

RECURRENT GRANT: 2003/04

To: Heads of higher education institutions in Wales
Principals of directly funded further education colleges.

Summary: This Circular sets out how the Council's recurrent grant for teaching, postgraduate research training and research quality for the academic year 2003/04 is to be distributed overall and to individual institutions.

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■ INTRODUCTION

- 1 This Circular sets out how the Council's recurrent grant for teaching, postgraduate research training and research quality for the academic year 2003/04 is to be distributed overall and to individual institutions.

■ STRUCTURE

- 2 There are three main sections in this Circular
 - funds for teaching
 - funds for postgraduate research training
 - funds for research quality
- 3 Other sections cover such matters as data sources, student numbers, terms of grant, payment arrangements and audit.
- 4 Summaries of the funding allocations covered in the main sections are presented in Tables 1 to 5. Detailed breakdowns of the funding allocations are given in Annexes A and B.

■ CONTENTS

- 5 The contents of this Circular relate exclusively to those elements of the formula driven recurrent grant not subject to the provision of business or other types of plans. Formula based recurrent funding for which plans are required – the Higher Education Economic Development (HEED) Fund for example - will be announced in separate circulars. Funding for special initiatives and claims based allocations will also be announced separately. An indicative list of such allocations is at Annex E.

■ DATA SOURCES

- 6 The data used for funding have been provided and checked by institutions.
- 7 The data for funding for teaching have been taken from the Council's Higher Education Students Early Statistics (HESES) 2002 survey. Those to determine quota funded places for Initial Teacher Training (ITT) in Academic Subject Category (ASC) 11a have been taken from HESES Column 1. Data for all other provision have been taken from HESES Column 4.
- 8 Per capita payments and premium payments for widening access and students with disabilities in the funds for teaching have been based on the latest available confirmed enrolment data. These are, as appropriate, the Higher Education Statistics Agency (HESA) data for 2001/02 and the Further Education Individualised Student Record (ISR) data for the same year. Where the ISR has not been able to provide the data required, the Council has obtained them direct from the institutions concerned.
- 9 Welsh medium premium payments in the funds for teaching for Higher Education Institutions (HEIs) have been based on the average of the 2000/01 and 2001/02 HESA enrolment data. For Further Education Institutions (FEIs), they have been based on information provided to the Council directly by the institutions concerned.
- 10 Funding allocations for postgraduate research training (PGR) have been based on 2001/02 HESA data.
- 11 The data for funding for research quality have been taken from the returns to, and the outcomes of, the 2001 Research

Assessment Exercise (RAE) and from the Council's 2002 Research Activity Survey.

■ STUDENT NUMBERS

- 12 The Council's grant-in-aid is predicated on target numbers of students which the Assembly Government prescribes annually by mode and level. The Welsh Assembly Government's strategy for Higher Education, published on 7 March 2002, indicated that the Assembly would continue to prescribe target numbers but that these might now be regarded as minima. In other words, there would be no restriction on the numbers of students HEIs might recruit.
- 13 This position was consistent with that in England and represented a change of policy from that applying up to 2001/02 when the numbers of entrants to full-time and sandwich undergraduate, full-time PGCE and full and part-time PGCE/Cert Ed (FE) courses had been subject to specified maxima.
- 14 This change of policy has not affected the numbers of students for which the Council will provide funding. The Council will provide funding only up to the numbers set out in this Circular; numbers above will attract only the appropriate fee. The Council will not impose any penalty for recruitment of fees-only students, but it will monitor institutions' behaviour in relation to recruitment.

■ THE COUNCIL'S GRANT

- 15 The Assembly Government's strategy for higher education also indicated that the Council's baseline grant would be increased year-on-year only within limits set by the GDP deflator. The GDP deflator for 2003-

04 financial year (FY) is 2.25%. When capital funds are excluded from the calculation, the growth in the Council's baseline grant for FY 2003-04 is actually 2.15% above this level. For the following FY, however, the Council's indicative grant is 0.3% below the forecast GDP deflator of 2.5%.

- 16 As indicated in paragraph 12, the Council's grant is predicated on target student numbers prescribed by the Assembly Government. These numbers imply a real terms increase in funding per student of 1.3% for 2003-04, but a real terms reduction of 0.9% for the following year when indicative grant-in-aid is below inflation. In other words, the grant settlement implies an efficiency gain in 2004-05.
- 17 The Council has agreed to smooth the fluctuation in funding per student across the two years by moderating the level of increase in recurrent funding for 2003/04. It has agreed that there should be a real terms increase in mainstream grant for teaching and research of 0.3% in 2003/04. This represents a 2.6% increase in cash terms on the corresponding resource for 2002/03.

■ FUNDS FOR TEACHING

- 18 Funds for teaching have been established using the Council's teaching funding method. This is described in detail in Circular W99/71HE, dated 30 July 1999. Supplementary information relating to premium and per capita payments, and funding arrangements for quota controlled subjects, is given in Circular W99/109HE, dated 17 November 1999. Circular W01/66HE, dated 3 August 2001, sets out the arrangements and procedures under which funding by credit value operates.

19 Funding allocations are based on funding cells. A funding cell refers to a particular

- *mode*: full-time and sandwich; part-time; and part-time franchised out
- *level*: undergraduate degree; undergraduate non-degree; and postgraduate taught
- *academic subject category*: ASC 1a to 11b with ASC 11a, Initial Teacher Training (ITT), split into Primary, Secondary shortage and Secondary non-shortage.

20 Funding in each cell is established by multiplying the numbers funded in that cell by the Council's standard unit of resource for the ASC, less fees. The Council's standard units of resource per credit value for each ASC for 2003/04 are set out in Annex C, together with the fee levels for 2003/04. They represent the 2002/03 units of resource adjusted to take account of the 0.3% real terms increase in resource for 2003/04.

21 The unit of resource for quota controlled ASC 1 is split into non-clinical, which is the base unit of resource, and clinical, which is the base unit of resource with a weight applied. Similarly, the unit of resource for quota controlled ASC 11a is split into the base unit of resource and the unit of resource for BEd Primary Year 4, which is the base unit with a weight applied. The weights have been applied to recognise the differential funding for the categories of provision concerned.

22 The full-time undergraduate fees are legally binding; for other modes and levels of provision they are proxies. The Council recognises that institutions have discretion in the matter of the amount of fees they charge. **In this context, it should be noted that institutions are not required to replicate the Council's**

approach to establishing allocations for teaching when making their own internal allocations. The Council expects that decisions on the detail of resource allocations to departments and courses will be made within institutions in the light of local circumstances and priorities.

23 Numbers in each cell comprise core, addition and recovery numbers.

CORE NUMBERS

Non-Quota Subjects

24 Core numbers for non-quota subjects are those following reallocation, the process which moves numbers from cells in which enrolments fell short of numbers funded the previous year, (in this case 2002/03), to cells in which they exceeded numbers funded.

25 Numbers have been reallocated according to the following order of priority, top priority first.

ASCs	1 (non-quota), 3,4 & 6	PT
Other ASCs	2,5,7,8,9,10 & 11b	PT
ASCs	1 (non-quota), 3,4 & 6	FT
Other ASCs	2,5,7,8,9,10 & 11b	FT

Quota Subjects

26 Undergraduate funded numbers for quota subjects - Medicine & Dentistry and ITT - have been established on the basis of the intake quotas set by the Welsh Assembly Government.

27 Similarly, quotas apply to postgraduate PGCE provision (ASC 11a). Funded numbers have been established on the basis of the intake quotas set by the Welsh Assembly Government.

ADDITION NUMBERS

- 28 Addition numbers are those funded beyond the level of the core.

Full-time and Sandwich Undergraduate: Non-quota subjects

- 29 Analysis of enrolments for 2002/03 against the student target numbers for 2003/04 provided by the Welsh Assembly Government indicated that scope for addition numbers in non-quota subjects in 2003/04 was very limited. Since the number of such students was small, however, the Council has agreed that all undergraduate non-degree fees-only students recruited this year (2002/03) remaining after reallocation should be converted into funded. This is consistent with the approach taken for the past three years.

Full-time and Sandwich Undergraduate and Postgraduate: quota subjects

- 30 As indicated in paragraphs 26 and 27 above, undergraduate funded numbers in Medicine & Dentistry and undergraduate and postgraduate funded numbers in ITT have been established on the basis of the intake quotas set by the Welsh Assembly Government. For Medicine & Dentistry, growth in funded numbers in Medicine is consistent with the profile of the increase agreed by the Council with the then Welsh Office in 1998. For ITT, growth in funded numbers reflects increases in quota numbers for Secondary provision.

Part-time Undergraduate and Postgraduate

- 31 Recruitment to part-time provision continues to be buoyant and, on the basis of HESES data for 2002/03, the sector is already operating well above Welsh Assembly Government planning numbers

for 2003/04. In these circumstances, the Council has concluded that there is no scope for growth in funded numbers in part-time mode.

RECOVERY NUMBERS

- 32 After core and addition funded numbers have been established, the teaching funding method allows funded numbers unfilled in the current year, (in this case 2002/03), to be recovered provided there were no unfilled numbers in the cell or cells concerned at the same stage, ie HESES, in the previous year (in this case 2001/02).
- 33 Recovery applies to core funded numbers only and is on the basis of the monetary value of the numbers involved. The amount is limited to that which will bring the total core funding to the level for the current year (2002/03) after adjustment for the 0.3% real terms increase in resource for 2003/04.

PER CAPITA PAYMENTS

- 34 The Council has agreed to maintain the fund for per capita payments in 2003/04 at its 2002/03 level of £4.1m. Payments have been determined on the basis of fundable enrolments according to 2001/02 HESA or ISR data, as appropriate, subject to the minimum 10 credit value (or equivalent FE) study requirement. The amount of per capita funding allocated to each institution is shown in Table I.

PREMIUM PAYMENTS

Widening Access for Socially Excluded Groups

- 35 The Council has agreed to maintain the amount of the premium for 2003/04 at its 2002/03 level of £200 per eligible student. The allocations are set out in Table I.

They have been derived from proxy measures for undergraduate students' socio-economic status applied to 2001/02 HESA and ISR enrolment data, as appropriate, subject to the minimum 10 credit value (or equivalent FE) study requirement.

Students with Disabilities

- 36 The Council has agreed to maintain the amount of the premium for 2003/04 at its 2002/03 level of £200 per eligible student. Eligible students are those recorded in HESA returns or, in the case of FEIs, returns made directly to the Council, as in receipt of the Disabled Students Allowance. The allocations are set out in Table I.
- 37 To maintain the amount of funding invested in disability support at the £500,000 of previous years, the Council is continuing to operate its Disabilities Fund using the balance of funds after the premiums have been allocated.

Welsh Medium Provision

- 38 The Council has agreed to maintain the Welsh medium premium at its 2002/03 level: a weighting of 0.26 on the standard unit of resource for the module studied through the medium of Welsh. The allocations to each institution, based on the average of the 2000/2001 and 2001/02 HESA enrolment data, are set out in Table I.
- 39 In each case, widening access for socially excluded groups, students with disabilities and Welsh medium provision, the Council expects the premium payment to be used to support the activity for which it has been awarded.

TOTAL ALLOCATIONS

- 40 Table I shows core, addition, recovery, per capita and premium allocations at the institutional level, both funded numbers and associated funding. Full-time and sandwich funded numbers in this Table are shown by place as well as by credit value. The places have been calculated by dividing the credit values by the average number of credit values per full-time student at each institution separately for each level. Annex A provides corresponding information by institution at the funding cell level where appropriate.

■ FUNDS FOR POSTGRADUATE RESEARCH TRAINING (PGR)

- 41 PGR is supported outside the teaching funding method, albeit having regard to one of the principles underlying the funding of taught provision: a standard unit of resource for each ASC.
- 42 Funding is within an overall maximum amount agreed by the Council each year and is retrospective, based on the most recent confirmed number of actual enrolments. For 2003/04, these are the eligible, fundable enrolments recorded in HESA data for 2001/02.
- 43 The Council set the overall maximum amount of funding for PGR for 2003/04 at its baseline for 2002/03 increased by 0.3% in real terms.
- 44 The standard units of PGR resource for 2003/04 are set out in Annex C. They represent the 2002/03 standard units of resource increased by 0.3% in real terms and assume a full-time fee of £2,940 and the equivalent for part-time.
- 45 Table 2 shows the PGR allocation to each institution.

■ FUNDS FOR RESEARCH

- 46 This Circular deals only with the QR element of the research grant, that recognising the quality and volume of research as evidenced by the most recent RAE, the 2001 RAE.
- 47 The Council has agreed to set the QR grant for 2003/04 at that for 2002/03 increased by 0.3% in real terms.
- 48 QR is calculated by formula, full details of which are set out in Circular W02/28HE, Research Funding Method, dated 29 April 2002. The weightings attached to the components of the formula - research volume (V), research quality (Q), subject cost relativity (C) and UK average quality ratings factor for each unit of assessment (R) - are unchanged from those published in that circular.
- 49 The allocations produced by the formula, scaled to the total amount of funding for QR in 2003/04, are set out by institution in overall terms in Table 3. Annex B provides a breakdown of the allocations for each institution by unit of assessment (UoA). Annex D shows the funding per unit volume by rating, by UoA.

■ SUMMARY, COMPARISON WITH 2002/03 ALLOCATIONS AND OVERALL OUTCOME

- 50 Table 4 summarises the funding allocations for 2003/04 under the headings teaching, PGR, research quality (QR), per capita and premium. Table 5 compares the 2003/04 allocations with those for 2002/03.
- 51 The overall outcome for 2003/04 is such that almost all HEIs will receive an increase in funding above the level of the GDP at 2.25%. The Council has agreed that those

with allocations below should receive a non-consolidated supplement to bring them to that level.

■ TERMS OF GRANT

- 52 The basis on which funding is being provided to HEIs is set out in the Annual Schedule to the Financial Memorandum between the Council and individual institutions. For FEIs, it is set out in their Annual Funding Agreement. Documents for 2003/04 will be issued by September 2003 and will specify the arrangements for adjustment of funding where institutions fail to achieve the numbers for which they have been funded.
- 53 Supplementary arrangements will apply where there is under-enrolment in undergraduate full-time and sandwich and full-time PGCE provision. There will be leeway for under-enrolment of -1% of the combined total of funded numbers on such provision within each quota controlled subject and, separately, across all non-quota subjects.

■ PAYMENT OF GRANT

- 54 The profile of grant payments August 2003 to July 2004 will be consistent with that for the corresponding period in 1998 to 1999 set out in Circular W98/14HE dated 25 February 1998.

■ AUDIT OF DATA

- 55 The allocations of funds for teaching, PGR and research are established by applying the Council's funding methods to data supplied by institutions. The Council intends to request an audit of data provided by institutions and used for

funding purposes. Further details will be provided.

Table 4: Total funding allocations 2003/04.

- 56 Where, as a result of that audit, the Council finds that the data on which allocations have been based have resulted in any institution receiving an allocation larger than its due, or where an institution does not meet funded numbers in the year, the funding for the institution concerned may be adjusted.

■ SUMMARY TABLES

- 57 The summary tables which follow are

Table 1 Teaching: funded numbers and funding allocations 2003/04

Table 2 Postgraduate Research Training allocations 2003/04

Table 3 QR allocations 2003/04

Table 4 Total funding allocations 2003/04

Table 5 Funding comparison 2002/03 and

- 58 Detailed breakdowns are given in

Annex A Teaching funds and funded numbers 2003/04 overall and by institution, by ASC

Annex B QR allocations 2003/04 by institution, by unit of assessment

- 59 Annexes C to E cover the following

Annex C Units of resource and fee levels 2003/04

Annex D QR - funds per unit volume 2003/04 by rating, by unit of assessment

Annex E Indicative list of allocations to be announced separately

Note: Numbers may not add to totals because of rounding. The definitive allocations are set out in

ANNEXES

Annex A	Teaching funds and funded numbers 2003/04 overall and by institution, by ASC
Annex B	QR allocations 2003/04 by institution, by unit of assessment
Annex C	Unit of resource and fee levels 2003/04
Annex D	QR funds per unit volume 2003/04 by rating, by unit of assessment
Annex E	Indicative list of allocations to be announced separately

KEY

Abbreviations

UG	Undergraduate
PGT	Postgraduate Taught
PGR	Postgraduate Research
FO	Franchised out
UWCM	University of Wales College of Medicine
UWIC	University of Wales Institute, Cardiff
UWCN	University of Wales College, Newport
NEWI	North East Wales Institute
CAWCS	Centre of Advanced Welsh and Celtic Studies