

## FUNDING BTEC HIGHER NATIONALS - A SUMMARY

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This document gives a brief summary of how BTEC Higher Nationals are funded in England and includes a worked example. Funding for these qualifications is the responsibility of the Higher Education Funding Council for England (HEFCE).

More detailed information can be found in the summary document *Funding higher education in England - How HEFCE allocates its funds - A summary*, which can be accessed [here](#).

All the information in both documents is taken from the HEFCE document May 2004/23 - Guide - Funding higher education in England. More detailed funding guidance, and more useful worked examples, can be found in this document, at: [http://www.hefce.ac.uk/Pubs/hefce/2004/04\\_23/04\\_23.doc](http://www.hefce.ac.uk/Pubs/hefce/2004/04_23/04_23.doc).)

In Wales, BTEC Higher Nationals are funded by the Higher Education Funding Council for Wales (HEFCW). For more information on this organisation please see: <http://www.elwa.org.uk/elwaweb/elwa.aspx?pageid=458>.

In Scotland, BTEC Higher Nationals are funded by the Scottish Higher Education Funding Council (SHEFC). Further information on funding in Scotland can be found on their website at: <http://www.shefc.ac.uk/>.

BTEC Higher Nationals in Northern Ireland are funded by the Department for Employment & Learning Northern Ireland. For more information on this organisation please see: <http://www.delni.gov.uk/>.

### WHICH BTEC HNDs AND HNCs WILL DRAW DOWN HEFCE FUNDING?

Type	Description	HEFCE Funding
<b>NQF</b>	BTEC HND and HNC programmes which are accredited by QCA on the National Qualifications Framework from 2003 onwards.	Funded by HEFCE for HEIs and FE colleges with direct funding.  Will receive HEFCE funding for the foreseeable future.
<b>Customised</b>	BTEC HND and HNC programmes which have been approved prior to the introduction of the standard NQF versions in 2003/4 or have been approved to non-standard specifications under the BTEC Customised Framework after September 2003.	Customised programmes will not obtain funding from HEFCE after 2005/06. Funding is in place until September 2005 starts, and for up to 3 years for registered students.
<b>Legacy</b>	A generic term to identify pre- and non-NQF/existing BTEC HNDs and HNCs approved and within their period of validity.	Legacy programmes will not obtain funding from HEFCE after 2005/06. Funding is in place until September 2005 starts, and for up to 3 years for registered students who commence in 2005.
<b>Licence</b>	BTEC HND and HNC programmes which are validated by HEIs within the scope of the Edexcel Licence Agreement.	Funding from HEFCE for HEIs as part of HEFCE's block funding arrangements. FE colleges within a franchise arrangement with the HEIs will draw down their funding from the franchising HEI.  Will receive HEFCE funding for the foreseeable future.

## OVERVIEW OF THE HEFCE FUNDING METHOD

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- Institutions receive teaching funds in the form of HEFCE grant and tuition fees. Full-time undergraduate students may receive assistance with their fees from the Government, based on their financial circumstances. Students from outside the EU are generally expected to meet the full costs of their courses.
- The combined total of grant and tuition fees is referred to as teaching resource or simply as resource.

$$\text{Resource} = \text{HEFCE grant} + \text{tuition fees}$$

## CALCULATING THE HEFCE GRANT

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There are four main stages in calculating the main element of HEFCE teaching funds for each university and college:

### STAGE 1

HEFCE calculates a **standard resource** for the institution. This is a notional calculation of what the institution would get if grant was calculated afresh each year. It is based on each institution's profile of students, and takes into account:

- the number of students
- subject-related factors
- student-related factors
- institution-related factors.

### STAGE 2

HEFCE calculates the **assumed resource** for the institution. This is based on the teaching grant that HEFCE actually paid to the institution for the previous year, adjusted for various factors such as inflation, plus HEFCE's assumptions of student tuition fee income.

### STAGE 3

HEFCE compares the **standard resource** with the **assumed resource** and work out the percentage difference between them.

### STAGE 4

If the difference between the standard resource and the assumed resource is no more than 5 per cent (whether that is plus 5 per cent or minus 5 per cent), then the HEFCE grant will be carried forward from one year to the next. For institutions outside the plus or minus 5 per cent **tolerance band**, their grant and/or student numbers need to be adjusted so that they move to within the tolerance band.

In addition to the main teaching funding method, HEFCE has made separate allocations to recognise the additional costs of recruiting and supporting students from disadvantaged and non-traditional backgrounds, and students with disabilities. These allocations to widen participation in higher education, recognise institutions' success in recruiting and retaining these categories of students.

## WORKED EXAMPLE OF THE TEACHING FUNDING CALCULATIONS FOR HEIS

### Example

University V and Higher Education College W both have 1,200 undergraduate student FTEs, with the same number of FTE students in each of the four price groups A, B, C and D. The HEFCE grant is £6,400,000. The table below shows the effect of premiums applying to the same institutions. In both institutions, all the students on price group D courses are studying for foundation degrees. The result of these calculations is that both institutions are within the tolerance band so no change in funding or student numbers will be needed.

Total weighted FTE calculation								
Institution	Price group	Mode	(a) FTE	(b) Price group weighted FTE	(c) Part-time 10% × (a)	(d) Foundation degree 10% × (a)	(e) Total weighted FTE sum (b) to (d)	(f) Standard resource = (e) × £3,484
University V	A	FTS	200	× 4 = 800	0	0	= 800	£2,787,200
	B	FTS	300	× 1.7 = 510	0	0	= 510	£1,776,840
	C	FTS	400	× 1.3 = 520	0	0	= 520	£1,811,680
	D	FTS	300	× 1 = 300	0	30	= 330	£1,149,720
<b>Total</b>			<b>1,200</b>	<b>2,130</b>	<b>0</b>	<b>30</b>	<b>2,160</b>	<b>£7,525,440</b>
College W	A	PT	200	× 4 = 800	20	0	= 820	£2,856,880
	B	PT	300	× 1.7 = 510	30	0	= 540	£1,881,360
	C	PT	400	× 1.3 = 520	40	0	= 560	£1,951,040
	D	PT	300	× 1 = 300	30	30	= 360	£1,254,240
<b>Total</b>			<b>1,200</b>	<b>2,130</b>	<b>120</b>	<b>30</b>	<b>2,280</b>	<b>£7,943,520</b>
Resource comparison								
Institution	(g) HEFCE grant	(h) Assumed fee rate per FTE	(i) Assumed fees = (a) × (h)	(j) Assumed resource £s = (g) + (i)	Standard resource £s	Percentage difference		
University V	£6,400,000	£1,150	£1,380,000	7,780,000	7,525,440	+3.4%		
College W	£6,400,000	£1,150	£1,380,000	7,780,000	7,943,520	-2.1%		