

31 January 2011

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Dear <Salutation>

Provisional student number control limit for 2011-12

1. Circular letter 02/2011, 'Student number control limits for 2011-12', announced our approach to setting provisional limits for each institution on the numbers of students starting HEFCE-fundable or employer co-funded full-time (FT) undergraduate (UG) or postgraduate/professional graduate certificate in education (PGCE) study in 2011-12. I am writing to inform you of your institution's provisional student number control limit for 2011-12. This letter:

- a. Announces the provisional limit that we have set for your institution for 2011-12. This is shown in **Annex B**, which is contained within a separate Excel workbook that is also available for download from the HEFCE extranet from the same location as this letter.
- b. Provides, in **Annex A**, further guidance on the student number control, including on:
 - i. The student numbers that are covered by the limit.
 - ii. The action we may take if institutions exceed their limit.
 - iii. Our calculation of the provisional limit.
 - iv. The process and timetable for seeking changes to the provisional limit.

Responses required

2. We do not require a response to this letter. However, we are inviting institutions to respond under either of the following circumstances:

a. Circular letter 02/2011 explained how we would calculate the baseline for the provisional limits for each institution. Our Board has now decided the limits so calculated should be uplifted by 2 per cent so that, at the sector level, there is no reduction required in the number of entrant places available for 2011-12. If institutions do not wish to receive this 2 per cent increase, they should notify us, so that the places can be reallocated to other institutions.

b. Institutions otherwise wishing to appeal for a change to their provisional 2011-12 limit may do so. The annex to this letter provides guidance on such appeals.

3. Any responses to this letter that institutions wish to make should be sent to their HEFCE Higher Education Policy Adviser **by Wednesday 16 February 2011**. We will confirm the student number control limits in the individual grant letters that institutions will receive on 14 March 2011. Our grant announcement will remain under embargo until publication from 0001 on Thursday 17 March 2011.

4. Any questions about this letter should be sent to your HEFCE Higher Education Policy Adviser, <HEPAname> (direct line: 0117 931 <HEPAExt>; e-mail: <HEPAmail>).

Yours sincerely

Caroline Charlton
Funding Round Manager

Annex A to the 31 January 2011 letter 'Provisional student number control limit for 2011-12

Population covered by the student number control for 2011-12

1. The population covered by the student number control limit is the same as for 2010-11, subject only to an updating of the academic years concerned. Years of instance or programme of study meeting the following criteria count towards the student number control that we are setting for 2011-12:

a. Either:

i. They are for HEFCE-fundable or employer co-funded, full-time, undergraduate students active in the academic year 1 August 2011 to 31 July 2012.

and

The students have not been HEFCE-fundable or employer co-funded or 'model 2' Lifelong Learning Network (LLN) full-time undergraduate students in either of the preceding two academic years (that is, between 1 August 2009 and 31 July 2011) as students of the same institution. These categories include students who do not complete their year of instance/programme of study or who start on a non-standard year of instance/programme of study between 1 August 2011 and 31 July 2012, and who would not be included in Tables 1 to 5 in the 2011 Higher Education Students Early Statistics (HESES11) or Higher Education in Further Education: Students (HEIFES11) surveys but nevertheless meet the criteria in HESES/HEIFES Annex K to be HEFCE fundable.

Or:

ii. They are for HEFCE-fundable or employer co-funded full-time students aiming for a PGCE (whether a Postgraduate or Professional Graduate Certificate in Education) commencing a programme of study in the academic year 1 August 2011 to 31 July 2012.

b. The students have not withdrawn from their programme of study within two weeks of starting: that is, they have undertaken sufficient activity to be required to be included in the Higher Education Statistics Agency (HESA) student record or Data Service Individualised Learner Record (ILR).

2. Terms used in the definition of the student number control are:

a. **Employer co-funded:** This applies to years of instance/programme of study that are HEFCE non-fundable on the basis that they are to count towards the delivery of HEFCE allocations of student numbers co-funded with employers (see paragraph 9b of Annex K of HESES10 and HEIFES10). This may include years of

instance/programme of study where students are aiming for an ELQ and who, were they not co-funded, would not be exempt from the ELQ policy as defined in HESES/HEIFES Annex K.

b. **'Model 2' LLN students:** those who have counted towards the delivery of LLN allocations that have been funded through a lead institution outside the mainstream HEFCE teaching grant up to 2009-10. All LLNs have reverted to the mainstream 'model 1' route by 2010-11 and therefore students at all LLNs will generally be included within the definition of HEFCE-fundable from 2010-11; but some students at LLNs may have counted towards 'model 2' allocations in 2009-10.

c. **Students who have not been full-time undergraduates in the two preceding academic years:** students who, during each academic year 2009-10 and 2010-11, have not undertaken full-time undergraduate study; or if they have, withdrew (on each occasion) within two weeks of starting the programme of study; or were otherwise 'dormant' during that period. In this context, full-time relates to study that, had it been finished, would have been full-time.

d. **'The same institution':** This refers to the 'registering' institution responsible for reporting the student in the HESA student record or Data Service ILR. Where teaching has been franchised out, the associated (year of) instance/programme of study is attributable to the franchiser, not the franchisee.

3. Further guidance on when years of instance/programme of study count towards the student number control limit (in relation to 2010-11) was provided in Annex H of HESES10 and HEIFES10.

Monitoring compliance with the student number control for 2011-12 and the action we may take if institutions exceed it

4. The student number control represents a maximum, not a minimum, student number for institutions.

5. We will monitor each institution's compliance with the student number control that we have specified for them. Where we find that an institution has exceeded its limit, this will result in a reduction to grant, which may be applied in the 2011-12 and/or 2012-13 academic year. This reduction will be at a rate of £3,750 for each student above the limit, or such other rate as may be specified by the Department for Business, Innovation and Skills (BIS). This reduction may be repeated in subsequent years to the extent that we consider the excess students recruited in 2011-12 continue to contribute to excess student support costs. We will give institutions an opportunity to appeal for mitigation before finalising any such grant adjustment.

6. Institutions should assume that no margin above the limit specified for 2011-12 will apply before we seek to apply grant reductions.

7. Initially we will monitor compliance with the student number control through the HESSES and HEIFES surveys. A new Table 6 was introduced to these surveys in 2010 for this purpose. We will also undertake further monitoring using the end of year HESA and ILR data for 2010-11. This may result in an additional grant adjustment or changes to any grant adjustments we have previously confirmed.

8. In addition, where we are adjusting funding for institutions for exceeding their student number control limit for 2010-11, those adjustments may be repeated, in whole or part, in subsequent years unless the institution takes action to offset the over-recruitment in 2010-11 by recruiting below its 2011-12 student number control limit. Guidance on our approach towards this for 2010-11 was provided in paragraph 64 of 'HEFCE grant adjustments 2010-11' (HEFCE 2010/22) and Circular letter 11/2010.

Implications for future years

9. Our December 2010 grant letter from BIS does not state what measures might be required from 2012-13 to reduce the risk that student support costs exceed the Government's planned budgets. (We anticipate that more information on this will be provided in the forthcoming higher education White Paper.) In the meantime, institutions should assume that there will be no advantage to be gained in 2012-13 onwards from over-recruiting in 2011-12.

10. The BIS grant letter also states that, as a provisional planning assumption, universities and colleges should work on the basis that 10,000 entrant places for 2011-12 are temporary and will not be repeated in 2012-13.

Process and timetable for seeking changes to the student number control for 2011-12

11. We will be prepared to consider requests from institutions for changes to their provisional limit in two particular circumstances:

a. Circular letter 02/2011 explained how we would calculate the baseline for the provisional limits for each institution. Our Board has now decided the limits so calculated should be uplifted by 2 per cent so that, at the sector level, there is no reduction required in the number of entrant places available for 2011-12. If institutions do not wish to receive this 2 per cent increase, they should notify us, so that the places can be reallocated to other institutions.

b. Institutions otherwise wishing to appeal for a change to their provisional 2011-12 limit may do so. Institutions wishing to appeal should provide full details of their case and may wish to take into account the guidance provided in paragraphs 13 to 19.

12. Institutions seeking a change to their limit in either of these circumstances should respond to their HEFCE Higher Education Policy Adviser **by Wednesday 16 February 2011**. We will confirm the student number control limits in the individual grant letters that

institutions will receive on 14 March 2011. Our grant announcement will remain under embargo until publication from 0001 on Thursday 17 March 2011.

Guidance on appeals

13. Institutions that do not wish to receive the 2 per cent uplift to the baseline that we have derived from their 2010-11 student number control limit may respond merely by either declining any such increase or specifying the reduced increase that they would like to accept.

14. There is no specified format in which an appeal should be submitted. Commonly appeals take the form of a letter setting out the particular circumstances that have affected an institution, and specifying the action the institution would like HEFCE to take regarding the proposed grant adjustment.

15. We expect appeals to be evidence-based and where appropriate, we will check institutional claims for consistency with student data that we hold (such as HESES/HEIFES, UCAS or HESA/ILR data). We may reject appeals where the evidence provided by the institution is weak or inconsistent with other data that we hold.

16. Institutions can submit appeals on whatever grounds they wish. This guidance is not intended to limit the content of institutions' submissions or to provide any kind of guarantee of the acceptance or otherwise of an appeal. Each case will be considered on its merits, although we will be mindful of the desirability of treating institutions consistently.

17. The 2011-12 student number control limits have been calculated using a baseline derived from the equivalent limit for 2010-11. Those 2010-11 limits were finalised after institutions had had an opportunity to appeal for changes. We have also considered appeals for mitigation of grant adjustments for over-recruitment against the 2010-11 limits. Institutions should note, therefore, that grounds for appeal that have been submitted and rejected before may be similarly unlikely to be accepted for 2011-12.

18. Conversely, however, institutions should not assume that grounds for appeal that were accepted in relation to recruitment behaviour in 2009-10 or the limits set for 2010-11 will necessarily be accepted again as grounds for changing 2011-12 limits. This is because the specification of the control on FT UG and PGCE entrants/starters has changed between 2009-10 and 2010-11; and because of differences in how we have calculated permitted annual increases compared to the original baseline derived from 2008-09 data. In particular:

- a. In calculating limits for 2010-11, we made allowance for any migration towards the tolerance band that was required for 2009-10, but we did not repeat this with a further increase relating to migration for 2010-11. This is because migration is generally spread over three years. As full-time undergraduates commonly study for three years, an increase in the level of entrants in 2009-10 which is then maintained in subsequent years should be sufficient to achieve a three-year migration trajectory. On this basis, we would not generally expect to make further adjustments to student number control limits for migration.

b. In calculating limits for 2010-11, we made allowance for any second chances in 2009-10 to make good shortfalls in student numbers in 2008-09 that had resulted in either contract range holdback or holdback of additional student number funding. However, we did not make similar allowance for second chances in 2010-11 arising from holdback in 2009-10. This is because the original baseline was derived from 2008-09 data and included adjustments on the assumption that subsequent awards of additional student numbers would be delivered in full. There was therefore no need to make further adjustments to take account of holdback that arose in subsequent years and we would not therefore expect to accept appeals on this basis.

19. In considering appeals, we will be mindful of the fact that the student number control limit:

a. Applies to all institutions, notwithstanding that many institutions might wish to respond to strong demand from students.

b. Applies to a strictly defined student population, which is not dependent on individual students' claims for student support. The limits have been calculated to reflect the population they seek to cover, including, for example, students who withdraw from their studies after two weeks: if such withdrawals were not included in the population, we would set lower student number control limits.

c. Follows the request we have received from BIS to reduce the risk of over-recruitment and to apply reductions at £3,750 per excess student, reflecting the average cost of providing student support, rather than the fee income to institutions.

Calculation of the provisional student number control limits for 2011-12

20. Annex B shows the derivation of the provisional student number control limit for 2011-12. The row headings in the table are described below, where reference to 'SNC 2010-11' relates to the template showing the calculation of the 2010-11 student number control first issued with Toby West-Taylor's letter of 5 March 2010, or subsequently revised in notifications to individual institutions.

2010-11 Student number control

21. This is taken from the final issue of the 2010-11 recurrent grant Table B.

University Modernisation Fund (UMF)

22. This is the deduction of the FT UG places awarded through the UMF for 2010-11. Circular letter 08/2010, 'Allocation of funding for additional new entrants and efficiency activities in 2010-11 through the University Modernisation Fund' explained in paragraph 18 that these numbers would be withdrawn for 2011-12. The figure (which has been rounded) is taken from the final issue of 'SNC 2010-11'.

Overall change in FT UG students as a result of transfers of provision between institutions for 2010-11

23. This is the deduction of the FT UG places added in 2010-11 for some institutions that were subject to a transfer in of provision. We deduct these numbers, where they relate to students in all years of study: from 2011-12 we want to include only those that are starting HEFCE-fundable or employer co-funded FT UG or PGCE study, and we do this in the following row in the table.

24. It is calculated using the following figures taken from the final issue of 'SNC 2010-11':

- *Expected change in FT UG students as a result of transfers of provision between institutions for 2010-11* (where this is a positive figure and the transfer did not apply solely to students in their first year of study)
- plus *Expected change in FT UG students as a result of the mainstreaming in 2010-11 of 2009-10 model 2 LLN FTEs* (where this is a positive figure and the mainstreaming did not apply solely to students in their first year of study)
- multiplied by the 2010-11 *Scaling factor* and rounded.

Students in the first year of their course, included in the above transfers

25. This is an increase to reflect the numbers of students included in the *Overall change in FT UG students as a result of transfers of provision between institutions for 2010-11* who were in their first year of study. It is based on data provided last year by institutions and incorporates the 2010-11 *Scaling factor* and rounding.

Change as a result of data audit or reconciliation exercise

26. This is an adjustment to individual institutions' 2010-11 student number control agreed after the final issue of 2010-11 grant tables that arises from recent HESES or HEIFES data audits or reconciliation exercises, as separately notified.

Baseline for 2011-12

27. This is the sum of the previous five rows.

Mainstream fully-funded FT UG ASNs awarded for 2011-12

28. These are our existing commitments for fully-funded FT UG places for 2011-12, arising from previous ASN exercises. These will be included in the forthcoming 2011-12 grant tables to be issued on 14 March 2011.

Employer co-funded FT UG ASNs awarded for 2011-12

29. These numbers are not yet confirmed, but will be incorporated subsequently. They will reflect the numbers of additional employer co-funded ASNs to which we are already committed for 2011-12, who are on FT UG programmes.

Expected change in FT UG students as a result of transfers of provision between institutions for 2011-12

30. These numbers are not yet confirmed, but will be incorporated subsequently. They will reflect the change in FT UG numbers meeting the student number control population

definition expected as a result of new transfers of provision requested by institutions for 2011-12.

Total 2011-12 adjustments

31. This is the sum of the previous three rows.

2011-12 Adjustments scaled up by the 2011-12 Scaling factor

32. This is the *Total 2011-12 adjustments* multiplied by the *2011-12 Scaling factor* (see paragraph 33).

Calculation of 2011-12 scaling factor from HESES/HEIFES10

33. This section of the table shows the derivation of the *2011-12 Scaling factor*, which is used to make allowance for student withdrawals in relation to the *2011-12 Adjustments* to FT UG student numbers detailed above. The FT UG HEFCE-fundable student numbers are taken from HESES10/HEIFES10 Table 1a/1 and include foundation degree students. The *2011-12 Scaling factor* is calculated using the Column 1 and 2 student numbers divided by the sum of the student numbers in Columns 1 to 3 (the latter being the numbers in Column 4).

2 Per cent uplift to limit for 2011-12

34. This is calculated as 2 per cent of the *Baseline for 2011-12* and the *2011-12 Adjustments scaled up by the 2011-12 Scaling factor* and rounded. It is not yet known what arrangements might be put in place from 2012-13 to reduce the risk that student support costs exceed the Government's planned budgets. Nevertheless, our grant letter from BIS states that, as a provisional planning assumption, universities and colleges should work on the basis that 10,000 entrant places for 2011-12 are temporary and will not be repeated in 2012-13. Institutions should not, therefore, assume that the numbers associated with this 2 per cent uplift will be available from 2012-13.

Provisional 2011-12 Student number control

35. This is the sum of:

- *Baseline for 2011-12*
- *2011-12 Adjustments scaled up by the 2011-12 Scaling factor*
- *2 Per cent uplift to limit for 2011-12.*