics include Conservative and Plaid Cymru politicians, who have expressed opposition to the current arrangements. But the concept of loss to Welsh institutions used by such critics risks concealing the benefits for individuals.
- Ending the portability of the fee grant would increase student debt for those crossing the border to study. But people would still wish to study elsewhere, so there might be little transfer of resources from English to Welsh institutions.
- Ending the portability of the fee grant would, however, represent a transfer from one group of Welsh citizens – those who wish to study elsewhere – to the overall Welsh budget.
- The absence of portable cash support towards fees for students from Scotland and Northern Ireland should be debated as there is greater competition for places in both those jurisdictions, and low-income Scottish students at universities elsewhere in the UK face particularly high levels of debt.
- Northern Ireland is the only part of the UK with an unequivocal loss as a result of student mobility. This is partly a legacy issue, arising from the comparatively low number of local student places, and should be addressed in any recasting of the devolution settlement.

- Support for student mobility across the UK was once seen as having collective, as well as, individual benefits. But discussion of the collective benefits has become muted and devolution has led to pressure for more internal barriers, often as a response to English policymaking.
- Higher education is at risk of being treated as a local public service just when it is becoming more truly international elsewhere. Except in England, UK higher education funding is more likely than at any time in the past half century to be conceived largely as an investment in local institutions rather than individual citizens.
- Student mobility is not just an internal UK issue. The lack of portable student support for those wishing to study elsewhere in the EU inhibits student choice and mobility. The Scottish Government are usefully piloting a different approach.
- Despite the pressures for a more territorial approach, the funding for higher education belongs to everyone within a jurisdiction. Those wishing to pursue higher education have as much right to it as those who provide higher education.

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Our tuition fee policy, which we believe is the most equitable we've ever had, recognises that the choice of institution and course should be driven by individual circumstances not by the cost of fees ... our policy offers freedom of choice for our students.

– Welsh government spokesperson¹

Higher education funding should be principally concerned with meeting the needs of Welsh students and providing them with the opportunities that they need. We are concerned that limiting the fee grant to those who study in Wales could potentially limit the availability of some opportunities.

– NUS Wales²

We have an extraordinary fee-paying policy here in Wales which enables an awful lot of English universities to benefit at the expense of Welsh universities.

– Angela Burns (Conservative), Assembly Member, National Assembly for Wales³

Introduction

1. To whom does the funding for higher education teaching belong: citizens or institutions?

2. This question is prompted by a debate in Wales on whether to maintain the portable fee grant, which enables Welsh-domiciled students to study at identical annual cost in any part of the United Kingdom. Some people criticise the portability of the fee grant for causing a loss of cash to Welsh higher education institutions, as funds appear to leak over the border and subsidise universities elsewhere. But was this expenditure the universities' money to lose in the first place? Or, given that higher education funding is provided by citizens, should one of its purposes be enabling people to study wherever they choose?

3. The concepts of loss, leakage and cross-border subsidy deserve attention because they reveal questions relevant for all parts of the UK as it enters a period of greater devolution and as its place in the European Union comes under greater scrutiny.

The funds for teaching higher education: whose to lose?

4. The Welsh Assembly Government provides all its first-time, full-time undergraduate students, including those studying elsewhere in the UK, with a fee grant of up to £5,315 in 2014/15. This fills the gap between the initial £3,685 of fees

(in 2014/15), for which a tuition fee loan is available, and the £9,000 tuition fee cap. The portable nature of this fee grant is controversial.

Undergraduate fees across the UK⁴

	Studying in England	Studying in Scotland	Studying in Wales	Studying in Northern Ireland
From England	Fees up to £9,000	Fees up to £9,000	Fees up to £9,000	Fees up to £9,000
From Scotland	Fees up to £9,000	Fees paid by Scottish Government	Fees up to £9,000	Fees up to £9,000
From Wales	Fees above £3,685 paid by Welsh Government	Fees above £3,685 paid by Welsh Government	Fees above £3,685 paid by Welsh Government	Fees above £3,685 paid by Welsh Government
From Northern Ireland	Fees up to £9,000	Fees up to £9,000	Fees up to £9,000	Fees up to £3,685

5. According to Kieron Rees, formerly Policy and Public Affairs Officer for NUS Wales:

The Welsh Government has been engaged in a public tug of war with the higher education sector and opposition parties around the Welsh tuition fee grant, the problem of cross-border [student] flow and the impact of Westminster policies on Welsh higher education.⁵

This has contributed to the Welsh Assembly Government's recent decision to establish a Review of Higher Education Funding and Student Finance Arrangements in Wales under Professor Ian Diamond, Vice-Chancellor of Aberdeen University.

6. In his role as Chair of the representative body Higher Education Wales (recently renamed Universities Wales), the Vice-Chancellor of Cardiff University, Professor Colin Riordan,

suggested, 'the Welsh government ends up funding English universities'. Professor Riordan went on to explain:

*If we were able to retain all the funding that's supplied to higher education in Wales it would clearly give us an opportunity that we don't currently have. Opportunities not just to universities in terms of their research, which is absolutely critical for the future of the knowledge economy in Wales, but also in terms of our students who could be better supported in Welsh universities if the funding were more concentrated on Welsh universities.*⁶

7. Professor Teresa Rees, who has conducted two major reviews of higher education funding for the Welsh Assembly Government, has called the current arrangements for cross-border students 'barking'.⁷ In particular, she has warned that the absence of any means test for the Welsh fee grant means:

*It's still the case that the majority of students who go to university are from middle class backgrounds, so in effect, it's a subsidy to the middle classes and because lots of students choose to go across the border – I think that's absolutely right – it means that money that could be going into supporting widening participation in Wales and Welsh universities is leaking to across the border.*⁸

8. The opposition parties in Wales have challenged the policy. For example:

Welsh Conservative Party: *Costs were grossly underestimated and based on wildly unreliable variables, the*

policy continues to siphon off tens of millions of pounds to English universities and ... the cap on student numbers could deny Welsh-domiciled students the chance to study at Welsh universities. Labour's tuition fee subsidy has completely failed to widen access to higher education, has starved Welsh universities of vital funding and has made it more difficult for our higher education sector to compete in the global race.⁹

Plaid Cymru: *The current policy means that the Welsh Government is effectively subsidising students to study wherever they choose to do so in the UK while moving income away from Welsh universities so that Welsh universities will lose valuable resources while universities elsewhere in the UK are subsidised by the Welsh Government. It is right that this ends.¹⁰*

9. Similar sentiments are found beyond mainstream politics:

the WAG [Welsh Assembly Government] is handing over a great big chunk ... of its hard-earned budget straight back to England. It's a very strange thing to do when the WAG is constantly complaining that the Barnett formula doesn't give them enough money in the first place. ... It's good for Welsh students, but not good for Welsh universities. I would have thought that the best plan for Welsh students would be to keep up the bursaries but apply them only for study in Wales. That way both students and institutions will benefit and the Welsh Assembly's budget will actually be spent in Wales, which is surely what is supposed to happen.¹¹

The Welsh Government policy seems to suggest to Welsh students that there is no merit in studying in Wales. ... This money would be better spent on Welsh universities to lower fees for all Welsh students studying inside Wales, or it could target students from comparatively deprived communities.¹²

10. Although Wales has been the main battleground for such arguments, similar concerns exist elsewhere. For example, in late 2014, the vice-chancellors of Queen's University Belfast and Ulster University united to say expected cuts to education funding could mean 'the [Northern Ireland] Executive will be encouraging local talent to leave Northern Ireland whilst subsidising universities in England and Scotland.'¹³ However, students from Northern Ireland receive no fee grant when going elsewhere, as their fee subsidy is provided wholly through student loans. So this version of the argument is different from the one in Wales. Indeed, it sets up something of a challenge to it.

11. Similar comments from Scotland or England are harder to find. In both countries, the proportion of students leaving to study elsewhere in the UK is relatively small and neither provides any upfront cash support towards their fees. The lack of controversy about the absence of any cross-border fee grant for Scottish-domiciled students, who can only benefit from an upfront subsidy for tuition if they remain north of the border, is nonetheless revealing.

12. There can be good reasons for limiting the portability of public funding. But arguing that the main problem is that

institutions are losing money assumes it was theirs to lose in the first place and that they have first claim on the sums at stake. That is contestable.

13. Proposed solutions in Wales to the problem of 'loss' suggest that, while Welsh universities would be the winners, the only certain losers would not be universities elsewhere but a particular group of Welsh students.

14. Only the fee grant has been identified as problematic: there is no suggestion that cross-border students should be deprived of access to maintenance grants, living-cost loans or loans for fees. So the proposition from critics of the portable fee grant appears simply to be that border-crossing Welsh students should in future have to borrow more to cover their fees. That would typically increase the total debt associated with a cross-border degree by around £12,000, raising borrowing by around 60 per cent for low-income students and around 50 per cent for those from higher-income backgrounds (who have a higher total debt to start with).

15. This could persuade more students to stay in Wales – provided places were not capped too tightly to allow this – in which case funding would follow them to Welsh universities rather than elsewhere. If so, much of the previously 'lost' money would be needed to fund the teaching of these additional students in Wales. It would not suddenly become available for other activities, such as research or widening access initiatives. Some critics of the current regime come close to implying the fee grant is sent to institutions over the

border as a donation rather than a contribution towards the costs of teaching actual students from Wales.

16. Alternatively, the majority of students affected may simply choose to take on the extra debt and the change could have a limited effect on student movement. Appendix 1 discusses why this seems a more likely outcome. In this case, more funds would become available for new activities in Wales. Higher Education Wales suggested that 'some of this funding could be used to provide more targeted support for widening access students, or those wishing to pursue priority subjects in Wales, for instance.'¹⁴ However, this funding would not have come at the expense of universities in England or elsewhere: their income would be largely unaffected. The additional funds would come ultimately from the future earnings of Welsh citizens who, for whatever reason and from whatever background, choose to study outside Wales and take on extra debt.

17. Much of the rhetoric gains its force from the apparent tension between Welsh institutions and institutions in the rest of the UK. But the main conflict in fact lies between Welsh universities and certain Welsh citizens. Gains to Welsh institutions from abolishing the portable fee grant only come by constraining the choices of people living in Wales, or imposing an additional levy on those who still choose to cross the border to study.

18. This is critical because of the greater choice offered by cross-border study. There are sound practical reasons why

around one-third of full-time undergraduate students from Wales choose not to study there. Wales has a smaller higher education sector with fewer options than, say, Scotland or England. Moreover, some English universities can be easier to reach for some Welsh-domiciled students than many Welsh universities. The Welsh Liberal Democrats have warned that limiting the free grant to Welsh students studying in Wales:

would particularly discriminate against students on courses that are not available in Wales, such as veterinary science, and those living in parts of south and east Wales where analysis shows that students are more likely to opt for English universities. Imagine for example the case of two siblings from Deeside who elect to live at home and study at a 'local' university, but for reasons of subject availability register at Glyndwr and Chester universities respectively – one would receive a Tuition Fee Grant, the other not.¹⁵

Portability and mobility: the current position in policy, law and numbers

19. Part-time students are less likely than full-time students to travel long distances to study and there is as yet no standard system of postgraduate funding, even within the four individual parts of the UK. So the analysis below concentrates on the position of full-time undergraduate students, whose portable funding is at issue in Wales. The analysis also concentrates on that state funding which is personal to a

student: grants and loans for fees and living costs for which students must make a specific application to a funding body. It excludes general public funding for teaching, which is provided separately to institutions by the state.

20. Any discussion of cross-border portability must start with the concept of student 'domicile', which is where a student is deemed to live for the purposes of determining which administration is responsible for their funding. Domicile is determined by a combination of tests concerning residence, nationality and immigration status. Each of the three devolved administrations in the UK has responsibility for providing support to students who are domiciled in their area, while English-domiciled students are the responsibility of Westminster.

21. The principal features of the systems operating in the UK are:

- All **living-cost support** is portable anywhere within the UK for students from all four countries. Neither England nor Wales allow any out-of-UK portability of support for living costs, except for periods abroad as part of a UK-based course. Northern Ireland and Scotland do allow students to take their living-cost support to institutions in the Republic of Ireland in the same way as to other parts of the UK and Scotland is currently piloting the portability of living-cost support to mainland Europe. As systems within the UK have diverged, the living-cost support students are able to take with them around the UK has become significantly different, depending on their domicile, as shown below. Wales stands

out for its greater use of grant, with Scotland at the opposite extreme, especially for mature students.

Key features of full-time undergraduate student support by domicile, 2014/15

All figures in £		A	B	A+B	Upper income threshold for maximum grant	Upper income limit for any grant	Minimum non-means tested loan
		Maximum grant	Loan at lowest incomes (away from home rate)	Maximum available living cost support (grant plus loan at lowest incomes)			
England	All	3,387	3,862	7,249	25,000	42,620	3,610
Northern Ireland	All	3,475	2,953	6,428	19,203	41,064	3,630
Scotland	Young	1,750	5,750	7,500	16,999	33,999	4,750
	Mature	750	6,750	7,500	16,999	16,999	4,750
Wales	All	5,161	2,622	7,783	18,370	50,019	3,953

- **Fee support** is portable within the UK for students from England (as a loan) as well as from Wales (as a mixture of loan and grant). Students from Northern Ireland may apply for a loan towards fees wherever they study in the UK, but the maximum is lower if they remain in Northern Ireland as fees for home students are lower there (£3,685 a year in 2014/15). Students from Scotland studying in Scotland are charged a fee of £1,820, but can apply to the Student Awards Agency for Scotland for cash support to cover it. This is not portable: for study outside Scotland, only loan support is available to cover fee costs. Fee support in all parts of the UK is not portable beyond the UK.

22. A number of legal issues, prompted by those aspects of European law intended to prevent obstacles to equal treatment and freedom of movement, can affect the portability of support.

- EU law does not require jurisdictions within the UK to make student support available for study in other EU states. So, for example, there is nothing to prevent the Welsh Government making available a fee grant for study in three other UK jurisdictions but not for study in any other member state.
- However, once support is made portable into other EU countries, under EU law it is normally expected to be done in a way that creates no obstacles to free movement within the EU: this has been explored, for example, in the cases of *Morgan and Bucher*.¹⁶ This is relevant for schemes that allow portability into some parts of the EU but not others, such as the arrangements operated by Scotland and Northern Ireland for studying in the Republic of Ireland as well as the Scottish portability pilot.
- A separate question is whether making the Welsh fee grant portable opens the way for EU students at English universities to claim the same support. The Conservatives in Wales have challenged the legality of the portable Welsh fee grant on these grounds, although the Welsh Assembly Government has been vigorous in rebutting this as a potential risk.¹⁷ In the absence of a relevant case, it seems likely that legality would hinge on the need for Welsh students benefiting from the grant to meet certain residency tests, which can be used to limit access to grants.

Cross-border flows within the UK

	Outward		Inward		Net movement: new entrants
	Locally-domiciled students commencing study in other parts of UK in 2012-13		Students from rest of UK commencing study in local institutions in 2012-13		
	Number	As % all locally-domiciled f/t undergraduate students	Number	As % all f/t undergraduate UK students in local HEIs	
England	13,110	4.1	11,255	3.6	-1,855
Northern Ireland	3,905	30.1	265	2.8	-3,640
Scotland	1,460	4.8	4,760	14.0	3,300
Wales	7,110	35.7	9,305	42.1	2,195

Source: HESA figures for student numbers, percentages calculated by author

23. In 2012/13, around 25,500 (7 per cent) of UK full-time undergraduate entrants to higher education institutions moved to study in another part of the country. However, the variation in each of the four parts of the UK was large:

- For **Wales** the picture is dominated by an exceptionally large two-way cross-border flow of undergraduates between itself and England. Even with large numbers leaving, it is still a net importer.
- **Northern Ireland** by contrast has a slightly lower percentage of its students leaving, but is to a significant extent the largest net exporter of undergraduate students in the UK, losing almost fifteen times as many students as it gains.
- For **Scotland** inward migration far outweighs outward movement: three times as many students from elsewhere in the UK come to Scotland as leave.

- **England** sees the largest flows in and out numerically, but UK cross-border movement in either direction is marginal to its system as a whole.

24. These are figures for entrants. Additional HESA data show that, in 2012/13, just over 83,000 full-time undergraduate students in total were studying in another part of the UK. Unlike the figures for entrants, these numbers are affected by varying average periods of study, including longer degrees in Scotland. For all four countries, the total net figure for cross-border movement was quite similar, lying roughly between 11,000 and 13,000 students in each case.

25. A recent study by Linda Croxford and David Raffe examined the number of students under the age of 21 in each part of the UK entering a higher education institution in their home jurisdiction or another part of the UK between 1996 and 2012. While the numbers were not static, the general pattern remained similar, albeit with a general long-term trend towards less outward movement from every part of the UK. Croxford and Raffe conclude that 'any impacts of the 2012 fee changes we have been able to detect have been modest and often uncertain'.¹⁸ More recent UCAS data confirm the pattern of cross-border movement has not altered much since 2012, although Wales remains less of a net importer than in the period just before the increase in fees.

26. Beyond what appears to be a substantial number of students from Northern Ireland moving to study in the

Republic, movement to the rest of the EU appears to be limited. In 2012, UK students were only a quarter as likely to enrol at an institution elsewhere in the EU, European Economic Area or a candidate country as the EU average (0.9 per cent of all UK students versus 3.5 per cent across the EU as a whole).¹⁹ These figures include movement between Northern Ireland and the Republic and postgraduate students. It is unlikely that relatively low movement into Europe is simply due to the lack of living-cost support. Just seven students took part in the first year of the Scottish portability pilot, against an initial provision for five hundred over the initial two years.²⁰

27. What matters in any discussion of perceived loss is how these policies and movements translate into funding flows. The financial effects are different for each part of the UK and will change in scale, though not general shape, if fees rise or fall: the figures below are based on the current position. The maintenance grant taken to other parts of the UK by students never seems to be referred to as raising problems of cross-border loss, yet the cash amounts involved are substantial (other than for Scotland, which now makes the most limited use of maintenance grants for lower-income students). In particular, some £50 million of maintenance grant appears to go over the Welsh border.²¹ No one seems inclined to challenge students' entitlement to this cash. Yet if the argument about prioritising investment in study within Wales is valid, it should include discussion of all grants – indeed all publicly-subsidised funding, including maintenance and fee loans.

28. The debate in Wales focuses instead on the figure of over £80 million being spent on fee grants for Welsh students in other parts of the UK.²² The Welsh Government has argued that:

*It is time to acknowledge that whilst the policy does mean that a significant amount of fee grant is being paid to Welsh students studying at institutions in England, it is also important to consider that Wales is a net importer of students from other parts of the UK. Institutions in Wales receive far more fee income from those students than we pay in fee grant to English institutions.*²³

29. The total income to Welsh higher education institutions from cross-border fees will be around three times the cost of the fee grant, with the potential to approach £250 million. The Student Loans Company has so far this year paid fee loans worth £220 million to Welsh institutions on behalf of English students and some students will have paid upfront.²⁴ Welsh institutions that complain about the current arrangements might be accused on this analysis of holding to a philosophy of ‘what’s yours is mine and what’s mine is my own’.

30. Scotland is also a net importer of students and is substantially in surplus from cross-border flows. Its universities are likely eventually to see around £130 million a year in fee income from other parts of the UK, while Scottish students must now be paying around £40 million in fees elsewhere, funded through student loans.²⁵ The absence of any portable fee grant, coupled with the very low use of maintenance

grants, means that little public funding from the cash budget leaves Scotland.

31. England sees the largest absolute figure for cross-border transfers of teaching funding, but this represents less than 5 per cent of its total spending on fees. It subsidises fee loans worth a little under £330 million a year which are paid to universities in other parts of the UK, while its universities appear to receive less, around £270 million in fees from incoming students from the rest of the UK, as England is a net exporter of undergraduates.²⁶ The sums involved are relatively small compared to total spending in the country, although comparable to the sums generating debate in the devolved nations.

32. Northern Ireland has the clearest case for asserting a loss. By 2015/16, students from Northern Ireland will take fee funding approaching £100 million to other parts of the UK. As already seen, this whole amount is perceived locally as being 'lost', even though no fee grant is involved.²⁷ Conversely, all this fee income is viewed as a gain to universities in other parts of the UK, challenging the tendency amongst critics of the system in Wales to look solely at the fee grant part of the equation. Northern Ireland also stands out as the only country which suffers a loss of potential local spending on student living expenses, as a result of the substantial numbers leaving who are not replaced. In Wales and Scotland, the net import of students means that cross-border flows work substantially in favour of increasing spending in the local economy.

33. The most interesting question raised by looking at the various funding flows is why the ideas of loss and leakage attach only to certain portable elements of support, in certain contexts. One explanation is that a focus on fee grants, where they exist, allows the debate to be confined to an aspect of funding which can be portrayed as mainly affecting non-local universities, rather than local students. In Wales, there is however one further reason why the fee grant has become such a focus of attention.

34. Unlike other forms of student support, the fee grant for Welsh students going to other parts of the UK is explicitly top-sliced each year from the budget of the body responsible for funding local institutions, the Higher Education Funding Council for Wales (HEFCW). The top-slice is adjusted within years, adding a unwelcome degree of unpredictability. This offers the Welsh Government a way of keeping a cap on the cost of its whole higher education budget. But it also puts that part of the funding for students leaving Wales in direct competition with Welsh institutional funding in a way that does not occur for, say, the same students' maintenance grants. Scotland provides a useful comparator. There, the internal tuition fee payments made to institutions on behalf of local students form part of the budget for the Student Awards Agency for Scotland, not the Scottish Funding Council.

35. The mechanism adopted in Wales has allowed critics to assert a problem with the principle of funding student mobility. Thus of the HEFCW top-slice, Higher Education Wales

has been technically correct to say that: 'This means that, in effect, Welsh universities pay for Welsh students who choose to study outside Wales'. However, in going on to say that, 'we would welcome a review of how this expenditure can be best utilised, since it seems to be wrong in principle', the organisation conflates the technical way the money has been handled with the purpose for which it is used.²⁸

36. If the Welsh Government wish to maintain portable fee support as a form of portable citizen entitlement, it might be argued that its cost should not be absorbed annually and directly by local institutions, any more than their budgets are directly connected to spending on student maintenance grants. Budgeting for Wales' mobile student population is not easy, but finding a way to do so less at odds with the underlying philosophy would make the fee grant's role as a benefit to individuals clearer.

Limiting portability

37. There can be sound reasons for limiting the portability of student support. Funding of students in the UK has never been driven entirely by student choice. Counter-arguments to the idea of simply letting funding 'follow the student' have included cost, the need to ensure proper quality controls and the potential impact on regional economies.

38. Student choice has always been limited by how much higher education the state is willing to fund. As the Welsh

Government cannot control the number of places in England, doing something about the portability of the fee grant would be a way to reduce the Welsh Government's financial exposure to the planned removal of the cap on student numbers in England from 2015/16 – although it would still leave it vulnerable on maintenance support. By the time the Review of Higher Education Funding and Student Finance Arrangements in Wales reports in 2016, there will be early evidence of how the lifting of the cap has affected recruitment in practice. The question of how to ensure Welsh universities are not penalised for recruiting extra Welsh-domiciled students who would prefer to study in Wales is another important issue that shows why a review of fee funding in Wales is necessary.

39. The growth of alternative providers has sparked a debate in England about quality control. However, Wales has not adopted the same approach as England and, while students who leave Wales may sometimes be rejecting better quality courses at home, the argument is not being made that exporting students to other parts of the UK reduces the general quality of the education funded by the Welsh Government. If anything, to the extent that it aids students to make choices based on non-financial factors including quality, the current policy could conceivably be increasing the general quality of the higher education funded from the Welsh budget by increasing choice.

40. The debate in Wales has focused partly on the argument that cross-border mobility reduces graduate retention.

However, there are several reasons to be sceptical of some of the assertions made about the relationship between the portability of the fee grant and graduate retention:

- a grant-to-loan switch in the support of cross-border fees may have a limited effect on students' decisions about location of study;
- while Welsh students who go away to study are less likely to end up back in the local labour market, that is not proof of a causal relationship between student retention and graduate retention – making it more expensive to go away for study may conceivably lead to some individuals disposed to leave simply deferring a move until after they finish university, with labour market and personal factors both remaining important; and
- there is an unquantifiable risk that some of those who leave may be less likely to come back, as receiving less generous support might create a greater disconnect with Wales – a Welsh student studying in England was recently quoted as saying about the student support package, 'it's making them more willing to go [to university] and to come back to Wales to find work afterwards ... We're just really grateful.'²⁹

41. Policymakers can legitimately limit how much student choice they wish to fund in order to spend more on other local priorities. But, were the portability of the Welsh fee grant to be ended, some of the funds would still be needed simply to teach any additional students who stay in Wales and it does not automatically follow that cash recovered from those

students still leaving Wales would be invested in higher education. The broader question in this context is why additional funding for local priorities, whether in higher education or more generally, should be found more at the expense of those who study elsewhere in the UK than any other group of citizens from Wales. If there is an implicit belief that citizens ought to study locally, it deserves to be made explicit and openly debated.

42. There are a variety of public interest reasons which can be used to explain why someone's first choice of higher education will not be funded, or will be funded less generously. But altering the portability of the fee grant appears a marginal policy to deal with most of the issues above. If the aim is to reduce student mobility out of Wales, reducing the availability of all forms of cross-border up-front support would be more effective. If the issue is the need for more funds for local priorities, it is not clear why these should be drawn from those who study elsewhere rather than from other potential sources, such as all students' future earnings or general taxation.

Portability: a post-war legacy with an uncertain future

43. It is clear why higher education institutions in Wales have the portable fee grant in their sights. It is also reasonably clear why Plaid Cymru, an explicitly nationalist party, has become more critical over time. But the hostile position of the Welsh

Conservatives is less easily explained, given that the portable fee grant supports:

- the interests of ‘customers’ over ‘producers’;
- markets over state planning; and
- the integration of the United Kingdom over the setting up of stronger internal borders.

44. Welsh Conservatives have been vigorous in their criticism of the current arrangement, lining up with what might be reasonably characterised as a producer-interest and nationalist position. This may partly reflect a straightforward act of opposition but it could also say something about the relative ability of different interest groups to get their voices heard.

45. Universities are influential. They are among the largest businesses in the devolved administrations, major employers and sources of inward investment, as well as being of cultural and educational importance. They have good collective representation and are experienced at lobbying. Criticism of policymakers by the universities tends to receive more space than is the case for, say, further education colleges. Universities have an unusually large capacity to influence the terms of public debate.

46. Students too are well-organised through the National Union of Students (NUS), which is organised by students’ place of study rather than domicile. So the members of NUS Wales are people who have chosen to study in Welsh universities and who have a clear interest in seeing more money invested in those institu-

tions. NUS Wales has defended the portability of the fee grant but has chosen to place most of its emphasis on other issues, such as student hardship, postgraduate funding and the position of part-time students. While it has supported the grant as a mechanism for enabling choice, there is some ambivalence in its statement that 'We feel strongly that the decision [*sic*] to restrict the current fee policy to students studying in Wales is not a long-term solution but a temporary fix for the current policy'. NUS Wales also displays a more general ambivalence about cross-border movement, believing both that the fall in the proportion of Welsh students choosing to study in Wales 'is a cause of concern as we believe there is a need to encourage talented Welsh graduates to live in Wales and contribute to the Welsh economy and civic society' and that 'It is reassuring that [the] amount of English students studying in Wales has been steadily increasing over the past few years'.³⁰

47. Those students who could be the most articulate on the case for supporting cross-border study are not within the membership of NUS Wales and instead make up a very small portion of the part of the NUS based in London, which by convention leaves engagement with the devolved government in Cardiff to NUS Wales. It is to be welcomed that the Finance Committee of the National Assembly of Wales (several of the members of which crossed the border into or out of Wales to study) actively sought evidence from Welsh-domiciled students studying in other parts of the UK as part of its enquiry into higher education funding.

48. One important group whose voices are not often heard are those yet to start university. This group has no identity or organisation, its membership shifts each year and its members do not know each other, except in small groups. Many of those who would be affected by a change in policy do not even know yet whether they wish to enter higher education, much less what or where, and they are typically too young to have an electoral voice. The challenge for elected representatives is to ensure they are not overlooked in the debate. Again, it is to be welcomed that when seeking the views of students studying inside and outside Wales, the Assembly's Finance Committee also communicated with young people in Years 12 and 13.

49. The current Welsh arrangements stand out as a case in which a government has chosen to place the interests of a group with a relatively weak collective voice above that of more organised interests, in order to uphold a broader principle, in this case student choice. However in doing so, the Welsh Assembly Government may be trying to defend a principle which, despite its long history, is struggling to survive the impact of devolution.

50. The relatively mobile undergraduate population of the UK in the second half of the twentieth century was encouraged by the post-war welfare state. Commenting in 1960 on the first attempts to create a coherent national system of student funding, put in place at the end of the Second World War, the Anderson Committee, which had been established to review

the system of awards for students doing their first degree, observed:

In England and Wales, local education authorities will generally give award-holders enough to enable them to attend the university of their choice, including Scottish universities ... In Scotland, the Bursaries Regulations allow an education authority to give an award for any university or other institution which the student wishes to attend, but to limit the amount of the grant to what would have been paid if the student had attended a nearby institution where the cost would be less; education authorities normally avail themselves of this clause where the student could have obtained admission to a local university or institution but prefers to go elsewhere.³¹

51. The Committee went on to argue that:

While recognising the reasons for these practices, we think it is desirable, in the interests of students as a whole throughout Great Britain, that all those with whom we are concerned should have the same freedom of choice that the university student in England and Wales generally has at present. ... the main reason for our view is that much of the value of higher education lies not only in the instruction the student receives but also in the contacts he makes and the life he leads within the student community outside the lecture room and the laboratory. To get the full benefit, it is important that the student body at a university or other institution of higher education should not be drawn from

*too narrow a field; it will gain richness from a wider one. We recognise that this ideal is limited to a large extent by the availability of residential accommodation for students, but in principle we believe that the system of public awards should not hinder development in this direction, and we have, therefore, had the student's freedom of choice much in mind in making our recommendations.*³²

52. The Anderson committee's recommendation for a fully-portable UK-wide system of support was reflected in the new rules for fee and grant support applied in all parts of UK from the early 1960s. Thereafter, students were encouraged to see the entire UK higher education system as at their disposal.

53. There were three important lines of thought:

- students would derive individual benefit from having a right-to-roam around the UK;
- a more mobile student population would bring collective benefits by enriching the student body at individual institutions; but
- the right-to-roam stopped at the edge of the UK.

54. An audit of how these ideas are now playing out in UK student support, in the light of devolution and the moves towards a more integrated European higher education area under the Bologna Process, reveals a mix of persistence, ambiguity, lost emphasis and recasting.

55. The material produced for potential applicants to higher education in every part of the UK still asserts the value of

individual choice, however they are funded. Moreover, within the individual UK jurisdictions, there is no serious challenge to the priority which should be given to supporting student choice. There is no argument, in public at least, against allowing students who come from Bangor to enjoy the same support whether they study there or in Cardiff or to limit the funding available to students from Glasgow who want to go to Aberdeen.

56. When announcing the Scottish government's European portability pilot scheme, the then Scottish Cabinet Secretary for Education, Mike Russell MSP, said:

I want to ensure that our young people have the opportunity to reap the cultural and career benefits of living and studying abroad. This pilot will help Scots studying at European universities and ensure money is not a disadvantage to students considering this option. That is why, for the first time ever, these students will be entitled to the same help with living expenses as those studying in Scotland. This will help and encourage our young people who choose to study abroad, and the pilot in 2014/15 will help assess demand and allow us to roll out this support to all Scots studying in Europe.³³

57. Supporting individual choice therefore remains a principle around which institutions and governments still rally, but it leads to a certain amount of conflict in practice, such as:

- Welsh universities arguing for, in effect, a financial penalty on Welsh students leaving Wales, while marketing

themselves vigorously as a choice for students from England; and

- Scottish ministers championing the value of choice in relation to study in Europe, while leaving Scots to face a uniquely large financial cliff if they choose to study anywhere else in the UK.

58. The potential for wider collective benefit is neglected. Neither in Wales nor the Scottish European pilot have policy-makers given the case for broader social gains much prominence. However, recognition of the wider benefits of student mobility is found more clearly in the debate elsewhere in Europe. For example, a paper for the European University Association says:

*The discourse on mobility, while favouring notions such as employability, must not be subsumed under the perceived labour force demands. The values, skills and international perspectives that mobility generates for institutions, individuals, societies and business must be well evidenced, and underpin the reasons for investment in mobility.*³⁴

59. Future and current debates on deepening devolution should include discussion of the collective implications of more or less portable systems of student support and more or less student mobility within the UK. The lack of such a debate reflects a general difficulty the UK has faced in finding ways to deal with situations where decisions on devolved matters taken in any of the four capitals are of wider interest.

The importance of borders

60. The creation of internal borders for student support has been primarily a reaction to changing fee policy in England, which has a much bigger higher education sector than the other three parts of the UK. But, once opened up, dealing with them has become part of a wider story about prioritising the local over the more distant.

61. Counter-arguments for cross-border portability no longer stop at the edge of the UK. Restricting student support to study within the UK made some sense in the political circumstances of the 1960s, when the UK was not even a member of the Common Market. But it is less persuasive in a more integrated EU with a single market and given the UK's commitment to the Bologna Process, which seeks to harmonise higher education within Europe. The UK's former Universities and Science Minister, David Willetts, sees the extension of tuition fee loans, though apparently not maintenance support, to English students studying abroad as an unfinished part of recent reforms.³⁵

Issues for Wales

62. There is much to admire in the way higher education is debated in Wales, with an emphasis in the current review on independence from government, openness and transparency. Space has been created for the open expression of conflicting and challenging views and the review has a broad scope, way beyond the portability of the fee grant.

63. But what to do about the fee grant is one of the most high-profile questions for the review. In weighing the arguments for change, anyone involved in the debate should be wary of the assertion that funds are being lost to Wales in order to subsidise universities in England. This overlooks the fact that the funds are being used to subsidise the higher education of people from Wales. The money is not being sent over the border as some sort of general donation and the current arrangements are the logical extension of the choice-led model of student funding which has existed in the UK since, and even before, the Anderson report of more than fifty years ago.³⁶

64. There is also potential for concealed sectional interest in arguments which:

- invoke broader public interests, where the causal relationships asserted may be less clear-cut than suggested, such as those which assume that ending the fee grant could substantially increase local graduate retention;
- contain conflicting assumptions, in particular that ending the portable fee grant will both reduce the numbers leaving Wales to a significant extent while also assuming that the funds would become available for completely new purposes; and
- apply arguments solely to the fee grant that could also be applied to maintenance grants and fee and maintenance loans.

65. Ending the portability of the fee grant could only increase Welsh institutional income by a combination of

making students feel less able to undertake their preferred course and imposing an additional levy on all those who leave Wales to study, including those from poorer backgrounds, while exempting those who do not, including those from better-off homes. In that case, the progressive nature of the Welsh system of student funding, which functions more effectively at present than any other in the UK to keep debt down for those from low-income backgrounds, would have been compromised and grafted on to one more interested in territorial choice. It is for elected representatives in Wales to decide whether that is the direction they wish to go. Should they do so, however, the rationale for concentrating available cash subsidies on those students who study in Wales should ideally be free of the rhetoric of cross-border subsidy and institutional loss, and it should be done as a matter of deliberate choice not accidental effect.

66. There are important lessons from Scotland where, probably more by accident than deliberate design, the net effect of various official decisions has been to create an unusually regressive pattern of student debt distribution, in which the poorest students have ended up owing the most.³⁷

67. Elected representatives in Wales have a unique role in ensuring that the interests of all those who have yet to take up higher education are not drowned out by more organised voices. There are encouraging signs that this is understood.

Issues for Scotland and Northern Ireland

68. The preferential funding position of local students who stay to study in Scotland and Northern Ireland deserves more debate, given the incidence of reluctant leavers, the differential impact on students with differing characteristics and the impact on debt levels.

69. Croxford and Raffe found, 'In Scotland and Northern Ireland students in the lowest attainment quintile have increased as a proportion of students who leave the home country, possibly due to displacement effects as more of the better-qualified students fill places at home'.³⁸ They identify a group they term 'reluctant leavers'. This recalls one of the Anderson Committee's other reasons for promoting portability of support, which was the difficulty students in Scotland were expected to face in obtaining a place locally, an issue which remains relevant.

70. According to UCAS data, acceptance rates for applicants from Scotland and Northern Ireland have fallen in the past few years to at or below 75 per cent, compared to around 80 per cent in the period up to 2010. England and Wales are both at around 85 per cent, suggesting tighter competition for places in Scotland and Northern Ireland.³⁹

71. Croxford and Raffe also found that 'ethnic-minority students domiciled in Scotland (and also Wales and Northern Ireland) are more likely than other students to leave the home country to study', adding 'the implications for equality deserve

special attention, especially now that cross-border study carries a much larger financial penalty.⁴⁰

72. Debt for cross-border Scots from low-income households is the highest for any group of low-income students in the UK, because of their combination of low living-cost grant and absence of fee grant. Before any institutional bursaries or fee waivers, a young Scot from a very low-income home on a £9,000 fee course elsewhere in the UK is expected to borrow a total of £14,750 a year and a mature Scot £15,750. The equivalent figure for low-income students:

- from England is £12,862;
- from Wales is £6,307;
- and Northern Ireland, if crossing the border, is £11,953.

73. Concerns about legality under EU law would be one possible argument against action here. However, at the very least, any general claim of legal risk deserves testing in detail, given we now have several years' experience of the Welsh system operating unchallenged.

74. Changing the Scottish arrangements could be relatively cheap.

- The numbers leaving are never likely to be large: even when there was no cost gap, a relatively small proportion of Scottish students were leavers.
- Any cost would be far outweighed by the benefit Scotland sees from charging fees to in-coming students.
- Some fee grant would be better than none. Converting the

individual fee payment of £1,820 from the Scottish Government to Scottish universities for Scottish students into a portable entitlement could be administratively simple, bring debt levels for border crossers at low incomes more into line with their counterparts elsewhere in the UK and cost around £6-7 million a year. That is less than 10 per cent of the fee income from students from the rest of the UK in Scotland, and means-testing could reduce the bill.

75. However, costs could be a substantial obstacle in Northern Ireland, which has seen no significant financial benefit from charging fees to incoming students from other parts of the UK, but where a large number of leavers would make even quite a small portable fee grant difficult to afford.

76. Indeed, the language of leakage and loss can be more convincingly applied to Northern Ireland than Wales, as it is the only significant net exporter of students and this has material financial consequences. It seems plausible that students domiciled in Northern Ireland who choose to leave are more likely than those from elsewhere to be motivated by the shortage of domestic places. The under-provision of higher education places in Northern Ireland should be recognised as an issue of UK-wide responsibility, not least because that shortage is due partly to the historic pattern of higher education provision in the UK when Barnett formula baselines were decided. At that point, the loss of students may have been unwelcome locally but at least it was financially neutral for the individuals affected. That is no

longer true. It may also be that, since the peace process took effect, more students would want to stay if there were more opportunity to do so.

77. Northern Ireland's inherited starting position seems at first sight to leave its students more disadvantaged and its administration with less choice than in the other devolved areas. In the recasting of the UK devolution settlement, this issue deserves some attention.

Issues for the wider UK

78. The restriction applied in all parts of the UK on the portability of grants and loans for living costs for students opting to study elsewhere in the EU looks increasingly like a historic hangover.

- No UK jurisdiction now has complete control over the number of student it funds, because no jurisdiction applies a cap on cross-border travel within the UK. Moreover, in England the cap on student numbers is due to be removed entirely from the autumn of 2015.
- The UK is committed to the Bologna Process, with its underpinning philosophy of a European system of higher education based on common principles and a strong push towards student mobility.
- For those parts of the UK still controlling in-country student numbers, it can be cheaper to fund students to go elsewhere than to increase the number of domestic places and for their students it is cheaper to study in European

countries with lower or no fees than in other parts of the UK.

- Even if study abroad is taken up most by those from more advantaged backgrounds, that will still release domestic places for others, potentially helping widen access.
- Fee costs need not be included in any portable package: countries charging fees generally open up any associated financing schemes to all EU students.
- The numbers who would take up the opportunity to study in another EU country appear likely to be relatively small, at least in the short term, so large unexpected additional costs are unlikely.

79. There remains a valid question about graduate stickiness – for example, encouraging more UK students to study elsewhere in the EU may discourage them from coming back to work in the UK, in an analogy with arguments on graduate retention in Wales. More research would be useful on this question, but the UK currently lags far behind some other EU states in the proportion of home students studying elsewhere in the EU.

Conclusion

80. The question ‘to whom does the funding for higher education budget belong?’ is prompted by the language used in the current Welsh debate. But it brings out issues relevant across the UK.

81. All those involved in these debates should be alert to assumptions inherent in the language of cross-border loss

and recognise the role of elected representatives in protecting the interests of individual citizens alongside those of more organised groups. Indeed, the debate in Wales on the future of the portable fee grant is a good example of how democracy can act as a useful bulwark against leaving important decisions solely in the hand of expert representatives from within any particular policy area.

82. More specifically, the issue of portability is relevant to student choice. For years, students have been encouraged to look at a broad range of factors when deciding what and where to study. The larger the number of institutions to which students have practical access, the wider their choice will be. For generations the draw of simply going somewhere different has influenced young people from all parts of the UK to migrate within and between the UK nations in all directions and this has in general, if not always and by all, been regarded as a positive aspect of the system. What has been true for the UK can also be argued about elsewhere, particularly Europe. These arguments are in confrontation with a particular intersection of institutional self-interest and nationalist thinking, both of which see advantages in encouraging more domestic students to remain at home.

83. Supporting student choice has a long history in the UK as a central principle underlying student support. It was built in from the start of the post-war settlement, although it took a little longer to be fully embraced in Scotland. It predates the move to the market-driven reform of public services in more

recent decades and is now echoed in the context of creating a more integrated Europe. However, developments since devolution and the current debate in Wales show that in the absence of any compelling story about wider collective benefits, its continuing dominance as a principle cannot be assumed in the face of pressure to regard the UK as four distinct jurisdictions as much as one single entity. The comparison with Europe brings out how little debate there is in the UK about the role of student mobility, not only as an expression of individual choice but also in fostering any sense that each part of the UK is part of a larger state.

84. Higher education is being treated as a local public service just when it is becoming more truly international elsewhere. As a result, despite the shift in England towards putting 'students at the heart of the system', higher education funding is more likely than at any time in the past half-century to be conceived largely as an investment in local institutions rather than in individual citizens.

85. The outcome of the current debate in Wales will be an important marker in determining how far the philosophy of supporting choice and movement of citizens across its whole area still holds in the UK and how far investment in local institutions is becoming instead the priority. If in response to concerns about institutional loss, Wales returns to the more territorial approach to student funding with which it briefly experimented in the previous decade, students in all three devolved nations will be receiving a message that a decision

not to use one of their local universities deserves less support. That Wales, at least for now, has found a way to avoid this shows that this is not an inevitable response to developments in England.

86. The portability debate brings out unusually clearly how the interests of institutions and citizens can conflict, and how devolution has made that conflict sharper than before. To whom does the funding for higher education belong? The answer must surely be to everyone in any jurisdiction and not to any single interest group exclusively. It belongs in other words as much to those citizens who wish to pursue higher education as to those who provide it, as well as to the population more broadly. Whatever the growing pressures for a more territorial approach to funding, that thought should inform the terms of the debate across the whole UK.

Appendix 1

Replacing the portable fee grant with loan: Potential impact on student behaviour and funding

This paper argues that moving cross-border students from Wales wholly on to loans for fee support would lead to an increase in the number of Welsh students studying in Wales, but that the majority of potential movers would continue to leave. A small number might also decline to take up higher education.

Recent research analysing cross-border movement between 1996 and 2012 found a:

complex set of factors which influence the choice of higher education, and of the location of study, among which the fees and fee differentials are not necessarily the most important. Not only are factors other than costs influential on students' choices, but tuition fees may not be the most salient aspects of costs, especially when their payment is deferred and supported by relatively generous and progressive loan arrangements.⁴¹

This is consistent with the views expressed by a group of border-crossing students to the Finance Committee of the National Assembly for Wales in its inquiry into higher education, who referred in particular to the availability and perceived quality of particular courses.⁴²

There is now growing evidence from England that younger students have not been deterred from entering higher education by much higher levels of debt. The group of students leaving Wales are mainly likely to be young.

The Finance Committee of the National Assembly for Wales collected survey data on the possible effect of ending the portable fee grant. But the results of this survey need to be treated with considerable caution: at face value, the responses would predict a 20 to 60 per cent fall in the total number students from Wales going into higher education were the fee grant to be abolished for all Welsh students. As a response to a £4,000 annual increase in debt, that would be unprecedented in recent UK experience. Even more extreme predictions in the same survey of the effects on student choice of abolishing the cross-border element of the grant therefore seem unlikely to be a reliable guide to the actual effects.

In contrast, UCAS figures for the last decade, including a period during which there was a fee grant of just under £2,000 limited only to Wales, suggest the movement of around 1,000 to 2,000 new students each year (around 5 to 10 per cent of all Welsh students, or 15 to 30 per cent of border-crossers) may have been sensitive to such a cross-border cost difference, although even then the pattern is not clear-cut. The number of Scottish-government supported students studying elsewhere in the UK has fallen gradually by around 20 per cent since 2005/06. Since the 2011/12 academic year,

after which the cost difference widened from around £3,500 to up to £9,000, the fall has been 5 per cent.

From the material above, it might be assumed that in the absence of a portable fee grant a minority, possibly a substantial one, of current movers would choose not to leave Wales, providing HEFCW rules did not cap domestic recruitment too tightly to allow that. However, assuming that it would affect the choices of the majority of movers would mean anticipating a degree of sensitivity to increased debt and debt difference beyond, even contrary to, anything experienced anywhere within the UK in recent times.

Appendix 2

Where home students study within the UK

	Location of HE Institution				Total United Kingdom
	England HEIs	Wales HEIs	Scotland HEIs	Northern Ireland HEIs	
Domicile					
England	304,690	9,100	3,770	240	317,800
Northern Ireland	2,880	150	875	9,075	12,985
Scotland	1,385	55	29,255	20	30,710
Wales	6,990	12,790	115	5	19,895
All UK	315,945	22,095	34,015	9,340	381,390

Source: HESA. Excludes Channel Islands.

Notes and references

- ¹ Welsh Government spokesperson as quoted in 'More Welsh Student Apply to Study in England', BBC News website, 9 February 2014 (<http://www.bbc.co.uk/news/uk-wales-politics-26085772>).
- ² NUS Wales, *A Response to the National Assembly for Wales Finance Committee Call for evidence on Higher Education Funding in Wales*, September 2013, p.5.
- ³ Angela Burns AM, the Welsh Conservatives' Shadow Education Minister, as quoted in 'More Welsh students apply to study in England', BBC News website, 9 February 2014 (<http://www.bbc.co.uk/news/uk-wales-politics-26085772>).
- ⁴ This table is closely based on a table first produced by the House of Commons Library: see Sue Hubble, *Higher education student support across the UK regions from September 2012*, House of Commons Library Standard Note, 8 February 2012, p.8.
- ⁵ Kieron Rees, *From Browne to Diamond*, WonkHE, 21 February 2014 (<http://www.wonkhe.com/blogs/from-browne-to-diamond/>).
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- ⁹ Angela Burns AM, the Welsh Conservatives' Shadow Education Minister, as quoted in 'Tories say report shows "knee-jerk" policymaking', 21 November 2013 (<http://www.itv.com/news/wales/topic/angela-burns/>).
- ¹⁰ Simon Thomas AM, education spokesperson for Plaid Cymru, as quoted in Tom Bodden, 'University student tuition fee subsidies in Wales to be reviewed', *Daily Post*, 19 November 2013 (<http://www.dailypost.co.uk/news/north-wales-news/university-student-tuition-fee-subsidies-6318342>).
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- ¹³ 'QUB and UU warn of plans to cut 1,100 student places', BBC News website, 5 November 2014 (<http://www.bbc.co.uk/news/uk-northern-ireland-29911353>).

- ¹⁴ Higher Education Wales, *A Response to the National Assembly for Wales Finance Committee Call for evidence on Higher Education Funding in Wales*, September 2013, p.17.
- ¹⁵ Welsh Liberal Democrats, *Fairness and Freedom in Higher Education*, 2013, p.3.
- ¹⁶ For a brief discussion of this, see EU Law Blog, 'Citizenship, Student Grants and Country of Origin Impediments: Joined Cases C-11/06 and C-12/06', 25 October 2007 (<http://eulaw.typepad.com/eulawblog/2007/10/citizenship-stu.html>).
- ¹⁷ Jack Grimston and Jason Allardyce, 'Bizarre loophole may hand fee deal to EU students', *Sunday Times*, 9 October 2011 (http://www.thesundaytimes.co.uk/sto/news/uk_news/Education/article794344.ece).
- ¹⁸ Linda Croxford and David Raffe, *The impact of the 2012 tuition fee changes on student flows across the UK's internal borders*, Centre for Research in Education Inclusion and Diversity, University of Edinburgh, June 2014, p.13.
- ¹⁹ Taken from 'Student mobility' in the 'Thematic Indicators – Progress towards the Lisbon Objectives in Education and Training' series of the Education section of the Eurostat Database (<http://ec.europa.eu/eurostat/web/education-and-training/data/database>).
- ²⁰ Michael Russell MSP, Written Answer S4W-23079, Scottish Parliament, 18 November 2014.
- ²¹ Student Loans Company, Table 3B(i), *Student Support For Higher Education In Wales, Academic Year 2014/15 (Provisional) SLC SFR 06/2014*, November 2014, shows £132.4m has been awarded in Assembly Learning Grant in 2014/15 to date. Table 3C(ii) shows £8.1m was paid in Disabled Students' Allowance in 2013/14 and that this is likely to be repeated in 2014/15; 35 per cent of the resulting figure of £140m (£49m) is assumed here to be paid on behalf to students who leave Wales to study, based on HESA figures on student movement.
- ²² *Ibid.* Table 3A provides a provisional figure for total fee grant payments of £238.6 m in 2014/15 – 35 per cent of that figure is assumed here to be paid on behalf to students who leave Wales to study.
- ²³ Arwyn Jones, 'Universities in Wales call for funding review over cash drain', BBC News website, 4 September 2013 (<http://www.bbc.co.uk/news/uk-wales-23955772>).
- ²⁴ Student Loans Company, Table 4C(ii), *Student Support For Higher Education In England, Academic Year 2014/15 (Provisional) SLC SFR 05/2014*, November 2014. This provides a provisional figure of £219.2 million in 2014/15 for total value of fee loans paid on behalf of English-domiciled students studying at Welsh institutions under the post 2012/13 arrangements.
- ²⁵ *Ibid.* The value of fee loans paid on behalf of English-domiciled students to Scottish institutions under the post 2012/13 arrangements rises by approximately £25 million each year, implying a total value at full implementation of £100 million. This figure excludes those not using the fee loan scheme,

on average around 10 per cent of students, and those from Northern Ireland. Fee payments by students from Northern Ireland who cross the border to study are between £90 million and £100 million: 25 per cent of these students study in Scotland. Welsh students in Scotland are *de minimis*.

²⁶ *Ibid.* Total fee loans paid on behalf of students studying outside England were £303.6m in 2014-15. A further £25 million can be predicted in 2015-16 for Scotland. Fee income to English institutions from students from the rest of the UK estimated as £75 million from Northern Ireland, £40 million from Scotland (using separate Scottish Government statistics) and £155 million from Wales (£80 million in fee grant and £75 million in fee loans, from Table 4C(i) *SLC SFR 06/20140*). Figures exclude any additional sums paid by students outwith the fee loan scheme.

²⁷ Student Loans Company, Table 4C, *Student Support For Higher Education In Northern Ireland Academic Year 2013/15 (Final) SLC SFR 07/2014*. £65.9 million was paid in fee loans to providers elsewhere in the UK on behalf of students from Northern Ireland in 2013/14. On past trends this can be expected to rise by a further £16-17 million in 2014/15 and a further £4 million by 2015/16, taking account of students studying on longer degrees in Scotland. A further 10 per cent of students do not make use of fee loans, implying a total value of fee payments to the rest of the UK of around £95 million.

²⁸ Higher Education Wales, *A Response to the National Assembly for Wales Finance Committee Call for evidence on Higher Education Funding in Wales*, September 2013, p.17.

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February 2015 • ISBN 978-1-905315-26-0

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Tel: 01865 284450 • www.hepi.ac.uk

Printed in the UK by Hunts, Oxford • Typesetting: www.preparetopublish.com