



University and College Union

‘Further, higher, better’

**Submission to the government’s
second Comprehensive Spending
Review**

Section 4

4 Public spending on higher education in Wales

Grant and fees

Recurrent funding for teaching and research in higher education in Wales over the period 1997-8 to 2007-8 has risen by 70%. Total recurrent grant for teaching and research, and capital items, has risen by 78%.

Recurrent and capital grant, Wales

	Recurrent grant	Recurrent grant	Capital grants*	Recurrent grant & capital	Recurrent grant & capital
Wales	cash £m	% change	cash £m	cash £m	% change
1997-98	237			237	
1998-99	232	-1.9%		232	-1.9%
1999-00	263	13.4%	5.362	269	15.7%
2000-01	277	5.4%	15.162	293	8.9%
2001-02	303	9.0%	25.762	328	12.2%
2002-03	307	1.4%	20.762	327	-0.3%
2003-04	318	3.8%	19.546	338	3.2%
2004-05	331	3.8%	18.396	349	3.3%
2005-06	362	9.6%	22.396	385	10.3%
2006-7	397	9.5%	18.396	415	7.9%
2007-8	402	1.4%	18.396	421	1.3%
1997-8 to 2007-8 Change %	69.9%			77.6%	

* capital items were not separately identified in 1997-8 and 1998-9.

Source: annual grant letters; National Assembly for Wales Budget 2005-6 to 2007-8 draft proposals October 2004 and 2005, plus additional funding announced November 2005. Calculations by UCU.

Over the period 1997-8 to 2004-5, total fee payments in Wales reduced from £65m a year to £63m in cash terms, despite the introduction in 1998-9 of private fee contributions by full-time undergraduates. Data on fee income from 2005-6 were not publicly available at the time of writing.

Tuition fees, Wales

	Public fees	Private fees	Total fees	Total fees
Wales	cash £m	cash £m	cash £m	change %
1997-98	65		64.9	
1998-99	67	8	75.6	16.5%
1999-00	37	16	53.7	-29.0%
2000-01	35	21	55.9	4.1%
2001-02	34	24	57.6	3.0%
2002-03	34	26	59.3	3.0%
2003-04	34	27	61	2.9%
2004-05	34.6	28.1	62.7	2.8%

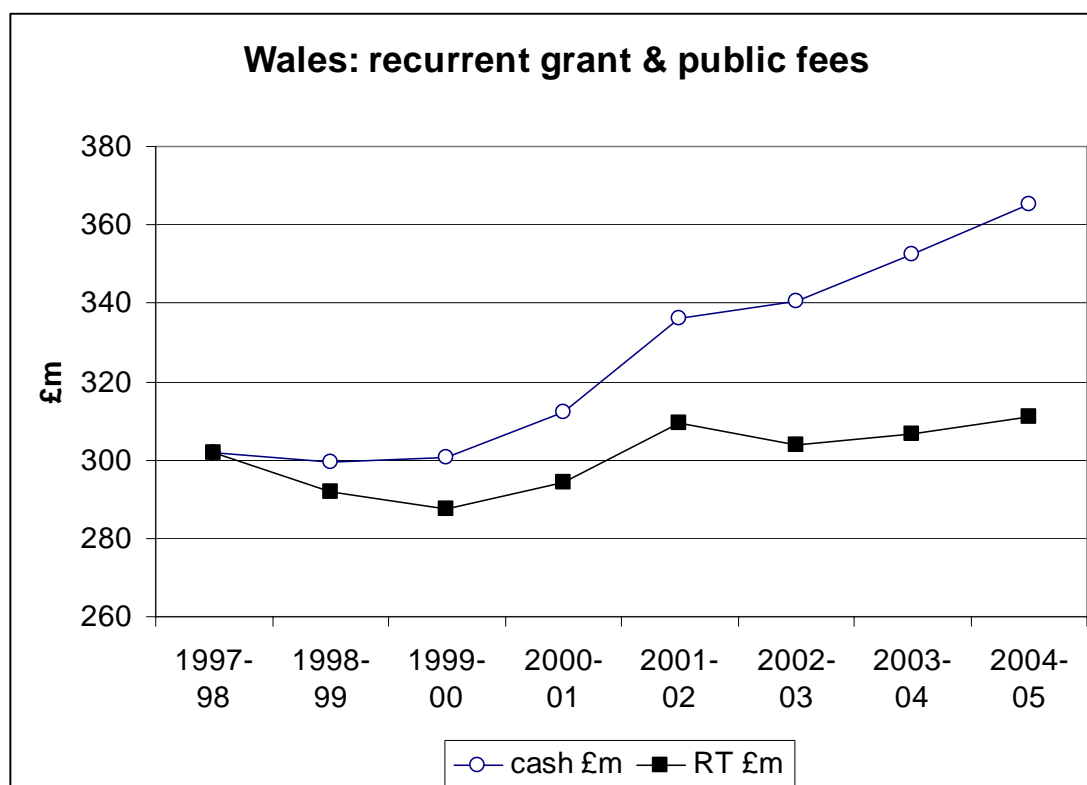
Source: annual grant letters. Calculations by UCU.

If private fee contributions are taken out of the equation, then recurrent government funding from grant and fees for higher education in Wales in 1997-8 to 2004-5 increased by only 3% above inflation.

Grant and fees: cash and real terms, Wales

	Recurrent grant & public fees	Recurrent grant & public fees
Wales	cash £m	Real terms £m
1997-98	302	302
1998-99	300	292
1999-00	301	287
2000-01	312	294
2001-02	336	310
2002-03	340	304
2003-04	353	307
2004-05	365	311
1997-8 to 2004-5 Change %	21.0%	3.0%

Source: annual grant letters; calculations by UCU, using HMT GDP deflator @ 23.12.05.



Source: annual grant letters; calculations by UCU, using HMT GDP deflator @ 23.12.05.

Top-up fees

What difference will top-up, or flexible, fees make in Wales when they are introduced in 2007-8? In Wales, total grant and fees – including top-up fees from 2007-8 - are estimated to increase by 7.1% in 2006-7, by 9.1% in 2007-8 and by 6.3% in 2008-9. Between 2005-6 and 2008-9, total grant and fees – including top-up fees - are estimated to rise by 22.5%, a rise of £132m over the three-year period. It should be noted that for 2008-9 the National Assembly is planning a 2.5% cut in grant to the Higher Education Funding Council for Wales.

HE funding council grant and academic fees, Wales

	2003-4	2004-5	2005-06	2006-07	2005-6 to
	£000s	£000s	£000s	£000s	2006-7
	Outturn	Outturn/ estimate	Forecast/ plan	Forecast/ plan	% change
1. Funding council grant			362,477	396,772	9.5%
2. Academic fees and support grants	174,668	178,388	182,634	187,127	2.5%
Top-up fees*					
Total grant and fees			545,111	583,899	7.1%

	2007-08	2006-7 to	2008-09	2007-8 to	2005-6 to
	£000s	2007-8	£000s	2008-9	2008-9
	Forecast/ plan	% change	Forecast/ plan	% change	% change
1. Funding council grant	402,199	1.4%	392,196	-2.5%	8.3%
2. Academic fees and support grants	192,104	2.7%	197,291	2.7%	7.8%
Top-up fees*	42,507		87,309	105.4%	105.4%
Total grant and fees	636,810	9.1%	676,796	6.3%	22.5%

* Provisional figures awaiting further analysis

Notes

1. Higher level learning incl. HEFCW grant	Source: NAW Draft Budget Proposals Oct 2005, plus additional funding announced November 2005
2. Academic fees and support grants	Source: HESA 2003/04 Resources of Higher Education Institutions, uprated by HMT GDP deflator @ 23.12.05
Estimated top-up fee income	UCU estimates based on 2003-4 HESA data: 23,615 full-time 1st-year u/grads UK & other EU domicile x £1,800 in 2007-8, then x2 in 2008-9

Funding per student in Wales

There are different ways of looking at the level of funding provided for each full-time equivalent student – the unit of resource. The information presented here looks at recurrent grant from the UK and then Welsh Assembly governments to the Higher Education Funding Council for Wales, and fees. Calculations of the unit of resource do not normally include capital spending.

The first two columns only consider recurrent grant and tuition fee contributions from the government to 2004-5 (data on fees and student numbers are not publicly available after 2004-5). Between 1997-8 and 2004-5 the unit rose by 6.5% in cash terms, which meant a 9.3% cut in real terms.

The third and fourth columns look at recurrent grant plus public and private fee contributions. Over the same period the unit rose by 14.7% in cash terms, and fell by 2.4% in real terms.

In conclusion, despite the additional income from student fee contributions, the unit of resource in Wales fell in real terms in the period 1997-8 to 2004-5.

Recurrent funding per student, Wales

	Recurrent grant & public fees	Recurrent grant & public fees	Recurrent grant & all fees	Recurrent grant & all fees
	unit £ cash	unit £ real terms	unit £ cash	unit £ real terms
1996-97	4420		4420	
1997-98	4634	4634	4634	4634
1998-99	4445	4332	4568	4452
1999-00	4416	4221	4656	4450
2000-01	4446	4195	4749	4481
2001-02	4643	4275	4975	4581
2002-03	4658	4157	5007	4468
2003-04	4796	4170	5161	4487
2004-05	4935	4201	5315	4524
1997-8 to 2004-5 % change	6.5%	-9.3%	14.7%	-2.4%

Source: annual grant letters; calculations by UCU, using HMT GDP deflator @ 23.12.05.

Welsh higher education funding as a proportion of GDP

Recurrent and capital grants for higher education in Wales, plus public and private tuition fee payments, have fluctuated since 1997-8 as a proportion of UK GDP, with the level at 2004-5 lower than in 1997-8.