

June 2014/11

Core funding

Guidance for applications

Applications should be returned by
28 July 2014

This document provides information and guidance for publicly funded further education and sixth-form colleges seeking to become directly funded by HEFCE from the academic year 2015-16 onwards. Section 1 provides an introduction to direct funding and higher education regulation. Section 2 provides details on the assessment process and how to complete and submit an application for direct funding.

Guidance for applying to become directly funded by HEFCE in 2015-16

Guidance for applying to become directly funded by HEFCE in 2015-16

To	Heads of further education colleges Heads of sixth-form colleges
Of interest to those responsible for	Senior management, Student recruitment, Planning, Finance
Reference	2014/11
Publication date	June 2014
Enquiries to	Toby Brown, tel 0117 931 7340, e-mail t.brown@hefce.ac.uk

Executive summary

Purpose

1. This document provides information and guidance for publicly funded further education and sixth-form colleges seeking to become directly funded by HEFCE from the academic year 2015-16 onwards. Section 1 provides an introduction to direct funding and higher education regulation. Section 2 provides details on the assessment process and how to complete and submit an application for direct funding.

Key points

2. HEFCE will run annual application windows for publicly funded higher education providers wishing to become directly funded by HEFCE, starting with applications in 2014 for funding from 2015-16 onwards. This will allow courses (both part-time and full-time) to be designated for student support by the Student Loans Company, and enable funding for higher education from HEFCE.

3. Colleges should apply in the summer of the calendar year before they expect to enter the sector (for example, in 2014 for entry in 2015-16). HEFCE will process and assess applications over the summer, and announce the outcomes to applications early in the autumn prior to entry. This should allow colleges sufficient time to plan and submit applications, and to recruit students accordingly should their application be successful.

4. This process is open only to institutions within the further education sector, and to schools and colleges maintained or assisted by a local education authority as we are not empowered by the Further and Higher Education Act 1992 to fund other types of providers.

5. All applications for entry in 2015-16 will be assessed on the basis of evidence of the quality of their higher education provision. Applicants must demonstrate that their quality of provision is at least satisfactory, and must provide a business case for direct funding as part of the application.

6. Becoming directly funded by HEFCE places a number of mandatory requirements on providers, in terms of regulation and of data submission, which applicants will need to consider in detail.

7. We anticipate that this year's application process will be concluded in autumn 2014, so that institutions can begin recruitment for the 2015-16 academic year.

Action required

8. Colleges wishing to become directly funded by HEFCE for the 2015-16 academic year should read this document, then complete the application template at **Annex B** and workbook at **Annex C**. These should be e-mailed to FECS@hefce.ac.uk by **noon on Monday 28 July 2014**.

Background

9. HEFCE can provide funding to further education colleges and sixth form colleges that deliver higher education (HE) courses. In 2014-15, we will provide direct funding to over 200 colleges, and will indirectly fund many more.

10. Previously, we have brought new institutions into direct funding arrangements through the 'core and margin' exercises (for 2012-13 and 2013-14), and through a process for colleges affected by changes to the student support regulations (for 2014-15). Applications were assessed either on demand, average fee level and quality, or solely on quality, under different circumstances.

11. In the 2013 grant letter to HEFCE from the Department for Business, Innovation and Skills (BIS), we were asked by the Government to develop an ongoing process to allow colleges to become directly funded by HEFCE. We consulted on our proposed approach in spring 2013 in 'Student number controls: Consultation on arrangements for 2014-15 onwards' (HEFCE 2013/10). In autumn 2013, in the outcomes to that consultation (HEFCE 2013/20), we announced our anticipated approach for new applications for direct funding: namely that applications would be assessed on the basis of quality and demand.

12. However, the Government announced in the Autumn Statement 2013 that the student number control would be removed for HEFCE-funded institutions from the 2015-16 academic year. In the light of this announcement, we have revised our approach and will now assess applications using criteria related to quality.

Eligibility

13. HEFCE is empowered to fund HE in publicly funded further education colleges and sixth-form colleges, and institutions maintained or assisted by a local education authority (as set out in the Further and Higher Education Act 1992). We are unable to accept applications through this process from alternative (private) providers of higher education. We are also unable to accept applications from publicly funded providers that are not maintained or assisted by a local education authority, such as academies and other bodies funded by the Education Funding Agency.

14. In addition, HEFCE can only provide funding to HE courses in colleges, which are known as 'prescribed courses'. These lead to qualifications that we are empowered to fund, and are set out in legislation. We cannot provide funding for individual HE modules at colleges. A full list of courses we fund in colleges can be found in **Annex A**. If you have any queries relating to the courses you wish to offer, please contact Toby Brown, tel 0117 931 7340, e-mail t.brown@hefce.ac.uk.

Section 1: Introduction to direct funding and HE regulation

Direct and indirect funding

15. HEFCE may choose to distribute public money to those universities and colleges ('institutions') in England that provide HE and are eligible under the Further and Higher Education Act (1992). This may take the form of a direct funding relationship between HEFCE and an institution. Alternatively, it may occur indirectly when institutions are in what is known as a 'franchise arrangement'.

16. When a college becomes directly funded, it may receive HEFCE grant money to support a range of higher education activities. Colleges sign a 'funding agreement' with HEFCE, which sets out 'conditions of grant'. These conditions include compliance with a number of regulatory and data requirements, for which we hold the college directly responsible. The vast majority of directly funded colleges deliver courses which are awarded by other recognised awarding bodies, as most colleges do not have the power to award HE qualifications. Under such an arrangement, the awarding body is mainly responsible for upholding the integrity of the qualification, but the students are registered (for funding and other regulatory purposes) at the college.

17. Alternatively, courses can be delivered under a franchise arrangement. This is when a student is taught under a contractual arrangement by a college (the 'franchisee') on behalf of the institution the student is registered with, usually a higher education institution (the 'franchiser'). The student is treated (for funding and other regulatory purposes) as a student of the institution that they are registered with, and that institution is responsible for the quality of the teaching and associated regulatory matters, such as data returns relating to the student.

18. Examples of directly and indirectly funded colleges are provided in paragraphs 38 to 40 of this document.

Automatic course designation for student support

19. For a student studying at a college to be eligible to claim government loans and grants, the course must be formally designated through the Student Loans Company. In England, from the 2014-15 academic year, only publicly funded providers that are directly funded by HEFCE will have their eligible courses automatically designated for student support. Providers can also apply for individual courses to be designated by applying for specific-course designation, which is awarded by BIS. However, courses that have received specific-course designation do not receive any HEFCE funding.

20. This means that students studying at a publicly funded college will only be eligible to claim student loans for HE courses if one of the following applies.

- a. They are studying on a HE course at a college which is directly funded by HEFCE.
- b. They are studying on a HE course at a college which is indirectly funded by HEFCE through a franchise arrangement.
- c. They are studying on a HE course which has received specific-course designation from BIS.

The funding HEFCE provides to colleges

Please note: The funding we allocate to universities and colleges is subject to the funding we receive from the Government in our annual grant letter and could change in future. We cannot guarantee any specific type or level of funding for 2015-16 or thereafter.

21. HEFCE to date remains responsible for funding a wide range of activities. However, under the fee arrangements that have applied from 2012-13 onwards more public funding for HE is provided directly to students through tuition fee loans. HEFCE therefore distributes less money to the sector than previously, and our funding accounts for a smaller proportion of the income institutions may receive for providing HE. The vast majority of what we allocate to colleges comes in the form of 'recurrent funding', mainly for the purpose of supporting student opportunity and the teaching of high-cost subjects. The levels of funding an institution can expect to receive will differ according to a number of factors, including the subjects taught and the number of students registered.

22. Colleges entering into a direct funding relationship with HEFCE in 2015-16 can expect to receive:

- funding for the teaching of high-cost subjects, such as science and engineering, or certain intermediate-cost subjects such as art and design, or information technology
- a contribution towards the institutional costs of supporting student opportunity in HE
- an additional allocation for those in London
- funding to support for part-time undergraduate students.

23. In order to determine which subjects qualify for funding, we use sector wide data to categorise subjects into one of five price groups:

- **Price group A:** The clinical years of study for medicine, dentistry and veterinary science. This price group applies only at universities that provide training for students seeking a first registrable qualification as a doctor, dentist or veterinary surgeon or who are already qualified in these professions.
- **Price group B:** Laboratory-based science, engineering and technology subjects.
- **Price group C1:** Intermediate-cost subjects whose average costs across the sector exceed £7,500. This group comprises archaeology, design and creative arts, information technology, systems sciences and computer software engineering, and media studies.
- **Price group C2:** Intermediate-cost subjects with a laboratory, studio or fieldwork element, such as geography or languages. This price group also includes all students on placement during a sandwich year.
- **Price group D:** Classroom-based subjects such as humanities, business or social sciences.

24. Currently, only price groups A (available to universities only), B and C1 (for both undergraduate and postgraduate subjects) and C2 (for postgraduate students only) will receive funding from HEFCE.

25. Funding for student opportunity is categorised in four ways: widening access for part-time undergraduate students from disadvantaged backgrounds; widening access for full-time students from disadvantaged backgrounds, widening access and improving provision for disabled students, and improving retention for full-time undergraduate students. These allocations will be based on very detailed data and calculations.

26. We also provide a separate allocation for students attending courses in London, as we recognise the extra costs colleges face when operating in London. The rates of funding differ between price groups, and between inner and outer London.

27. Finally, we believe there can be extra costs associated with part-time students. We provide a small targeted allocation for part-time undergraduates to help mitigate these costs. In most cases this funding is calculated on the basis of part-time undergraduate FTEs in price groups A to C1.

28. The grants that HEFCE allocates to colleges are not expected to meet their costs fully: we make only a contribution towards teaching and related activities. The proportion of an institution's total income that comes from HEFCE will depend on other factors, such as the fees it charges, the range of its activities and its income from other sources. HEFCE notifies institutions each March of how much recurrent funding they should expect to receive for the coming academic year.

29. In addition, HEFCE does not currently fund provision **which does not reflect our priorities for teaching funding allocations** and in general we cannot fund any of the following:

- non-prescribed HE provision in colleges
- postgraduate initial teacher training qualifications leading to qualified teacher status
- provision which another public body is responsible for funding
- students studying for a qualification equivalent to or lower than one which they already hold.

30. Examples of indicative funding are provided in paragraphs 41 to 45 of this document. Please remember this provides no guarantee of any particular type or level of funding in the future.

Further information

Our 'Guide to funding and student number controls 2013-14 and 2014-15' (HEFCE 2014/06, www.hefce.ac.uk/pubs/year/2014/201406/) explains our funding methods for these academic years. It details how we calculate how much each university or college gets, the principles that underpin those calculations, and the components of an institution's grant.

The financial memorandum between HEFCE and the institutions we fund sets out the terms and conditions for payment of HEFCE grants. It is being replaced by a memorandum of assurance and accountability on 1 August 2014. This is 'Part 1' of the memorandum and certain sections apply to colleges. We also set out funding arrangements with individual institutions each year. This is 'Part 2' of the memorandum and is known as the 'funding agreement'. There is a specific funding agreement for colleges.

The funding agreement sets out the common terms and conditions which apply to all colleges funded by HEFCE. It also specifies conditions specific to the institution, a schedule of funds available in the academic year and the educational provision the institution has agreed to make in return for those funds. Further information can be found under 'Annual funding allocations for 2013-14' (www.hefce.ac.uk/whatwedo/invest/institns/annallocns/1314/), by selecting 'For institutions', then 'July 2013 announcement'.

Implications of becoming HEFCE-funded and conditions of grant

31. When a college enters a direct funding relationship with HEFCE, it is subject to a number of regulatory and information requirements. These are set out annually in our funding agreements, normally issued in July.

Data requirements

32. Colleges in a direct funding relationship with HEFCE will be required to complete and participate in a number of annual data returns as part of the conditions of grant. This will include the following.

- a. The Higher Education in Further Education: Students (HEIFES) survey, submitted to HEFCE, and the individualised learner record related to HE, submitted to the Skills Funding Agency, for funding allocation purposes.
- b. Student contact details to enable HEFCE or our agents to conduct the National Student Survey (NSS).
- c. The Destination of Leavers from Higher Education (DLHE) survey. Colleges are also now required to fund their own participation in the DLHE survey (whether through HEFCE's framework contractor, through managing the survey themselves or through forming consortia with other institutions), and to submit data on the destination of their recent graduates through the HEFCE extranet.

d. Data that will allow HEFCE or our agents to publish a Key Information Set (KIS) for each relevant course. The college is also required to place on each of its relevant course web pages a piece of software, the 'KIS widget', which shows a summary of the KIS for the course and incorporates a link to the full published KIS.

Further information

The annual **HEIFES survey** asks colleges to provide data about the numbers of students on prescribed HE courses. We collect this aggregate student number data from all colleges that we directly fund. We use this information currently to:

- review funding we have previously announced for the current academic year
- inform our funding decisions for the following academic year.

HEIFES data provide an estimate, early in the year, of the student numbers on prescribed HE courses at colleges. We later reconcile the information with the final data provided in the Individualised Learner Record and currently we may adjust our funding allocations according to the results of the reconciliation.

We update the HEIFES guidance annually. The guidance includes definitions that apply in our approach to funding colleges, including detail relating to a number of terms used in this document. The most recent HEIFES guidance is 'HEIFES13: Higher Education in Further Education: Students Survey 2013-14' (HEFCE 2013/27, www.hefce.ac.uk/pubs/year/2013/201327/). It contains a 'Getting started' section at Annex A.

The **KIS** enables comparison of all full- and part-time undergraduate courses. It has been carefully designed to meet the information needs of prospective students.

Colleges are responsible for providing the majority of data required to produce a KIS for each course for which they receive direct funding. Exceptions are:

- short courses (one year full-time equivalent or less)
- postgraduate courses
- courses wholly delivered overseas
- closed courses.

While many of the KIS data are drawn from national sources – such as the NSS and the DLHE survey – some must be provided by the institution.

More information on these data returns are available at the following locations:

- 'Unistats and Key Information Sets'
(www.hefce.ac.uk/whatwedo/lt/publicinfo/kis/)
- 'National Student Survey'
(www.hefce.ac.uk/whatwedo/lt/publicinfo/nationalstudentsurvey/)
- 'Future of the DLHE survey for further education colleges'
(www.hefce.ac.uk/whatwedo/lt/publicinfo/dlhe/dlhefec/).

Quality assurance

33. HEFCE is legally responsible for assuring the quality of HE that we fund. We contract the Quality Assurance Agency for Higher Education (QAA) to review HE on our behalf at institutions we fund. As part of the conditions of grant, all directly funded colleges must subscribe to the QAA, and go through periodic QAA reviews of their HE provision. Colleges that have not been reviewed by the QAA prior to joining the HEFCE-funded sector will undergo an Initial Review within a year of entering and could expect a follow-up by the QAA if they have no graduates soon after.

The requirement not to charge fees in excess of those permitted in legislation

34. Our funding agreements with colleges include a requirement not to charge tuition fees higher than those permitted in legislation, to students who are subject to the regulated tuition fee regime. This includes any students on relevant courses recruited prior to entering into a funding relationship with HEFCE. Colleges that wish to charge higher than the basic level of tuition fee (£6,000 per year for full-time courses or £4,500 per year for part-time courses) must have an access agreement approved by the Office for Fair Access (OFFA).

35. Access agreements set out how institutions will sustain or improve access and student success, which include retention, attainment and employability. An access agreement must set out:

- proposed tuition fee limits
- proposed access and student success measures
- how much these measures will cost
- targets and milestones
- how the college will tell students about the financial support it is offering.

If a college is considering charging fees for its courses beyond the basic fee level, it must contact OFFA directly to express an interest in having an access agreement **before** submitting an application to HEFCE. Further information on OFFA and access agreements can be found on the OFFA web-site (www.offa.org.uk/universities-and-colleges).

The removal of the student number control

36. In the 2013 Autumn Statement, the Government announced that it would remove the student number control for HEFCE-funded institutions from the 2015-16 academic year. This means that at present colleges new to the HEFCE-funded sector in 2015-16 will not be restricted in the number of students they can recruit. Institutions should be aware that HEFCE has been asked by BIS to develop a mechanism that ensures the quality of the student experience following the removal of the student number control is maintained at a high level. We intend to publish proposals for consultation later in the Autumn.

Maintaining a funding relationship with HEFCE

37. Colleges that enter into a direct funding relationship with HEFCE will need to continue to recruit and teach students in future years so that they can maintain a funding agreement with us. Ordinarily, we will not continue to fund a college that does not teach any higher education courses in an academic year, and as a result, a college will lose its designation for student support. However, should a college be able to demonstrate an exceptional circumstance, HEFCE may choose to fund a college for a further year in order for it to remain designated for student support. If a college then fails again to teach higher education in the following year, HEFCE will provide no further funding, and the college will then have to re-apply through this process in order to become directly funded again.

Examples of colleges indirectly and directly funded by HEFCE

38. Paragraphs 39 to 40 provide examples of fictional colleges in indirect and direct funding relationships with HEFCE, to illustrate their differences. These examples are hypothetical and are not meant to be representative of collaborative agreements across the HE sector.

College indirectly funded by HEFCE

39. Tockwith Sixth Form College teaches two foundation degrees in Early Years Learning and Photography, as well as a BA in Business, on behalf of the University of Avonbridge. Tockwith College is contracted by Avonbridge in a legally binding franchise agreement to teach students on these courses, but Avonbridge retains control of the content, delivery, assessment and quality assurance of the education these students receive, and is ultimately responsible for their welfare. Students are registered with Avonbridge, and tuition fees are paid directly to the university. The students in question are also recorded in Avonbridge's annual data returns. While the college's higher education provision will be reviewed by the QAA, it is not required to subscribe to the QAA.

College directly funded by HEFCE

40. Watlington College of Further Education delivers three foundation degrees, in Construction, Engineering, and Computer science. These are validated by the University of Avonbridge, which has the power to award these qualifications. The courses have been developed by Watlington, and it is responsible for the quality, teaching and assessment of the courses. Avonbridge has approved these courses as being of sufficient standard to award its qualifications to students completing them. Students register and pay fees to Watlington, which is legally responsible for those students. Students studying these courses are recorded in Watlington's annual data returns. In addition, the college is required to subscribe to the QAA, and undergo reviews of its higher education.

Examples of the funding colleges might receive

Please note: These examples are indicative and provide a basic illustration of the funding we may provide to colleges. They do not provide any assurance regarding either the level, or the method of funding that HEFCE may provide in the future.

41. Below are two examples demonstrating what indicative funding a college may receive when it becomes directly funded by HEFCE: one table for high-cost funding and part-time undergraduate funding, and a second table for student opportunity funding. In addition, an indicative grant calculator has been included in **Annex C** as part of the forecast sheet, which may be useful in illustrating what funding a college may receive. Again, the calculator does not provide any assurances regarding the funding any given college may receive.

42. The rates of funding for each price group are set out in the tables below. In 2014-15, the rate for part-time undergraduate students is £371.69 per student. Each allocation is calculated by multiplying the number of full-time equivalents by the rate of funding for the particular allocation.

Example 1

43. Endymion College of Further Education has 100 students studying HE courses. 10 students are on a two-year full-time HND in Mechanical Engineering, with a further 40 students studying the part-time equivalent course offered over four years. The remaining 50 students are on a two-year full-time HND in Mathematics.

44. Mechanical Engineering appears in price group B and Mathematics appears in price group C2. Therefore, Endymion receives funding for the students in price group B of £45,000 and a part-time undergraduate targeted allocation of £7,434. These allocations are shown in Table 1. Endymion's students would also count towards an allocation for student opportunity, shown in Table 2.

Table 1: Indicative high-cost and part-time undergraduate funding for Example 1

Price group	Mode	Level	Headcount	FTE	Rate (£)	Indicative high-cost funding (£)	Indicative part-time undergraduate targeted allocation (£)
B	FT	UG	10.00	10.00	1,500	15,000	0
	PT	UG	40.00	20.00	1,500	30,000	7,434
C1	FT	UG	0.00	0.00	250	0	0
	PT	UG	0.00	0.00	250	0	0
C2	FT	UG	50.00	50.00	0	0	0
	PT	UG	0.00	0.00	0	0	0
D	FT	UG	0.00	0.00	0	0	0
	PT	UG	0.00	0.00	0	0	0
Total		All	100.00	80.00		45,000	7,434

Note: 'FT' = 'full-time'; 'PT' = 'part-time'; 'UG' = 'undergraduate'.

Table 2: Indicative student opportunity funding for Example 1

Indicative student opportunity funding (£)	
Widening access for students from disadvantaged backgrounds: full-time	5,073
Widening access for students from disadvantaged backgrounds: part-time	5,074
Widening access and improving provision for disabled students	1,000
Improving retention: full-time	32,464
Improving retention: part-time	14,837
Total	58,448

Example 2

45. Fremantle Sixth Form College has 18 students studying a part-time HNC in Business which is delivered over two years. Business appears in price group D, the lowest price group, and so does not receive any high-cost funding. In addition, Fremantle receives no funding for part-time students, again because Business maps to price group D. However, Fremantle's students count towards an allocation for student opportunity funding shown in Table 3.

Table 3: Indicative student opportunity funding for Example 2

Indicative student opportunity funding (£)	
Widening access for students from disadvantaged backgrounds: full-time	0
Widening access for students from disadvantaged backgrounds: part-time	2,283
Widening access and improving provision for disabled students	500
Improving retention: full-time	0
Improving retention: part-time	6,677
Total	9,460

Keeping up to date with developments

46. The following sources help stakeholders keep abreast of the latest news, information, and publications regarding HEFCE's work and funding of the HE sector:

- the HEFCE web-site (www.hefce.ac.uk)
- the 'Higher education in further education colleges' page of our web-site (www.hefce.ac.uk/whatwedo/it/heinfe/), admin-hefce alerts and our monthly e-newsletter, 'HEFCE Update' (www.hefce.ac.uk/pubs/signupfore-mailalerts/)
- our Twitter feed, which publicises our news releases and publications (<http://twitter.com/hefce>).

Section 2: Information on the application process and how to submit an application

47. If your college decides to apply to become directly HEFCE-funded, you will need to pass quality criteria in order to provide us with assurances that you are ready to deliver HE in the HEFCE-funded sector. To meet the quality criteria, you will need to demonstrate that your quality of provision is **at least satisfactory**, by submitting evidence from the list of sources outlined below. In addition, all applicants are required to submit a business case for the HE provision to be offered. This must include an evidence-based forecast of student numbers in the academic year 2015-16, evidence of the arrangement you have with a recognised awarding body, and details of the management arrangements for HE at the college from September 2015. Submitting this information will enable us to make a judgement on whether you can provide HE courses that:

- maintain the reputation of the HEFCE-funded sector
- are viable and sustainable at your college in the long-term
- represent a high-quality student experience.

48. Applications will be assessed by HEFCE during summer 2014, and we will inform applicants in the autumn of the outcomes of the process. Any applicants that are not successful will have an opportunity to appeal. We will give further details on how to appeal when communicating with colleges that have been unsuccessful. In addition, we will contact other funding bodies to ascertain the financial health of your institution. We reserve the right to not accept your application if there are sufficient concerns regarding your financial status.

49. Before deciding whether or not to apply, you should consider the following questions.

- a. Do you have suitable validation arrangements in place (or can you develop them by January 2015 at the latest)?
- b. Do you have staff able to deliver the provision at HE level (or can you recruit or train them in time for September 2015)?
- c. Do you have the capacity and can you demonstrate that you will be able to provide students with a positive experience of HE?
- d. Will you have the capacity and infrastructure in place to ensure that HE at your college is sustainable?
- e. If you provide courses through a franchise agreement with a higher education institution, becoming directly funded may change the relationship you have with them. Have you had conversations with your partner institution about becoming directly funded?
- f. Do you have the resources (in both financial and human resource terms) in place to meet HEFCE's regulatory regime, in particular our data requirements?

Application process

50. Applicants must complete both parts of the application.

Part 1: Quality of provision

51. *Option A:* Where applicants have undergone a QAA review they should provide evidence from their most recent Integrated Quality and Enhancement Review, Review of College of Higher Education, or Higher Education Review.

Please note that applicants with a **review judgement of ‘no confidence’ or ‘does not meet UK expectations’** are unlikely to be successful. Similarly, if an applicant has a **‘limited confidence’ or a ‘requires improvement’ judgement with an unmet action plan**, its application is unlikely to be successful. We will consider the recommendations made in the QAA’s most recent report. If it has been unable to comment on responses to the recommendations by the time of the application, clear evidence of progress must be provided by the institution, to enable a judgement as part of the assessment process. We will consider positively any features of good practice in the report, if these are drawn to our attention. In addition, we may liaise with the QAA in reaching our decision about your application.

52. *Option B:* Applicants that have not undergone a QAA review must provide evidence of quality as follows.

a. Applicants must provide evidence from **all** of the following sources:

•	their most recent Ofsted inspection report
•	a current Learning, Teaching and Assessment Strategy, or similar
•	student completion rates (preferably at HE level)
•	student retention rates (preferably at HE level)
•	student satisfaction survey results.

b. Applicants must provide evidence from the following sources where appropriate:

•	evidence that the institution exceeds the Skills Funding Agency’s minimum levels of performance
•	evidence from professional, regulatory, and statutory bodies.

Part 2: Business case for direct funding

53. Applicants must provide a detailed business case for their HE provision in their application to join the HEFCE-funded sector. Each business case **must** include the following.

a. An evidence-based forecast of student recruitment for 2015-16. The Excel workbook at **Annex C** should be completed with the number of students who you anticipate will study at your college in 2015-16, with information relating to how you

came to this figure in the application template **Annex B**. We will use this information to assist us in assessing whether in our judgement your courses are viable and sustainable.

b. An assurance that the provision is prescribed and, evidence of the arrangement you have with a recognised awarding body. Where the arrangements have not yet been confirmed, we will require a letter from the awarding body setting out:

- the courses and locations for which applications have been received
- the point the arrangement has reached
- the timescales for completing arrangements
- the likelihood that awarding body approval will be in place by January 2015.

c. A synopsis of how you will manage HE provision from 2015-16. This should include information relating to your management and governance structures (such as a HE Board), including how you will meet our regulatory regime, as well as brief details of the resources you intend to make available to your HE students.

How to submit an application

54. Applications to become directly funded in 2015-16 must be made by e-mail. You will need to complete the form available at **Annex B** and the Excel workbook at **Annex C**, which you can download alongside this publication at www.hefce.ac.uk/pubs/year/2014/201411/. If you do not have a UK Provider Reference Number, you will need to register with the UK Register of Learning Providers (www.ukrlp.co.uk/) prior to completing an application. In addition, if you are considering charging tuition fees beyond the basic fee level, you will need to contact OFFA prior to submitting an application.

55. The completed application template and associated workbook should be e-mailed to FECS@hefce.ac.uk by **noon on Monday 28 July 2014**. We will confirm receipt by e-mail. Please note we will not accept incomplete applications.

56. If you have any queries or require further information please contact Toby Brown, tel 0117 931 7340, e-mail t.brown@hefce.ac.uk.

Abbreviations

BIS	Department for Business, Innovation and Skills
DLHE	Destination of Leavers from Higher Education
FT	Full-time
FTE	Full-time equivalent
HE	Higher education
HEFCE	Higher Education Funding Council
HEIFES	Higher Education in Further Education Early Statistics Survey
HND	Higher National Diploma
KIS	Key Information Set
NSS	National Student Survey
OFFA	Office For Fair Access
PT	Part-time
QAA	Quality Assurance Agency for Higher Education
UG	Undergraduate

Annex A: Prescribed courses of higher education

1. HEFCE is currently empowered to fund only some higher education qualifications in colleges, referred to as 'prescribed courses'.

2. Prescribed higher education courses are those where, on successful completion, the student is awarded by a **relevant recognised body** one of the following qualifications:

- higher degree, including PhD, MPhil, MSc, MA, MBA
- postgraduate diploma
- postgraduate initial teacher training qualification, such as a Postgraduate or Professional Graduate Certificate in Education (PGCE)
- first degree, including foundation degree, BSc, BA, BEd
- foundation degree bridging course, where these are integrated into the final years of a first degree
- HND
- DipHE
- HNC
- 120-credit point Diploma in Education and Teaching (DET)
- CertEd.

3. Relevant recognised bodies are:

- any UK higher education institution with the power to award degrees
- for foundation degrees (but not for foundation degree bridging courses), any further education college in England with the power to award such degrees at their institution
- for HNDs and HNCs, Pearson Education Ltd (formerly Edexcel) and the Scottish Qualifications Authority.