The Chester Civic Trust

ASSESSING DEMAND FOR PURPOSE BUILT STUDENT ACCOMMODATION IN CHESTER

Chester Civic Trust comments on Chester University's August 2014 report

Introduction

The Chester Civic Trust welcomes the University's attempts to quantify future demand for purpose built student accommodation and recognises that making firm projections is fraught with difficulty in the currently uncertain environment in higher education. The Trust wishes, however, to raise a number of queries in relation to the August 2014 Report and offers some alternative scenarios based on the structures outlined in Appendix C of that report.

Queries on the University's projection of future student numbers

The University is clearly attempting a strategy of dynamic growth in the increasingly competitive market for higher education. The August 2014 Report assumes the success of this strategy. Chester Civic Trust wishes to raise the following queries about the University's assumptions:-

1. What new 'factors have emerged' that have necessitated the August 2014 revised paper and what are the results, in numerical terms, of the University's 'consideration further in depth' of the removal of the cap from 2015? The logical progression from the factors mentioned in the report to their numerical outcomes is unclear.

2. How have the projected numbers of Level 4 entrants up to 2016-17 been estimated? Although some indication is given in the paper of the types of factors considered, there is no evidence of how these have been quantified and how the total of Level 4 entrants is made up.

3. Why has the University merely presented 'the highest level forecasting scenario' for student numbers?[1] A range of forecasting scenarios would be a sounder methodology.

4. Has the University considered the possible impact on enrolment of the decline in the national numbers contained in the 18-20 year-old student Level 4 entry cohort between 2012 and 2021? It is estimated that the cohort will decline by 12.3% in this period. Britain's universities will, therefore, be fighting to attract entrants in a declining market for domestic students.

[1] August 2014 report, p. 2.

5. What justification is there for the assumption that Chester University will have more rapid growth than competitors and achieve a greater market share? In the period 2007-08 to 2012-13 the University averaged 0.71% of the national market share of students (UG and PG) and there was little evidence in that period that it was significantly increasing its market share.[2] In the forthcoming period how will Chester succeed in radically increasing its numbers of overseas and EU students in competition with older and more prestigious universities and, indeed, the rest of the HE sector? It could be a ‘zero-sum’ game with all institutions responding in the same way.

6. Is it assumed that all the students on courses at Thornton will live in Chester? Has the University rejected the possibility of Thornton students living on site in purpose built accommodation and/or in Ellesmere Port and other adjacent localities?

7. Why is there likely to be new demand from students who currently live at home? The University’s survey demonstrates that affordability is the leading criterion for choice and that is always likely to sway the choice towards living at home for students in a position to do so.

Query on cohort progression

The University’s table in Appendix C assumes that in the years 2013-14 to 2015-16 the wastage rate of students who fail to progress from Level 4 to Level 5 will be 10%, <u>yet the wastage of the 2012-13 entrants was 20.4%.</u> We believe the latter figure accords with the general reality. Why has the University assumed this dramatic reduction in Level 4-5 wastage? Assumption of a reduced wastage rate does, of course, significantly increase the numbers of Level 5 and 6 students apparently seeking accommodation.

Preferences for accommodation

It is welcome that the University has surveyed students over their possible accommodation preferences. Such survey evidence needs to be used with caution, however. How has the University estimated what proportion of students theoretically ‘interested’ in purpose built accommodation in a speculative survey (pp 7-8) would translate into <u>effective demanders</u> of it when it was available?

Availability of purpose built accommodation in 2016-17

The August 2014 Report assumes that the bed spaces in purpose built accommodation available in 2016-17 will be that shown on Tables 1 and 2 – i.e. that currently available in 2014. Table 3 shows, however, that at least four developments (Crewe Street, Linenhall, Commonhall Street and Fishwick’s Yard) have received planning permission and are likely to be available by 2016-17. These will provide an extra 1125 bed spaces, making a total of 2813. Why has the University not factored this accommodation into the estimates for accommodation in Appendix C? The current Appendix C inflates the ‘rest of the student population’ figures by ignoring accommodation coming on stream by 2016-17 and therefore inflates the apparent levels of future demand.

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[2] HESA statistics.

Some alternative estimates of the need for purpose built accommodation.
In response to the issues raised above Chester Civic Trust offers tables overleaf (structured similarly to the University's Appendix C) based on **three different scenarios** for the plan period.

Table A. assumes a pessimistic scenario (for the University) in which the University fails to expand its Level 4 entrants but achieves its projected growth of PG entrants. A 20% Level 4-5 wastage has been factored in and the likely available accommodation in 2016-17 added.

Table B. assumes a 7% p.a. increase in Level 4 entrants year on year based on the actual 2012-13 to 2013-14 performance. It then makes the same assumptions over wastage and available accommodation as Table A.

Table C. accepts the University's Level 4 entrants scenario from Appendix C but factors in the same wastage and available accommodation assumptions as Table A.

It will be seen that the estimated levels of possible demand in 2016-17 are lower in every case than those presented in the August 2014 Report.

The University's 'estimated levels of demand' are between 28% and 41% higher than those shown in our estimates above.

(Note: slight discrepancies in totals are due to rounding)

See Tables Below:

A. L4 Static Growth Assumption, 20% L4-5 wastage, 2% L5-6 increase and Accommodation delivered by 2016-17

2016-17 accommodation and levels of demand

Chester Campus	2012/13 Total Students	2013/14 Total Students	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	No. In Uni Acc	No in other purpose built	Delivered by 2016-17	Total bedspaces	Rest of Student Population	Est levels of demand 82%/42%	Est levels of demand 73%/37%	Est levels of demand 60%/30%
Level 4	2342	2507	2757	2757	2757	1441	247	1125	2813	-56	-56	-56	-56
Level 5	1980	1865	2006	2206	2206	0	0	0	0	2206	926	816	662
Level 6	1825	2034	1902	2046	2250	0	0	0	0	2250	945	832	675
PGT/PGR	1140	1442	1542	1642	1742	0	0	0	0	1742	732	645	523
Total	7287	7848	8207	8650	8954	1441	247	1125	2813	6141	2547	2237	1803

B. L4: 7% p.a. Growth Assumption, 20% L4-5 wastage, 2% L5-6 increase and Accommodation delivered by 2016-17

2016-17 accommodation and levels of demand

Chester Campus	2012/13 Total Students	2013/14 Total Students	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	No. In Uni Acc	No in other purpose built	Delivered by 2016-17	Total bedspaces	Rest of Student Population	Est levels of demand 82%/42%	Est levels of demand 73%/37%	Est levels of demand 60%/30%
Level 4	2342	2507	2682	2870	3071	1441	247	1125	2813	258	212	188	155
Level 5	1980	1865	2006	2146	2296	0	0	0	0	2296	987	850	689
Level 6	1825	2034	1902	2046	2189	0	0	0	0	2189	919	810	657
PGT/PGR	1140	1442	1542	1642	1742	0	0	0	0	1742	732	645	523
Total	7287	7848	8132	8703.9683	9298	1441	247	1125	2813	6485	2850	2493	2023

C. University Growth Assumption but 20% L4-5 wastage, 2%L5-6 increase and Accommodation delivered by 2016-17

2016-17 accommodation and levels of demand

Chester Campus	2012/13 Total Students	2013/14 Total Students	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	No. In Uni Acc	No in other purpose built	Delivered by 2016-17	Total bedspaces	Rest of Student Population	Est levels of demand 82%/42%	Est levels of demand 73%/37%	Est levels of demand 60%/30%
Level 4	2342	2507	2757	3018	3288	1441	247	1125	2813	475	390	347	285
Level 5	1980	1865	2006	2206	2414	0	0	0	0	2414	1038	893	724
Level 6	1825	2034	1902	2046	2250	0	0	0	0	2250	945	832	675
PGT/PGR	1140	1442	1542	1642	1742	0	0	0	0	1742	732	645	523
Total	7287	7848	8207	8911	9694	1441	247	1125	2813	6881	3104	2717	2207