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## THE COUNCIL'S CURRENT TEACHING FUNDING METHOD

### DEVELOPMENT AND OBJECTIVES

- 1 The Council's current teaching funding method was developed in consultation with the sector over the period June 1998 to November 1999. It succeeded a method that had been in operation since the Council made its first funding allocations - those for 1993/94 - and had become, with adaptation to changes in the higher education environment, increasingly complicated and less clear and straightforward than had been intended.
- 2 The underlying objectives of the current method are
  - to be responsive to need, demand and Government policy
  - to promote cost effectiveness
  - to support quality
  - to be flexible and straightforward in operation

### STRUCTURE

- 3 Like its predecessor, the current method has two main elements: formula and non-formula. The formula element delivers base level funding each year taking account, as appropriate, of any identified policy priorities at the broad level; the non-formula component addresses specific issues/policy objectives to which the formula would be insufficiently sensitive. The balance is weighted heavily in favour of the formula (typically 98% or 99%) in order to provide institutions with a reasonable measure of year on year financial stability within which to plan and manage.

### THE FORMULA ELEMENT

- 4 The formula element of the current teaching funding method was used for the first time for funding allocations for 2000/01. It operates for funding student numbers in three dimensions: level, mode and subject. There are three levels: undergraduate degree, undergraduate non-degree and postgraduate taught; three modes: full-time/sandwich, part-time, and part-time franchised out; and 11 Academic Subject Categories (ASCs), some sub-divided. The collective term for a given level, mode and subject is a *funding cell*. Separate arrangements apply for funding postgraduate research training.
- 5 For 2000/01 and 2001/02, student numbers were expressed in credit values for part-time provision and places for full-time/sandwich provision. For 2002/03, all student numbers were expressed in credit values. The Council now funds exclusively on the basis of credit values.
- 6 There are three categories of numbers - core, addition and recovery - and they are established in that order. Core numbers are based on the current year's funded or actual (enrolled) numbers, whichever are the lower; addition numbers are those provided above the core; and recovery numbers are those made available to offset a one year's dip or drop in enrolment.
- 7 Core numbers in each institution are maximised by making adjustments as far as possible in line with the pattern of the current year's enrolment. Within limits, and taking account of policy priorities, funded numbers unfilled in one funding cell may be moved to another where numbers have been exceeded. Funding cells are assigned to one of several policy priority groups and numbers are moved by the funding model to cells of equal or higher priority.

- 8 Addition numbers are allocated taking account first of the scope in terms of the funding and numbers available to the Council, and then of policy priorities, that is any priorities in terms of ASC, mode or level.
- 9 Recovery numbers are allocated pro rata to the amount of the shortfall in enrolment apparent in a funding cell after core numbers have been established. There is a cap on recovery at the numbers which bring funding in that cell up to the current year's level. Since recovery numbers are intended to offset a dip in enrolment in one year, they cannot be made available in a cell where funded numbers have not been met two years running.
- 10 For quota controlled subjects - medicine and dentistry and education: initial teacher training leading to qualified teacher status (ITT QTS), the Assembly sets the number of students - the quota - for entry into the first year of study. Numbers in these subjects are determined taking account of the intake numbers and the progression rates in previous years.
- 11 Numbers are funded on the basis of the Council's standard unit of funding for the ASC in which they are located.

#### REDISTRIBUTION OF FUNDED NUMBERS

- 12 The funding method provides for some redistribution of funded numbers outside the funding formula. Those institutions which wish to shape their profile in ways that differ from those dictated by the adjustment of funded numbers to establish each year's core, (paragraph 7 refers), may make a case for doing so. The Council invites such cases each year in May following the announcement of grant for the coming year.
- 13 All movement of numbers, within the funding formula and outside it, is undertaken on the basis of monetary values.

#### OTHER PAYMENTS

- 14 The Council makes two other types of payments: per capita and premium. Both are retrospective, based on the number of enrolments achieved the previous year or, in circumstances where numbers are anticipated to be subject on year on year fluctuations, on the average of the last two years' enrolment data.
- 15 Per capita payments recognise the fixed costs attached to all students, those of enrolment, records etc. They are made pro rata from a pre-determined fund, subject to a minimum study requirement of 10 credit values.
- 16 Premium payments currently operate in three areas: widening access for socially excluded groups, Welsh medium provision and students with disabilities. The widening access premium has two elements; an amount per undergraduate enrolment of students from socially deprived areas, subject to the minimum 10 credit value study requirement; and an amount allocated in respect of students recruited from Community First areas, and those students whom research has indicated are difficult to retain. The Welsh medium premium is a weighting on the funding attracted by a module undertaken through the medium of Welsh; and the disability premium is an amount per student based on the numbers of students qualifying for the Disabled Students Allowance (DSA).

#### ADJUSTMENT TO FUNDING

- 17 The Council adjusts funding at the end of the year where the numbers actually enrolled by an institution fail to support the funding allocation made to it. In line with Government policy, adjustment for over-enrolment was discontinued in 2002/03. However, institutions have been alerted that, because of the demand led nature of the student finance budget there could well be financial implications for the Assembly budget arising from recruitment of full-time students over and above HEFCW funded places. In light of this, the Assembly, HEFCW and HEW are discussing how they might collectively manage the risks to which this gives rise.

18 Adjustment is carried out on the aggregate of numbers in non-quota controlled ASCs and within ASC for those subject to quota.

19 There is a threshold below which no adjustment is applied. Currently this is £50,000 or 10% of the institution's total grant for teaching, which ever is the lesser, across all ASCs.

#### CURRENT FORMULA FUNDING DATA

20 Details of the Council's standard units of funding, and per capita and premium payments for 2009/10 are given in Annex A.

#### FUNDING ALLOCATIONS FOR 2009/10

21 The Council's funding allocations for teaching for 2009/10 are summarised by element at Annex B.

## 2009/10 FORMULA FUNDING DATA

## STANDARD UNITS OF FUNDING FOR TEACHING

Academic Subject Category	Title	Unit of Funding £ per credit value	
		Undergraduate	Postgraduate taught
1	Medicine and Dentistry : pre-clinical quota	53.13	
	: clinical quota	114.31	
	:non-quota		44.73
2	Subjects and Professions Allied to Medicine	36.82	28.87
3	Science	41.84	33.88
4	Engineering and Technology	47.11	39.16
5	Built Environment	37.32	29.37
6	Mathematical Sciences, IT & Computing	33.04	25.09
7	Business and Management	20.64	12.68
8	Social Sciences	18.31	10.35
9	Humanities	25.97	18.02
10	Art, Design and Performing Arts	32.46	24.50
11(a)	Education: : Initial Teacher Training QTS	37.40	37.40
	: Initial Teacher Training Non-QTS – BEd Primary Year 4	13.40	
11(b)	Education: Non QTS	31.69	23.73

Note: For ASC 1, Medicine and Dentistry clinical quota, a weight of 1.96 is included  
Ringfenced provision in ASC 11b is funded at the same rate as ASC 11b

## CREDIT VALUE CONVERSION

One full-time 12 month Master's place	=	180 credit values
One full-time postgraduate diploma place	=	120 credit values
One full-time undergraduate place	=	120 credit values

Part-time credit values are assumed to be pro rata to full-time.

## PER CAPITA FUND

Amount of per capita fund	=	£4.706 million
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## PREMIUM PAYMENTS

Widening access for socially excluded groups	=	£215 per eligible undergraduate enrolment, subject to a minimum study requirement of 10 credit values
Welsh medium provision	=	0.34 weighting on the funding attracted by a module undertaken through the medium of Welsh.
Disabilities premium	=	£220 per student in receipt of Disabled Student Allowance (DSA), subject to a minimum study requirement of 10 credit values

## FUNDING ALLOCATIONS FOR TEACHING 2009/10 BY ELEMENT

FORMULA	£M
Core	272.060
Addition	0.139
Recovery	0.079
Per capita	4.706
Widening access	5.613
Welsh medium	1.400
Disability	<u>0.881</u>
TOTAL	284.88