

Resource Benchmarking in higher education: Blog

London Economics' analysis for the University and College Union provides detailed estimates of the funding per *eligible learner* enrolled in **higher education** across the four Home Nations of the United Kingdom in 2012-13 and 2013-14. Importantly, the analysis considers 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). How public funding is allocated is important, because given the level of cross-border student flows, the public funding linked with those students enrolled in a Higher Education Institution (HEI) *outside* of their own home domicile varies considerably.

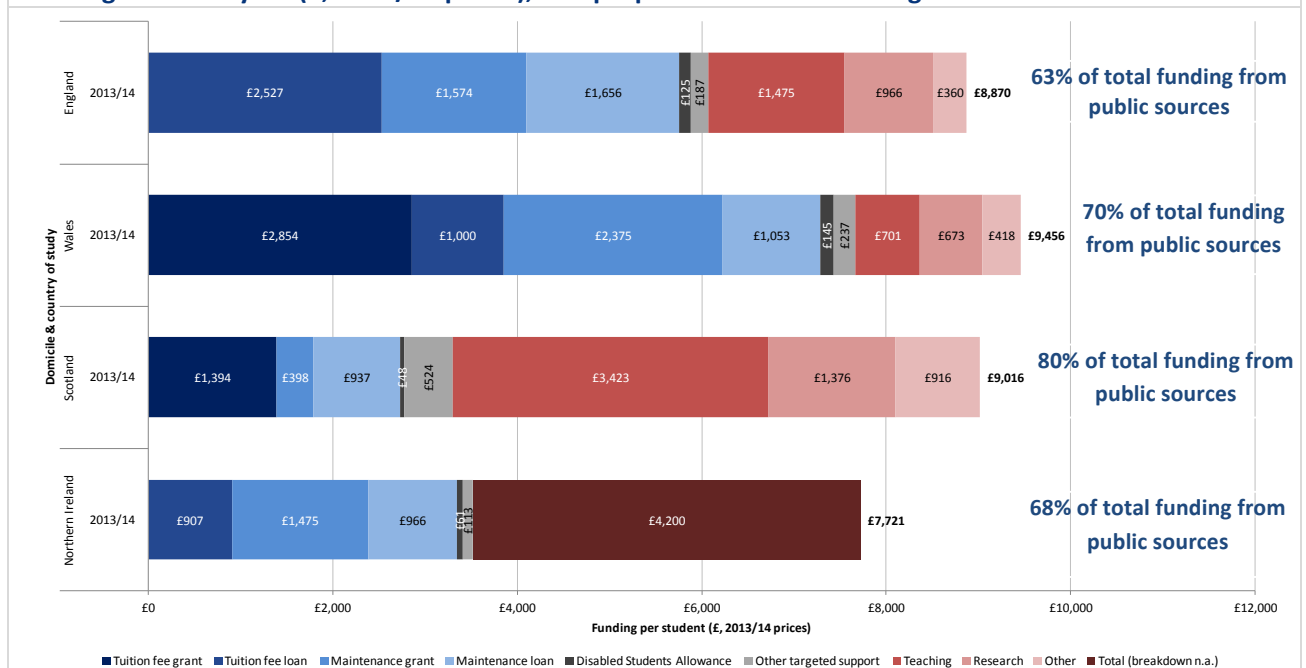
What is the total level of public funding for full-time undergraduates?

The *public funding* for higher education includes the resources allocated through funding councils, maintenance or tuition fee grants, as well as the proportion of the maintenance and fee loans that are expected to be written off (the so-called RAB charge (which varies considerably by Home Nation as a result of the relative size of loans taken out from the Student Loans Company)). There are relatively sizeable differences in the level of public funding per eligible higher education student by Home Nation. 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 studying in their own domicile.

What is the relative contribution of the public purse and private individuals?

To estimate the *private contribution* to higher education, we estimate the proportion of maintenance and tuition fee loans that *are* paid off by students after they graduate. For full-time undergraduates studying in their home domicile, the analysis indicates that in 2013-14, approximately **63%** of total higher education funding in England was contributed by the public purse, compared to **37%** through private contributions. Compared to England, the public contribution to higher education is greater in proportionate terms in Scotland and Wales (and relatively comparable in Northern Ireland). Specifically, the analysis indicates that the public purse contribution to full-time undergraduate study stood at approximately **70%** in Wales in 2013/14, compared to **80%** in Scotland and **68%** in Northern Ireland.

Public funding per undergraduate full-time student studying at HEI by domicile, country of study, funding item and year (£, 2013/14 prices), and proportion of total funding



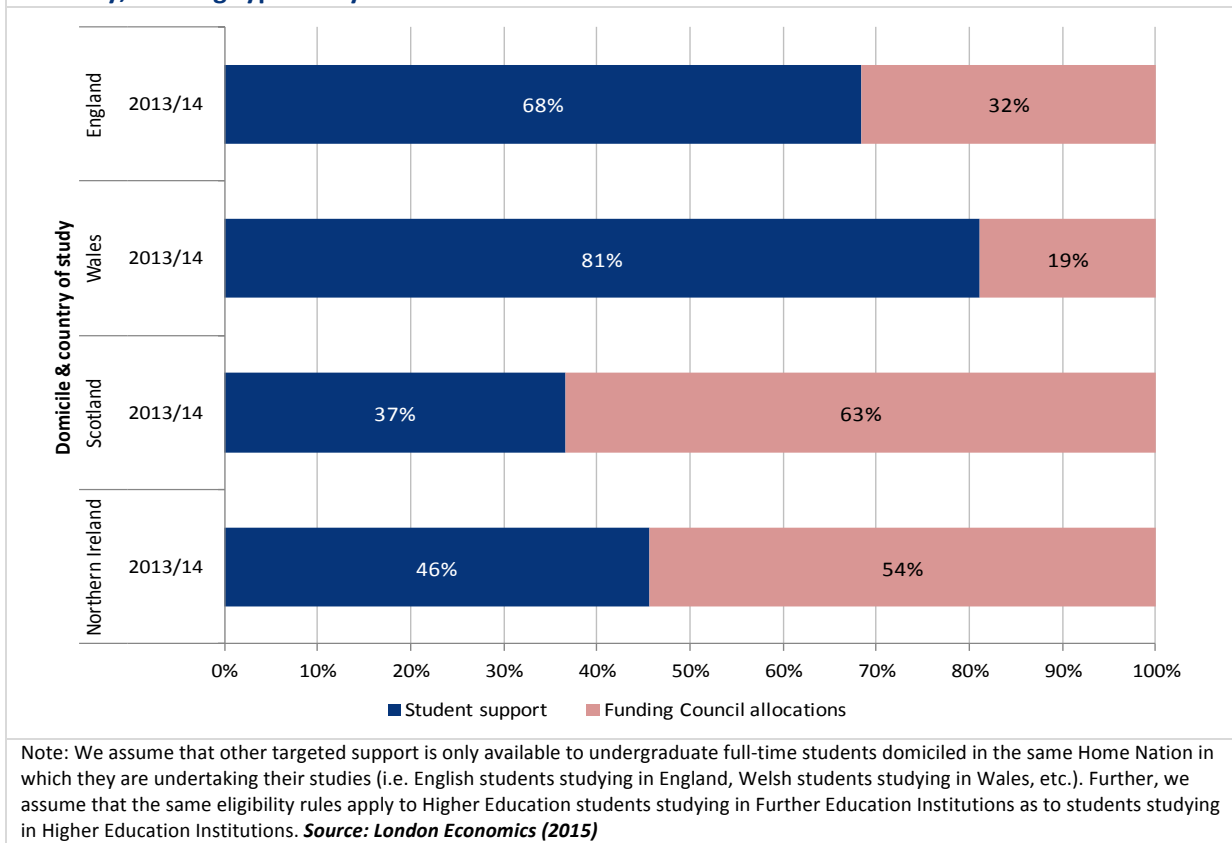
Note: We assume that other targeted support is only available to undergraduate full-time students domiciled in the same Home Nation in which they are undertaking their studies (i.e. English students studying in England, Welsh students studying in Wales, etc.). Further, we assume that the same eligibility rules apply to Higher Education students studying in Further Education Institutions as to students studying in Higher Education Institutions. **Source: London Economics (2015)**

What are the differences in how public funding is allocated?

There are also large differences in the funding mechanisms across the Home Nations. In some Home Nations, public funding is predominantly allocated via the student (through maintenance and tuition fee support), whilst in other Home Nations, resources are predominantly allocated through the higher education funding councils directly to HEIs. The alternative approaches adopted across the Home Nations are important - specifically because of the potential mobility of students - and the remaining resources available to host institutions. Resources allocated through student support are generally portable - while allocations through funding councils directly to HEIs in that particular Home Nation are not.

For instance, as a result of the receipt of the non-means tested *tuition fee grant*, for undergraduate full-time Welsh domiciled students, approximately **81%** of public funding is provided through student support, with the remaining **19%** allocated to HEIs through the Funding Council. For English domiciled students in England, **68%** of public funding is provided through the student support system (maintenance grants and loans, and tuition fee loans). 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 rather than the student support system (**63%** for Scottish domiciled students in Scotland and **54%** for Northern Ireland domiciled students in Northern Ireland, respectively).

Percentage breakdown of public funding per undergraduate full-time student by domicile, country of study, funding type and year



What about student mobility and cross-border flows? Is there a funding gap?

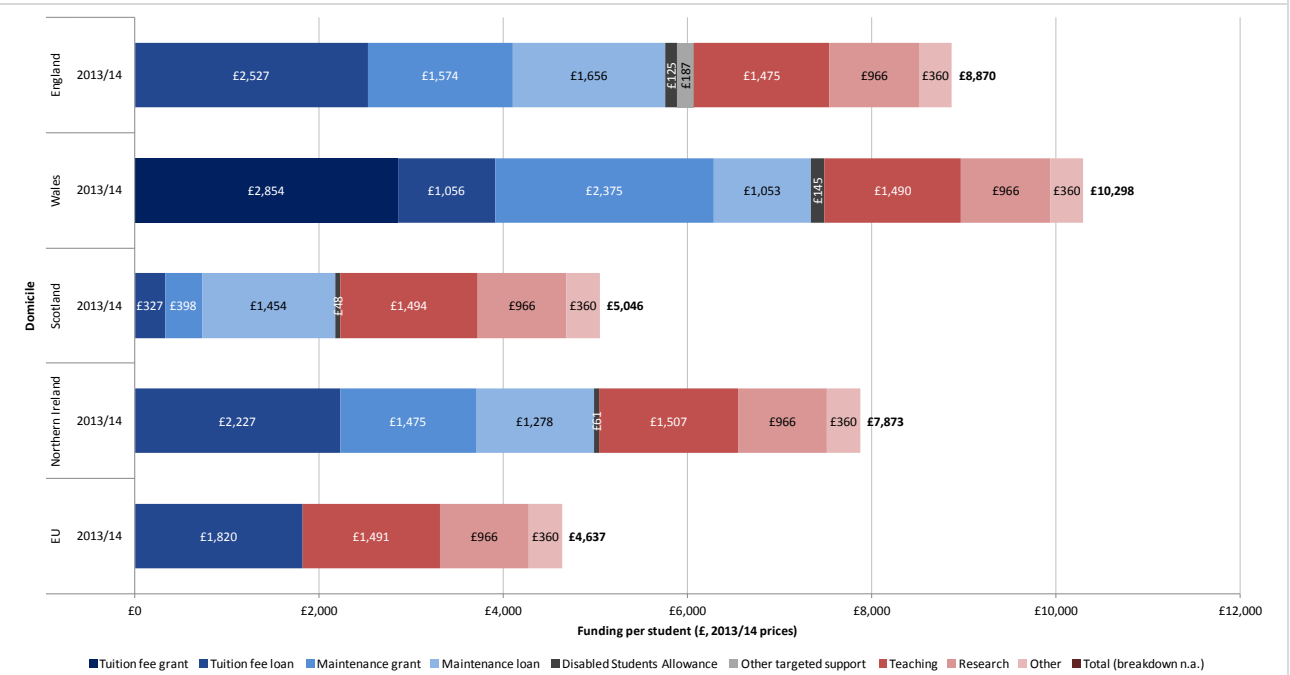
Given these differences in the means of allocation, and the resulting *portability* of public funding through student support arrangements, higher education students enrolled in Higher Education Institutions **outside of their own Home Nation** are associated with markedly different levels of public funding.

For example, irrespective of where they study, as a result of the relatively large levels of student support received by students from Wales - who receive *both* portable non-means tested tuition fee grants, tuition

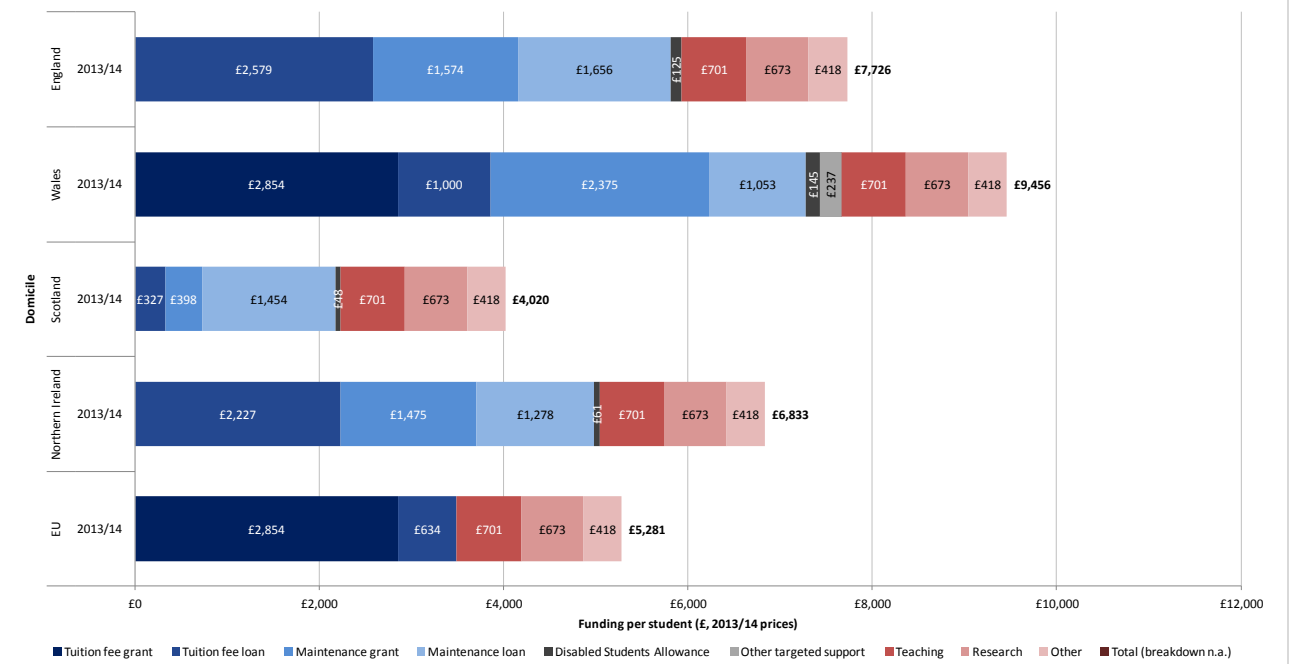
fee loans, maintenance grants and loans (and are assumed to pay back a relatively large proportion of their loans), Welsh higher education students enrolled in *England* receive approximately **£10,298** in public funding (compared to **£9,456** associated with Welsh students studying in *Wales*). In contrast, for *English* students studying in *Wales*, total public resources available stand at **£7,726**.

Public funding per undergraduate full-time student studying at HEI in England and Wales, by domicile, funding item and year (£, 2013/14 prices),

Studying in England:



Studying in Wales:



Note: We assume that other targeted support is only available to undergraduate full-time students domiciled in the same Home Nation in which they are undertaking their studies (i.e. English students studying in England, Welsh students studying in Wales, etc.). Further, we assume that the same eligibility rules apply to Higher Education students studying in Further Education Institutions as to students studying in Higher Education Institutions. **Source: London Economics (2015)**

Returning to students enrolled in English HEIs, reflecting the fact that higher education funding in Scotland is predominantly delivered through the relevant funding body directly to institutions, the funding associated with a Scottish student enrolled in *England* stands at **£5,046** - less than half that associated with a Welsh student studying in England.

In the sense that Welsh domiciled students are much more heavily supported and incentivised to pursue their higher education studies *anywhere* in the United Kingdom (as their high relatively high levels of student support are portable), this suggests that these students are significantly more 'valuable' to English HEIs compared to students domiciled in any other Home Nation (including England).

What does all this mean?

In Table 1 below, we illustrate the number of full-time undergraduates attending higher education institutions across the Home nations. The information demonstrates the relatively high number of students moving between Wales and England (in both directions), whilst there is a relatively low incidence of students from Scotland studying in England (though the opposite is less the case).

Table 1: Cross border student flows associated with student support funding for UK-domiciled full-time undergraduate students attending HEIs, 2013/14

Domicile ↓	Country of study			
	England	Wales	Scotland	Northern Ireland
England	931,805	30,660	13,975	765
Wales	20,415	34,890	395	20
Scotland	4,695	175	96,135	55
N. Ireland	9,215	460	3,640	28,805

Source: *London Economics (2015)*

In Table 2, we present the public resources associated with student support (i.e. the portable element of public funding) dependent on the domicile and location of study, which again illustrates the relatively high proportion of public funding that is allocated to students from Wales, irrespective of where they study.

Table 2: Cross border student support associated with student support funding for UK-domiciled full-time undergraduate students attending HEIs, 2013/14

Domicile ↓	Country of study			
	England	Wales	Scotland	Northern Ireland
England	£6,070	£5,934	£5,219	£5,531
Wales	£7,483	£7,664	£7,246	£7,246
Scotland	£2,227	£2,227	£3,301	£2,227
N. Ireland	£5,041	£5,041	£5,041	£3,521

Source: *London Economics (2015)*

Combining this information on portable resources, the information in Table 3 below indicates that approximately **£152.8 million** of resources flow from Wales to England (associated with **20,415** students attending HEIs in England), while **£181.9 million** of resources flow from England to Wales (associated with **30,660** students). Although the average level of student support funding per student associated with English students attending Welsh HEIs (**£5,934**) is *lower* than the level of funding per Welsh student attending English HEIs (**£7,483**) (see Table 2), the number of English students enrolled in Welsh Higher Education Institutions significantly *exceeds* the number of Welsh students enrolled in English Higher Education Institutions. This difference in student flows results in the level of resource outflow from Wales to England (**£152.8 million**) being *less than* the resource inflows from England into Wales (**£181.9 million**).

Table 3: Aggregate cross border resource flows associated with student support funding for UK-domiciled full-time undergraduate students attending HEIs in other Home Nations, 2013/14

Domicile ↓	Country of study				Resource Outflows
	England	Wales	Scotland	Northern Ireland	
England	5,855.7	181.9	72.9	4.2	259.1
Wales	152.8	267.4	2.9	0.1	155.8
Scotland	10.5	0.4	317.4	0.1	11.0
N. Ireland	46.5	2.3	18.3	101.4	67.1
Resource inflows	209.7	184.6	94.2	4.5	493.0

Source: London Economics (2015)

The same phenomenon is demonstrated in terms of English/Scottish cross border flows. For Scottish domiciled students, the significant difference in the costs of attending Scottish or English Higher Education Institutions means that there is a relatively limited flow of students from Scotland to England (4,695 students). In contrast, the fact that student support arrangements have no differentiating effect on where English student enrol, results in a significantly higher number of English students enrolled in Scottish HEIs (13,975 students). In addition, the average level of support funding per Scottish student attending HEIs in England stands at only £2,227, compared to £5,219 per English student studying in Scotland. The result is that approximately £10.5 million of resources flow from Scotland to England, while £72.9 million of resources flow from England to Scotland.

Conclusions

The level of human capital in an economy is one of the key determinants of economic growth - and consequently the prosperity of all individuals in that economy irrespective of whether they themselves received a university education. As such, the level of public funding for higher education is important. This analysis demonstrates the clear differences in both the level of *total* funding available within higher education - but also the proportions contributed by individuals privately and the public purse. The analysis also illustrates the fact that the way in which public resources are allocated is important in terms of the incentives offered to students to study in different Home Nations, but needs to be traded off against the remaining public resources available to support higher education institutions at home.