



Department
for Business
Innovation & Skills

BIS PERFORMANCE INDICATORS

Funding per student in higher
education

JUNE 2014

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Funding per student in higher education

Why is this indicator important?

The Higher Education funding system has undergone radical change. This indicator will provide evidence of the shift in the balance of funding for students from the HEFCE teaching grant to increased graduate contributions (via higher fee loans). The indicator has been designed to best represent the cost to Government. It should not be interpreted as a measure of 'income per student' as it does not include the full increase in teaching income that institutions will receive as a result of higher fees.

Replacing teaching grant with subsidised fee loans increases the sustainability of Higher Education Funding by reducing the real cost to government of student places. This could also have been delivered by reducing the income per student for the sector, or the number of students in the system. But this would have deprived people of the opportunity to go to university or jeopardised the quality of their education. Instead, the sector will continue to receive high levels of income per student, whilst the cost to Government of providing this support will reduce.

How are we performing?

The table below shows the cost per full time equivalent student from 2009-10 to 2013-14 (provisional figures).

	2009-10	2010-11	2011-12	2012-13	2013-14
a. Total student numbers (FTE, '000s)	1,410	1,450	1,460	1,400	1,360
b. HEFCE teaching grant (£m)	£5,030m	£4,950m	£4,650m	£3,820m	£2,860m
c. Student Support - grant (£m)	£1,420m	£1,590m	£1,640m	£1,730m	£1,800m
d. Student Support - loan costs (RAB, £m)	£2,110m	£2,330m	£2,480m	£3,020m	£3,870m
e. Total Expenditure (£m)	£8,550m	£8,870m	£8,770m	£8,560m	£8,530m
f. Cost per FTE (cash terms)	£6,050	£6,130	£6,010	£6,100	£6,280
g. Cost per FTE (real terms)	£6,050	£5,970	£5,650	£5,690	£5,510

* Student loan RAB costs are based on an estimated 42% RAB charge for pre-2012 loans and 46% for post-2012 loans.

What will influence this indicator?

This indicator will be influenced by the total number of students in the system (both entrants and continuing students) and changes in the overall cost to Government. The latter could result from changes in HEFCE teaching grant allocations, or changes in student support expenditure. Student support expenditure will depend on the eligibility and means testing regulations in place, student behaviour (i.e. take up of loans), as well as changes in the RAB charge. The RAB charge represents the true cost to Government of providing loans and is dependent on various assumptions related to the speed of repayment.

What is BIS's role?

BIS provides funding for higher education and sets the overall policy framework for the higher education sector.

Indicator definition

Expenditure includes HEFCE grant, Student Support Grant and Student Support Loan Costs, and is divided by the total Home and EU domiciled population.

The population figures relate to Full Time Equivalent students in financial year terms. It covers Home and EU domiciled students in English HEIs, including full time, part time, postgraduate and undergraduate. Figures exclude post-graduate research. Source – Higher Education Statistics Agency/Data Service Individualised Learner Record data and estimates based on HESES/HEIFES data.

The HEFCE teaching grant figures include targeted teaching grant, HEFCE admin costs, Employer Co-Funding grant and University Modernisation Funding. Source – HEFCE Grant Letter.

Student support does not cover expenditure by the devolved administrations on Welsh, Scottish and Northern Irish students studying in English institutions. Figures include maintenance grant, fee grant and allowances. Loan figures are the latest estimated resource cost to the government of providing both maintenance and fee loans and do not represent the cash available to students nor the fees payable to institutions. Source – Student Loans Company.

Further information

Additional information on Higher Education spending is published annually in the HEFCE grant letter. <http://www.hefce.ac.uk/whatwedo/invest/institns/annalocns/govletter/>

Related indicators

None

Status

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