

# Mind the gap: Comparing public funding in higher and further education

Resource benchmarking across education sectors in the United Kingdom

Final Report for the University and College Union

EXECUTIVE SUMMARY



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## Executive Summary

### Scope, summary methodology and caveats

#### Scope

London Economics were commissioned by the University and College Union (UCU) to provide an independent assessment of the level of public funding allocated to learners undertaking higher and further education across the United Kingdom.

The analysis provides detailed estimates of the public funding per eligible learner enrolled in **higher education** across the four Home Nations of the United Kingdom (at both undergraduate and postgraduate level, as well as on a full-time or part-time basis). Given the different funding rules associated with cross-border flows, the analysis also considers the funding available for those higher education students enrolled in a Higher Education Institution (HEI) outside of their own home domicile. This analysis is further disaggregated according to the source of funding (i.e. whether funding is provided in the form of **student support** or directly to Higher Education Institutions through **block grant funding** for teaching, research and other activities via the relevant funding body).

Given the differing granularity of available information available across the four Home Nations, an analysis of the per capita funding associated with **Adult Skills** (i.e. learners aged 19 or above) is presented for learners in England only (broken down according to whether the learner is enrolled in apprenticeship or non-apprenticeship training). Finally, the report also presents comparable information on public funding levels associated with **16-19 learners** in Further Education Colleges, again focusing on England only.

#### Methodology

In terms of the methodological approach, the entire analysis has been undertaken using budgetary and student number information available in the public domain. The main information sources include Statistical First Releases and reports from central government departments, funding agencies, Non-Departmental Public Bodies and Executive Agencies of the government in each of the Home Nations.

There are **two fundamental clarifications** required at the outset.

First, the analysis covers students and learners in two academic years: 2012/13 and 2013/14. The analysis addresses the level of public funding available to *all* students in each academic year, rather than consideration of a *cohort* of students passing through the system in different academic years. As such, depending on the education sector of interest, there may be (proportions of) students that are funded in different ways and at different levels within a given academic year; however, our analysis presents the **average level of funding** across these differing funding policy regimes.

Secondly, the analysis throughout considers the level of public funding available to **all eligible students**, and not the public funding per *funded* student. In other words, we assume that the relevant public funding in a particular component of the education budget is shared equally across the entire student body (distinguishing by a range of key student characteristics) rather than just on those that actually receive the funding. Taking an example, rather than 90% of HE students in England taking up 90% of the tuition fee loan on average (and receiving the public subsidy associated with that loan), we assume that 100% of students take up 81% of the loan. This

approach is crucial in allowing some comparability across the Home Nations, as well as between different education sectors.

### Caveats

For the sake of transparency, there are several caveats presented throughout the report. Most fundamentally, the analysis is based on public information sources that contain varying degrees of information, but also contain evidence gaps - on occasion in terms of the population of learners eligible for different streams of public funding, but also in relation to the characteristics of the intended recipients of public support. These evidence gaps are sometimes exacerbated by reporting differences across the Home Nations, but also as a result of the focus of the analysis being on specific academic years (containing students/learners in receipt of different levels and types of funding). As such, some simplifying assumptions have been made throughout the analysis.

### Main findings

Figure 1 presents our key findings on the level of funding per student associated with higher education students across the Home Nations, and students undertaking Adult Skills (19+) and 16-19 learning in England.

#### Higher Education

- Within the higher education arena, there are relatively sizeable differences in the level of public funding per eligible higher education student enrolled in a Higher Education Institution in their *own* home country. In 2013/14, the total public funding associated with a full-time English undergraduate student studying in England stood at **£8,870** compared to **£9,456**, **£9,016** and **£7,721** for comparable Welsh, Scottish and Northern Irish students. In percentage terms, compared to English students studying in England, there is a **6.6%** funding surplus associated with Welsh students studying in Wales; a **1.6%** funding surplus associated with Scottish students studying in Scotland; and a **13.0%** funding deficit associated with Northern Irish students studying in Northern Ireland.
- There are large differences in the funding mechanisms across the Nations. For full-time undergraduate Welsh domiciled students studying in Wales, approximately **81%** of public funding is provided through student support (in the form of tuition fee and maintenance grants and loans), with the remaining **19%** allocated through the funding council. For English domiciled students in England, **68%** of public funding is provided through the student support system. However, in Scotland and Northern Ireland, the majority of public funding to support higher education is allocated through the relevant Funding Council/central government department (**63%** for Scottish domiciled students in Scotland and **54%** for Northern Ireland domiciled students in Northern Ireland, respectively).
- Given these differences in the means of allocation, and the resulting *portability* of public funding through student support arrangements, higher education students enrolled in Higher Education Institutions outside of their own Home Nation are associated with markedly different levels of funding. Specifically, as a result of the fact that Welsh students receive extensive tuition fee and maintenance support (irrespective of where they study), Welsh higher education students enrolled in England receive approximately **£10,298** in public funding (compared to **£9,456** associated with Welsh students studying at home). Reflecting the fact that higher education funding in Scotland and Northern Ireland is predominantly delivered through the relevant funding body directly to Higher Education Institutions, the funding associated with a Northern Irish or Scottish student enrolled in England stands at **£7,873** and **£5,046** respectively. In the sense that Welsh domiciled students are significantly more incentivised to enrol anywhere across the UK, they are more *valuable* to English HEIs compared to students domiciled in any other Home Nation (including England).

### Adult Skills and 16-19 apprentice and non-apprentice training

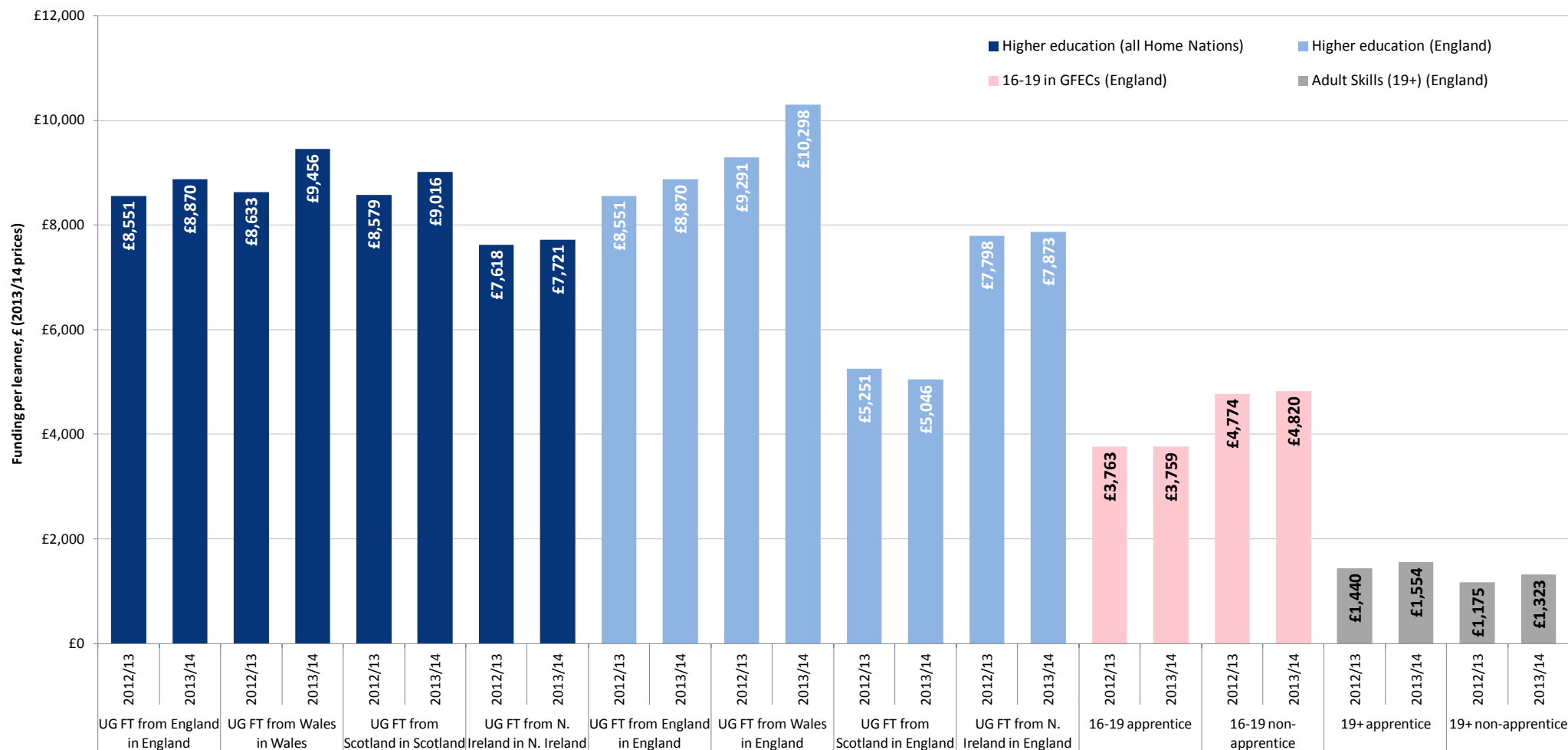
- Funding per student within the Adult Skills system is extremely low in comparison to the level of funding associated with higher education participation (in spite of some increases between 2012/13 and 2013/14). Specifically, funding per apprentice aged 19 or above amounts to **£1,554** per annum, equivalent to **18%** of comparable higher education funding, while funding per non-apprentice learner stands at **£1,323** (equivalent to **15%** of annual funding per full-time undergraduate student from England attending HEIs in England in 2013/14).
- Funding for 16-19 education in General FE Colleges, though noticeably larger than comparable figures within the Adult Skills system, is still considerably smaller than funding for higher education students. Funding per 16-19 apprentice stands at **£3,759** per annum (equivalent to **42%** of higher education funding), while funding per 16-19 non-apprentice was estimated to be **£4,820** per learner per annum (equivalent to **54%** of the total public funding per full-time undergraduate student from England studying in England in 2013/14).

### Annual changes in public funding per student/learner between 2012/13 and 2013/14

- The analysis suggests that the resource gap across higher education students has widened during the period under review. Specifically, there was a **9.5%** increase in public funds received per eligible full-time Welsh undergraduate attending a Welsh Higher Education Institution between 2012/13 and 2013/14. This compares to a **5.1%** increase for Scottish domiciled students in Scotland; a **3.7%** increase for English domiciled students in England; and a **1.4%** increase for Northern Irish students in Northern Ireland.
- Furthermore, as a result of changes in the proportion of total public funding awarded to Higher Education Institutions by the relevant public body (as opposed to direct funding for the student through student support), the variation in growth in public funding available to cross-border students studying in England is even greater. Specifically, there was a **10.8%** year on year increase in public funds received per eligible full-time Welsh undergraduate attending an English Higher Education Institution. This compares to a **1.0%** increase associated with Northern Irish students (in England), and a **3.9%** decline associated with Scottish students.
- Across sectors (in England), between 2012/13 and 2013/14, there has been a **widening of the gap in annual funding between eligible higher education students and 16-19 funding** (for both apprenticeships and non-apprenticeships). Compared to the **3.7%** year on year increase in public funds received per eligible full-time English undergraduate attending an English Higher Education Institution, there was a **1.0%** year on year increase in 16-19 non-apprenticeship funding and a **0.1%** decline in 16-19 non-apprenticeship funding.
- There has been a narrowing of the funding gap between per capita Adult Skills funding and per capita higher education funding (particularly amongst non-apprentices). Specifically, there was a **7.9%** year on year increase in 19+ per capita apprenticeship funding compared to a **12.7%** increase in 19+ non-apprenticeship funding (although this does not reflect the recently proposed cuts to total Adult Skills funding)<sup>1</sup>. However, despite this, learners funded through the Adult Skills still receive the lowest funding per eligible learner amongst all education sectors and age groups considered.

<sup>1</sup> The estimates presented here relating to 2012/13 and 2013/14 do not take into account the fundamental changes in the Adult Skills Budget that was announced in February 2014. Specifically, it was announced that the funding available within the Adult Skills Budget would decline from **£2.468bn** in 2013/14 to **£2.258bn** in 2014/15 and **£2.004bn** in 2015/16 (alongside an increase in the nominal face value of Advance Learning Loans from **£129 million** in 2013/14 to **£398 million** in 2014/15 and **£498 million** in 2015/16 ([here](#))).

**Figure 1 Public funding per student for HE students attending HEIs in home domicile and across England; 16-19 students attending General FE Colleges, and Adult Skills (19+) students in England (2013/14 prices), by academic year**



Source: London Economics' analysis of relevant sources (see Error! Reference source not found., Error! Reference source not found. and Error! Reference source not found. in Main Report) and Office for National Statistics (2015). 'Consumer Price Inflation reference tables, June 2015. Table 6a: CPI All Items: 1998 to 2015'. Available [here](#).



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