

Public Audit and Post-legislative Scrutiny Committee - Additional information

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Introduction

1. At the Committee's session on 6 October 2016, the Committee requested information on how much it would cost were the Scottish Government to provide places for all applicants who apply for places at Scottish universities. Currently, the SFC places limits on the number of university places it will fund for Scottish and EU students undertaking undergraduate and selected taught postgraduate courses. We have used available information to provide an illustrative figure based on applications data for 2015. This is provided below along with the methodology and associated caveats. Much of the data that would be needed to provide a more definitive figure is not publicly or readily available. The Scottish Government and SFC may be able to provide a more definitive figure.

Cost of providing places for all applicants

2. In 2015, there were 47,710 Scottish applicants to Scottish universities. Of these 30,665 accepted an offer of a place. The remaining 17,045 applicants did not receive any offer (8,885 applicants) or accept a place (8,160 applicants). We have used this 17,045 figure as the base figure for our cost estimate.
3. The average price per place paid by the Scottish Funding Council for non-controlled subjects to Scottish universities in 2016/17 was £5,001. The additional tuition fee element received by universities from the Scottish Awards Agency Scotland was £1,820. Combined together, universities received an average of £6,821 per non-controlled place in 2016/17.
4. Multiplying the 17,045 applicants who did not receive any offer or accept a place in 2015 by the average funding per place received by universities in 2016/17 (£6,821) equates to an estimated additional cost of providing places for these applicants of around £116 million (£31 million in additional tuition fees and £85 million in SFC average funding per place). Table 1 on page 3 shows the methodology used.
5. As stated previously, this is an estimated figure based on available information. This figure should be treated as illustrative due to the number of assumptions used:
 - The calculation assumes that all people who applied in 2015 could have entered a university. We do not know the level of qualifications applicants are applying with or the quality of the overall applications. These factors will affect whether a university makes an offer or not. The calculation also assumes that those applicants who chose not to accept an offer would accept an offer in future. The actual number of applicants who could have entered university is therefore likely to be lower than the number used in the calculation.

- We have used an average price per place based on the SFC's six price bands. There is no publicly available national information on which subjects there may be potential unmet demand in. This would affect the actual overall cost depending on which price bands the subjects were located in. Any expansion in places may also affect the price per place paid by the SFC as this would be dependent on the budget available.
- The calculation uses 2016/17 FTE numbers for non-controlled places to work out the average price per place. It does not include controlled places as these are influenced by national workforce planning demands.
- We have used the current price bands to work out the average price paid per funded place. As noted in our report, *Higher education in Scottish universities*, it is not clear to what extent the public funding of Scottish and EU students is intended to cover the costs of their teaching. In 2014/15, universities recovered 94.2 per cent of the full economic cost of publicly funded teaching. This figure includes the teaching of Scottish and EU students but also fee-paying students from the rest of the UK. It is not possible to identify the percentage recovered by universities solely for Scottish and EU students funded by the SFC and SAAS.
- As we state in paragraph 33 of our report, *Higher education in Scottish universities*, universities currently enrol more students than their specific allocation of funded places in certain categories. These are known as 'fees only' - universities receive the tuition fee element from SAAS but do not receive the accompanying teaching grant from the SFC. In 2014/15, there were 10,091 fees only places at Scottish universities.

Table 1. Figures used to calculate average price per place paid by SFC to universities

	SFC Price Band 1	SFC Price Band 2	SFC Price Band 3	SFC Price Band 4	SFC Price Band 5	SFC Price Band 6	Total
FTE Numbers 2016/17 Non- controlled places	606.0	5625.8	32374.5	15640.9	13769.2	40928.6	108,945.0
Price per band 2016/17 (inc. tuition fee)	£16,454	£9,336	£8,274	£7,203	£6,367	£5,190	
Total cost per band 2016/17 Non-controlled places	£9,971,124	£52,522,469	£267,886,613	£112,661,403	£87,668,496	£212,419,434	£743,109,539
Average price paid by the SFC per place in 2016/17 (Total cost divided by Total FTE)							£6,821

The price per band paid by the SFC is inclusive of the tuition fee paid by the Scottish Government. Therefore, the average price paid per place (£6,821) can be broken down into £1,820 tuition fee paid by SAAS and £5,001 unit cost paid per place by the SFC to universities.

6. The estimated figure in paragraph 4 was calculated as follows:
 - Total estimated additional cost = 17,045 applicants in 2015 who did not receive an offer or accept a place multiplied by average price paid (£6,821) = £116.2 million.