FOUNDATION DEGREES
FUNDING, FEES AND COSTS

Version 2 (June 2008)
WHAT YOU NEED TO KNOW ABOUT FUNDING

Government subsidies fund a large proportion of the course cost

All Foundation degrees must be validated by an organisation with degree awarding powers. Currently this applies only to higher education institutions (HEI), (predominantly universities) although some large employers are interested in gaining these powers.

The Higher Education Funding Council for England (HEFCE) distributes government funding for higher education. HEFCE provides the HEI with subsidies for a Foundation degree. This is usually about £4500 per year per student for what they define as a full-time programme. A part-time programme will receive about half of this.

HEFCE will fund all Foundation degrees unless the Foundation degree is a “closed” course, developed by an employer exclusively for their own staff and not open to anyone else. If this is the case the employer is expected to fund the entire cost of the programme.

The Learning and Skills Council does not fund Foundation degrees. There are no subsidies or other funding available for Foundation degrees via Train to Gain although there may be some funding through the Higher Level Skills Pathfinder (more details of this can be found elsewhere in the pack).

FULL-TIME OR PART-TIME?

Fees can vary considerably

Because Foundation degrees are relatively new the definitions of full-time and part-time do not always apply in the way they do for other HE qualifications.

For example, an employee enrolled on a Foundation degree with a great deal of work-based learning (say, in the health service or a local transport business), may be able to complete the Foundation degree in 18 months.

Because the definitions of ‘full-time’ and ‘part-time’ vary so much, so do the fees. It is important, therefore, for each case to be assessed individually, dependent on the amount of employer engagement, the flexibility of delivery and the time available for the employee to study.
WHAT YOU NEED TO KNOW ABOUT FEES

Since modes of delivery differ, there is no one method of charging fees and it may depend on the particular situation. The information below gives an overview with some general principles, and Brokers will have to investigate the fees on a case-by-case basis.

The general picture
In September 2006, variable fees for all higher education qualifications were introduced. These fees are in addition to the public funding outlined above. Although Brokers are most likely to be brokering part-time courses, information on full-time courses gives some useful background information.

Full-time courses
For full-time Foundation degrees, as for Honours degrees, HEIs can charge up to a maximum of £3,000 a year. Students can apply for a loan to cover the fees and are expected to start paying back the loan slowly once they are earning £15,000. Most HEIs decided to charge £3,000 with the notable exception of Leeds Metropolitan University which is charging £2,000.

Further education colleges (FECs) choose what to charge for their Foundation degrees up to a maximum of £3,000. Those colleges that have indirectly-funded relationships with an HEI are sometimes advised of the fee they must charge by the HEI. Some FECs running Foundation degrees are charging £3,000 but many charge less, around £1,200.

To offset some of the cost of fees, full-time students can apply to their HEI or (directly-funded) FEC for bursaries, scholarships and a number of other schemes. HEIs and FECs must say what their schemes are and post them on the Office for Fair Access (OFFA) web site in advance of the academic year. This process is underpinned by the OFFA which has been established by the Government to ensure poorer full-time students are not disadvantaged by the new fees.

Part-time courses
HEIs and FECs can charge half the price of full-time programmes, any fraction of it or make no charge at all. Therefore the fees for part-time Foundation degree courses vary, but are commonly between £600 and £1,200 a year. They are payable by the student and/or the employer.

OFFA and its regulations do not apply to part-time students. However, the Government has introduced more financial support for part-time students. Details of what support is available can be found on the Student Support website: http://www.direct.gov.uk/studentfinance
WHAT EMPLOYERS NEED TO KNOW ABOUT THE COST

The benefits may balance, or even outweigh, the costs

Employers need to be made aware of the benefits of a Foundation degree before they calculate their costs and consider that:

- All Foundation degrees (apart from closed programmes) have public funding and are subsidised up to about 75% of the real cost.
- Whichever model is used, Foundation degrees are supported by HEFCE.
- Employees taking Foundation degrees will not necessarily lose time from work because disruption can be minimised through careful design.
- Much of the Foundation degree involves work-based learning.
- If employers are involved in the design of the Foundation degree they can ensure that their needs are met.
- Projects and assignments can be specially designed with employers to address company issues and add value.
- Foundation degrees may thus contribute to productivity and profitability.

Business costs can be reduced via flexible models of delivery

The flexible delivery of Foundation degrees means that employers can continue operating while they up-skill the organisation, giving them the opportunity to improve their competitive position with minimum disruption. Modes of delivery include:

- Distance learning
- E-learning
- Blended learning (a mixture of face-to-face and distance learning)
- Modular provision
- Local delivery
- Workplace learning

Even greater flexibility is possible if employees can have access to appropriate IT facilities at home or in the workplace.
The cost of being involved in the design, development and delivery of the degree may vary

Whether an employer becomes involved in delivery, assessment and mentoring will depend again on the benefits in ensuring that the programme meets their objectives. Mentoring employees in the workplace (or arranging for them to have suitable mentors) will make a real difference in supporting their development.

These costs will depend upon employers’ own cost-benefit analysis. The benefits for the employer must be clearly defined from the outset so that they outweigh the costs of their investment of time and resources. It is particularly important that they contribute to the design of the Foundation degree by identifying skills gaps and seeing the potential for graduate roles. They will also benefit from negotiating the design and development of content, skills and knowledge for the programme of study. This should ensure that the substance of the Foundation degree reflects their employees’ skill needs.