

HE Finance and Funding

Overview

Finance and funding overview

- Up to July 2019, OfS will fund teaching under powers that have applied to HEFCE since 1992.
- During this period, requirements on providers will be through conditions of grant, not conditions of registration
- This presentation covers:

- How teaching in HE is financed through student tuition fees and Government grants
- How the HEFCE teaching funding method has applied in 2017-18
- The approach to funding for academic year 2018-19:
 - Government guidance letter
 - Budget and funding method decisions
 - Process

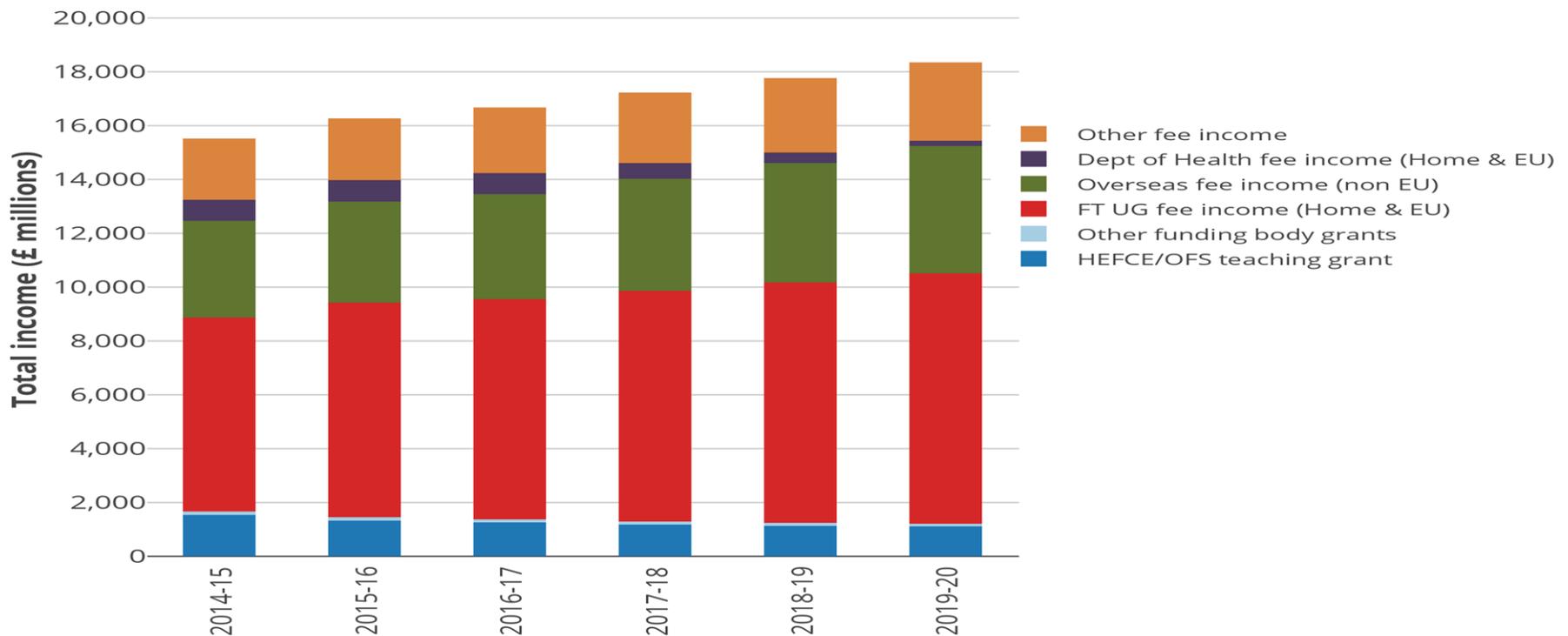
Finance for teaching: tuition fees provide majority of income

- **UK & EU students** at HEFCE-funded providers
 - Most undergraduates, plus postgraduates on initial teacher training courses, subject to regulated tuition fee limits – loans available through Student Loans Company (SLC) to cover tuition fees and contribute to maintenance costs
 - Other postgraduates, plus many undergraduates aiming for an “equivalent or lower qualification” (ELQ), are not subject to regulated tuition fee limits – Postgraduate Masters loans of up to £10,000 per course available through SLC to contribute to course and maintenance costs
- **Overseas/international students** at HEFCE-funded providers can be charged higher (unregulated) fees than UK & EU students
- Students at **non-HEFCE-funded providers**
 - Not subject to any regulated fee limits
 - Students at some providers are able to access SLC tuition fee (at capped levels) and maintenance loans

Income for teaching at HEFCE-funded HEIs

- Source: HEFCE 2017/28: 'Financial health of the higher education sector: 2016-17 to 2019-20 forecasts

Figure 3: Breakdown of actual and forecast teaching-related income (real terms) 2014-15 to 2019-20



Finance for teaching: other sources besides HEFCE & SLC

- **UKRI** has responsibility for funding postgraduate research students.
- National College for Teaching and Leadership (**NCTL**) has responsibility for funding initial and in-service teacher training for early years and school teachers.
- Education and Skills Funding Agency (**ESFA**)
 - Funds apprenticeships (including through employer levy) – but seen as equivalent to income through fees and for maintenance: HEFCE still counts study towards HE qualifications in its allocations
 - Administers with SLC ‘advanced learner loans’ for non-prescribed HE courses
- **DH/NHS/Health Education England**
 - Contributes to costs for NHS trusts of medical and dental training
 - Provides bursaries for those training to qualify in certain nursing, midwifery and allied health professions (NMAHP) and for trainee social workers – but phased transfer to HE finance arrangements and HEFCE/OfS for NMAHP is underway.

Finance for teaching: HEFCE

- HEFCE funds eligible **activities of institutions** using a **fixed budget**.
- Recurrent teaching funding comprises a main allocation for **high cost subjects** (£652M) and a number of **targeted allocations** (total £668M)

Targeted allocations:

- Student premiums and access (£367M)
- Subject-related targeted allocations (£53M)
- Others (many with a subject-related dimension) (£248M)

• Other funding from Government teaching grants

- Contribution to knowledge exchange funding (£47M)
- Support for national facilities and initiatives (£89M)
- Capital grants (£150M)

Recurrent teaching method for 2017-18: high-cost subjects

Price group		Funding rate per FTE (£s)	Total £Ms
A	Clinical years of medicine, dentistry, veterinary science	10,165	246
B	Laboratory-based science, engineering, technology; pre-registration courses in midwifery and allied health	1,525	351
C1	Computer science, Art & design, media studies, archaeology; pre-registration courses in nursing	254	55
C2	Other intermediate cost subjects with a laboratory, studio or fieldwork element	0	0
D	Classroom-based subjects	0	0
All		(Average: 593)	652

Teaching capital grants FY 2017-18

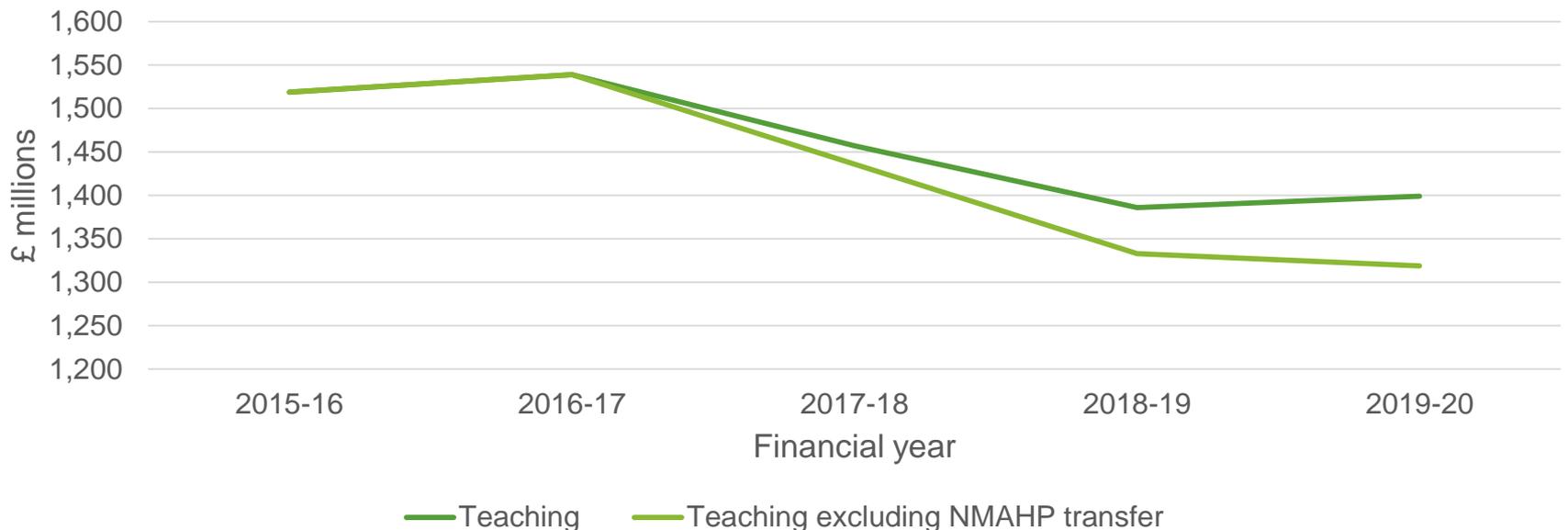
Funding stream	Budget (£Ms)
Formula teaching capital	135
Contribution to catalyst fund	5
Contribution to Jisc	10
Total	150



Teaching grant from Spending Review & Autumn Statement 2015

- Underlying cut from 2014-15 to 2019-20 of £350M.
- £150M in-year cut for FY 2015-16, which was consolidated by the 2015 Spending Review
- Further underlying cut of £200M by 2019-20, which was partly offset by the transfer in of £80M for pre-registration nursing, midwifery & allied health
- Equivalent to **cut of over 20 per cent** across government grant letter recurrent teaching by 2019-20

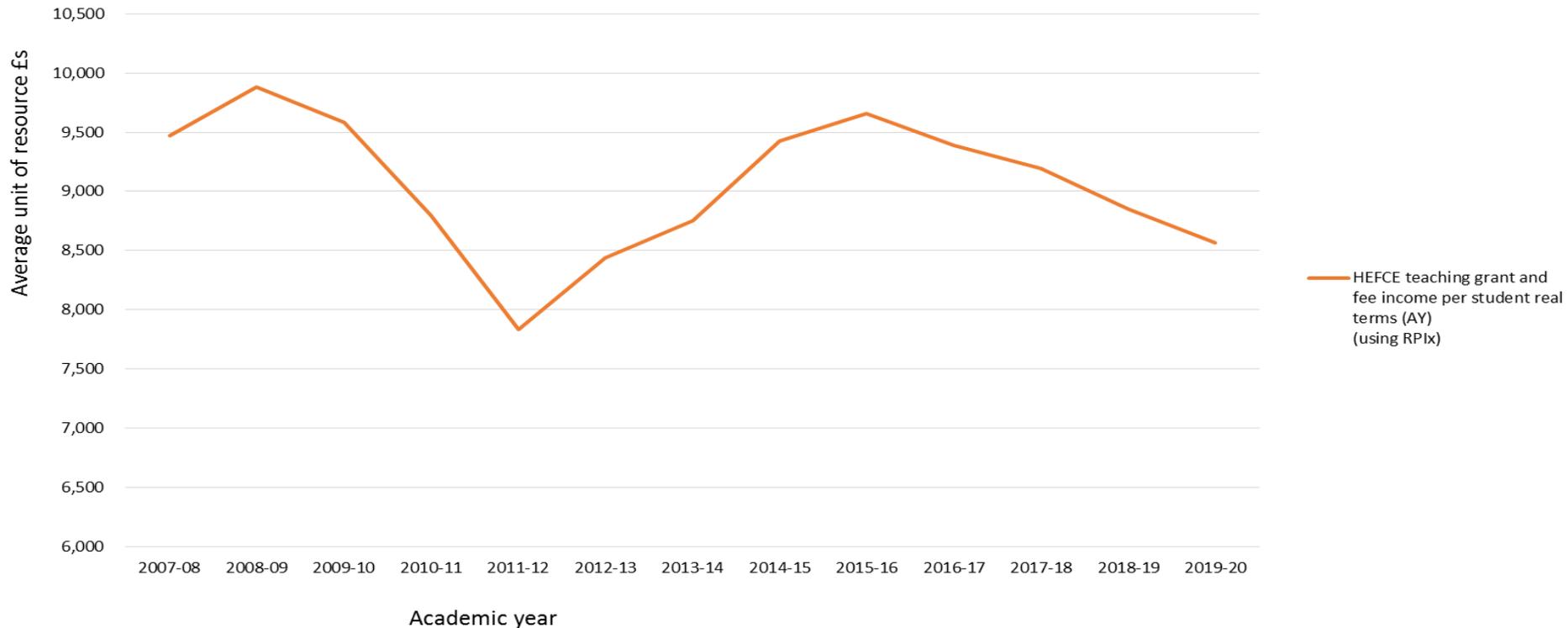
Government grant letter allocations by financial year



Estimated teaching resource per HEFCE-fundable taught FTE

- Capital + recurrent figures in real-terms (2016-17 prices) using RPIx
- Students in all years of study

HEFCE teaching grant (recurrent and capital) and fee income per FTE student
(real terms, 2016-17 AY)



Funding priorities and decisions

- We expect a **guidance letter from Government** at end February 2018.

Priorities for teaching in recent grant letters to HEFCE have been to ‘...protect, in real terms, the total amount of funding for high cost subjects (including STEM), and, as far as possible, look to protect funding for widening participation and small and specialist institutions with world-leading teaching.’

- In March Board will be asked to:

- (Delegate authority to) agree memorandum of assurance and accountability and funding agreements for April 2018 to July 2019
- Confirm funding for remaining months of AY 2017-18, as previously announced by HEFCE
- Determine budgets and methods for 2018-19

Decisions required on methods

- For **today**: providing clinical rate of funding (price group A) for dental hygiene/therapy following recent costing study

- For **March**:

- Funding for postgraduate taught students, in light of availability of postgraduate masters loans and recent HEFCE consultation
- Funding method for disabled students premium
- Funding for nursing, midwifery and allied health profession courses in light of any transfer of funding responsibility for postgraduate pre-registration courses

- In the **longer term**: a review of funding principles, priorities and methods