

Chair
Children, Young People and Education Committee
Senedd Cymru / Welsh Parliament

Trwy ebost / By Email seneddchildren@senedd.wales

9 Ebrill / April 2025

Dear Buffy Williams MS,

Thank you for your letter of 12 March 2025 outlining the nature of your committee's enquiries.

I am pleased to be able to supply you with the following responses to your questions.

Assessment of the Challenges

Aberystwyth University has faced similar challenges to the rest of the HE sector in Wales, and a number of common challenges with other Universities across the UK sector.

You will be aware that for over a decade the Welsh Government restricted domestic undergraduate tuition fees to £9000 per annum. This figure was first set in 2012/13, and not raised until 2024/2025 when the then Education Minister increased the maximum fee level to £9250. The real-terms decline in the value of these fees over the course of the decade has removed resource from the University. The resultant position has impacted on the levels of reserves held by the University and levels of investment in facilities such as digital and physical infrastructure. Domestic undergraduate tuition fees is Aberystwyth University's main source of annual income. Therefore, the resultant position of the University is that it is not as financially resilient as we would wish. This declining position has been set out in our annual accounts over the period.

Over more recent years, higher inflation has exacerbated the impact of reducing real-terms tuition fee income. These inflationary pressures have impacted both pay and non-pay costs.

You may agree that over the decade of reducing income levels from domestic undergraduate tuition fees, many universities have increasingly relied on unregulated fee income from international students. International Student tuition fee income has remained a relatively small part of Aberystwyth's overall income over the period. While this has meant that Aberystwyth has experienced an over-reliance on domestic tuition fee income, the recent deterioration in international student recruitment markets has had a severe impact on the HE sector, but a proportionately lower impact on Aberystwyth University.

Over recent years we have also experienced a notable increase in student support needs and costs, as newer cohorts of students increasingly have additional needs.

The University has also taken on further cost and financial risk in some circumstances where funding by other partners for collaborative activities has been reduced due to budgetary constraints.

Policy impact on sustainability

As noted above, tuition fee rates barely increased for inflation over the past decade meaning that universities' main income stream reduced in real terms.

In tandem with the reducing levels of tuition fee income, student maintenance funding has not kept pace with inflation. It is believed that this has contributed to a gradual undermining of students' motivation to enrol at university, despite the overwhelming evidence of a positive impact on career prospects resulting from a university education.

Research activities have been similarly subject to severe financial pressures. At best, research activity is funded at 80% of cost, meaning that universities need to provide an increasing level of subsidy for such work year on year.

The most recent high impact policy change has come in form of changes to VISA regulations by the UK Government. These changes have affected our ability to recruit from some international student recruitment markets, meaning a reduction in income and a less diverse university community.

It should also be noted that the Welsh Government's Seren Programme has continued to have a detrimental impact on our ability to attract some Welsh domiciled students. While I am fully aligned with the Welsh Government's aim to enable gifted students to apply to universities that meet their needs best, at the very least a perception has been allowed to develop that such talents are channelled towards institutions in England, despite the strengths of Welsh institutions in relevant disciplines.

Changes made and outlook

Aberystwyth University is currently in the process of delivering plans that will see significant spending reductions within the institution.

These plans include removing up to 200 staff posts as well as reductions to non-pay budgets as we ensure that the University's spending is within its income levels.

While spending reductions have had to be delivered over a short period of time in order to respond to the financial challenges of the sector, we have also instigated a Transformation Programme aimed at driving longer-term change that will result in better ways of working, and more efficient structures within the University.

All elements of this work are ongoing and have been supported by generally positive recruitment during 2024/25. We are confident of meeting our financial targets for the year, which form part of our plan to return to financial surplus over the coming years. However, it is important to note that all progress will remain dependent on external factors such as inflation and international student recruitment markets, as well as internal delivery of spending reductions and transformation projects.

Yours,

A handwritten signature in black ink, appearing to read 'Jon Timmis', written in a cursive style.

Professor Jon Timmis
Vice-Chancellor