

Consultation on the establishment of a
strategic mechanism for non-formula funding allocations
for Initial Teacher Training (ITT) in Wales

To: **Heads of higher education institutions in
Wales providing ITT**

Summary: This circular sets out for consultation a proposal that the Higher Education Funding Council for Wales (HEFCW) should establish a strategic mechanism for its non-formula funding allocations for ITT in Wales.

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■ INTRODUCTION

- 1 This circular sets out for consultation a proposal that the Higher Education Funding Council for Wales (HEFCW) should establish a strategic mechanism for its non-formula funding allocations for Initial Teacher Training (ITT) in Wales.
- 2 Responses to the consultation will be considered by the Council at its meeting in June 2003. Subject to the outcome of the consultation, it is proposed that the new funding mechanism will be implemented in the 2003/04 academic year.

■ BACKGROUND

ITT FUNDING METHOD

- 3 In the light of the introduction of a new teaching funding method by the Council, Circular W00/04HE (published in January 2000) set out for consultation proposals for modifications to the allocation of grant in support of ITT providers. These proposals were established in response to ITT recruitment difficulties in the context of problems in recruitment to the teaching profession.
- 4 Subsequent to the publication of the proposals for consultation, the Welsh Assembly Government announced, in early 2000, the introduction of training and teaching grants to trainees in postgraduate secondary subject areas. Given the major change to the recruitment context presented by the new Assembly grants, the Council concluded that it would be inadvisable to proceed with substantial changes to the ITT funding method. Rather, it would be preferable to wait until the impact of the introduction of the new grants was known, in approximately two years' time.
- 5 Circular W00/112 HE (November 2000) reported this outcome and noted the two minor changes which would be made to the ITT funding method namely:

- A reduction in the number of units of resource in ITT; and
- The return of ITT clawback to the ITT sector, for a three-year period.

- 6 The Council has agreed that it is an appropriate juncture to revise the arrangements currently in place for non-mainstream ITT funding. The number of units of resource in ITT has been reduced. The initiative introduced to ring-fence ITT clawback for the ITT sector has now completed and, due to increased recruitment, no clawback funding will be available for allocation during 2002/03, the final year of the three-year initiative.
- 7 This circular sets out proposals for consultation and also gives information about two further actions which respond to concerns raised by providers regarding funding arrangements for ITT.

■ EXISTING ITT FUNDING STRUCTURES

- 8 ITT funding in Wales is currently provided through three distinct funding mechanisms:
 - (i) **Mainstream/Recurrent Grant**, that is, funding allocated through the funding formula, based on the Welsh Assembly Government's overall quota for ITT courses in Wales (ITT intake targets);
 - (ii) **Non-formula funding**, such as the Teacher Training Recruitment Scheme, normally allocated on an annual basis, utilised to support strategic developments and priority areas outlined by HEFCW, the Welsh Assembly Government, and Estyn;
 - (iii) **Initiative funding**, normally one-off exercises to promote particular developments, such as the New Innovative provision initiatives, promoting course innovation.

■ VIEWS OF ITT PROVIDERS

9 As part of the funding consultation in 2000, and on numerous subsequent occasions, ITT providers have expressed concerns regarding the overall funding levels for ITT and the costs of maintaining ITT partnership arrangements with schools.

10 In addition, concerns have been raised regarding the current 'jam jar' funding arrangements associated with ITT initiative funding. Particular concerns relate to:

- the over-complexity and proliferation of the ITT non-formula funding streams and initiatives;
- the increasing bureaucracy and workloads associated with numerous bidding and reporting processes;
- the lack of encouragement and capacity for ITT departments to plan strategically in the medium and long term;
- the difficulties experienced by ITT departments managing staffing levels due to uncertainty regarding the longevity of various funding streams;
- the ongoing confusion within ITT departments over accounting for HEFCW funds, particularly within the context of internal institutional systems.

11 This has led to calls for activities funded under the existing non-formula mechanism to be reviewed and streamlined into a singular strategic funding mechanism. This mechanism would encourage institutions to respond strategically to the targets and priorities proposed by HEFCW, Welsh Assembly Government and Estyn, while maintaining a degree of institutional autonomy and focus. The mechanism outlined in this paper is based upon this proposal.

Question 1:

Do you agree that non-formula funding support for ITT provision should be streamlined into a single strategic funding mechanism?

■ THE PROPOSED STRATEGIC FUNDING MECHANISM

12 HEFCW proposes that a new strategic funding mechanism should be developed to incorporate funding for the following existing ITT non-formula streams:

- National Curriculum for Information and Communications Technology (ICT);
- Teacher Training Recruitment Scheme (the marketing and student hardship elements only);
- Teaching Welsh as a Second Language to trainee teachers.

13 Providers should note that the student placement grant element of the Teacher Training Recruitment Scheme allocation would continue to be paid separately to providers of secondary undergraduate shortage subject provision under the existing arrangements.

Question 2:

Do you agree that the overall funding allocation for the following three existing streams should be incorporated into a single strategic funding mechanism:

- *National Curriculum for Information and Communications Technology (ICT);*
- *Teacher Training Recruitment Scheme (the marketing and student hardship elements only);*
- *Teaching Welsh as a second language to trainee teachers?*

14 This proposal would offer ITT providers a more strategic funding mechanism for managing, enhancing, and staffing ITT provision within the immediate and longer-term future.

15 To access funding ITT providing institutions would be required to submit a three-year strategic plan for ITT provision, to be developed in accordance with HEFCW guidelines, based around

identified targets and priority areas. The three-year plan would also include targets and outcomes set by the institution. Funding would be allocated annually through two tranches.

■ STRENGTHS AND WEAKNESSES

16 It is anticipated that institutional benefits for funding being released under the proposed mechanism will include:

- significant reductions in administrative burdens including reporting and monitoring;
- enhanced degree of institutional autonomy;
- greater stability of funding for institutional appointments/project management.

17 However, funding released through the proposed new mechanism could have a variable impact on institutions from 2004/05 onwards. This is because the total funding previously allocated through three discrete funding streams will be allocated from 2004/05 onwards to all eight ITT institutions based on their ITT intake targets/total funded credits for ITT. The impact of the following modifications for calculating funding should be noted, in particular:

- (a) **Welsh Second Language** funding was previously allocated to take account of enrolments on Welsh second language provision in primary undergraduate ITT courses. It is also proposed that the current UWCN supplementary allocation will be removed for 2004/05 and redistributed to all ITT institutions, as explained in Circular W03/23HE.
- (b) **TTRS** funding was previously allocated to secondary ITT providers only. Consequently, institutions, such as UW Swansea, that have a large secondary provision but a smaller primary provision could see a reduction in funding.

18 An exemplification of the impact of the proposed mechanism on the funding allocations for 2004/05 is attached at **Annex A**.

■ STRATEGIC FUNDING OPTIONS

19 The Council is proposing to allocate ITT strategic funding via one of the following mechanisms:

Option A - Ask institutions to plan strategically for a fixed three-year period. Annual monitoring reports would be required at the end of each academic year.

This option:

- could be seen to be less labour intensive – requiring annual progress reports rather than annual submissions of rolling strategic plans;
- could facilitate providers' planning for a fixed period of time;
- however, the fixed time period could be seen to be inflexible as plans would be defined on a three year basis.

Option B – Ask institutions to plan strategically for a rolling three-year period, with detailed implementation plans presented for the immediate year ahead. Each year the institution would then be asked to roll the plan forward a year, against a three-year commitment of funding. In addition, institutions would provide an account of the previous year's activity.

This option:

- could be more beneficial to providers as it could be seen to offer a greater degree of security through rolling funding;
- could be seen to facilitate continuity in strategic planning;
- however, it could be seen to be overly burdensome, due to the annual submission of three-year plans.

Question 3:

Do you agree that the strategic funding allocation should be released following the submission of a satisfactory three-year strategic plan?

Question 4:
Please express your preference for funding to be released through Option A or Option B, as outlined in paragraph 19.

20 The new ITT strategic funding mechanism would be consistent in approach with the existing HEFCW funding mechanisms already in operation across the sector in the following key policy areas:

- Learning and Teaching Strategy;
- Welsh Medium Provision Strategy;
- Widening Access Strategy.

21 These strategies are generally linked to the release of non-mainstream grant allocations in support of the activities concerned. They also contribute to the Council's understanding of the sector's activities and strategies in these areas, as well as enabling it to inform the Welsh Assembly Government on a range of key issues for higher education in Wales. In addition, it is expected that the plans would help to bring ITT provision more significantly within the mainstream of planning within the institution.

22 HEFCW would need to ensure that any new funding method was sufficiently rigorous and flexible so that ITT strategies could remain consistent with current and future key policy areas as determined by the Welsh Assembly Government, Estyn and HEFCW. It should also be able to take account of other external influences, such as the General Teaching Council Wales, and the Teacher Training Recruitment Forum.

23 Council officers would work closely with colleagues from the Welsh Assembly Government and Estyn to establish clear guidance in this area in advance of the submission of the three-year strategies and subsequent annual submissions. It is proposed that Welsh Assembly Government and Estyn officials would have access to the strategic plans upon request.

24 Furthermore, it is proposed that, prior to the submission of an institutional ITT strategic plan, HEFCW officers would arrange to meet with each ITT providing institution, to discuss the formation and development of the plan.

Question 5:
Would institutional visits by HEFCW officers prior to the submission of an ITT strategic plan be beneficial to ITT providers?

■ **FORMAT OF THE STRATEGIC PLAN**

25 The Council does not wish to be prescriptive about the content or structure of the strategies. It recognises that, for a strategy to be a genuine working document, the institution's own mission and circumstances must determine it. However, it is likely that institutions would outline within the ITT strategy document immediate and longer-term activities associated with institutional and sectoral priorities.

26 The following items are likely to be required for inclusion in the plans:

- (i) a statement of the institution's mission and/or vision for ITT provision;
- (ii) the overall strategy and direction adopted for 2003/04 to 2005/06 for ITT. Under separate headings, this should outline how the institution is addressing priorities identified by HEFCW, the Welsh Assembly Government and Estyn, including activities associated with those aspects already supported through non-formula funding, namely, ICT development, Welsh second language in primary provision and recruitment/marketing;
- (iii) a brief description of the systems in place for overseeing the management, development and implementation of the strategy, and annual review and monitoring measures;
- (iv) a statement of how the institution has responded/is responding to the outcomes of Estyn inspection(s);

- (v) an identification of links between ITT and other provision in the institution, particularly in education more generally, and how the ITT provision is contributing to the overall institutional strategic plan;
- (vi) the impact of the reconfiguration and collaboration agenda on the institution's strategic plan for ITT;
- (vii) within an annex, a proposed breakdown of expenditure against the different headings within the strategy, with a separate identification of funding streams (e.g. from the Council, the institution, or other sources);
- (viii) within an annex, a list of proposed targets and outcomes under each heading within the strategy, to be monitored and reported on annually.

Question 6:
Are there any additional features that should form the minimum requirements of the strategic plans?

Question 7:
Should a template be provided by the Council to assist in the production of strategic plans and annual reports?

■ ALLOCATION METHOD

- 27 As the strategic funding mechanism endeavours to integrate at least three existing funding streams, it is proposed that, for the first year's allocation, in 2003/04, the ITT Strategic fund should be allocated on the basis of a combination of the existing funding formulas. Thus institutions would receive similar amounts to the current year.
- 28 The Council would then expect to move to a pro rata funding method based on institutional funded credits for ITT provision in 2004/05.

Question 8:
Do you agree that the Council should move to pro rata allocations for ITT strategic plans based upon institutional funded credits from 2004/05?

■ FUNDING FOR 2003/04

- 29 Subject to the outcome of the consultation, ITT providing institutions would be invited to submit in December 2003 a three-year ITT Strategic Plan. Additionally, institutions would be asked to submit annually either monitoring reports or revised strategic plans (see Options A and B in paragraph 19) to enable the Council to release funding.
- 30 A sum of approximately £650,000 (the total annual allocation of the three existing funding streams) would be available for incorporation into the single ITT Strategic fund for 2003/04. An exemplification of funding allocations for this period is attached at **Annex A**. An estimation of the allocation for 2004/05 is also included. We are, however, unable to provide accurate exemplifications for 2004/05 and 2005/06 due to their dependency upon future intake targets. Implications arising from reconfiguration of institutions would be taken into account in due course.

■ DISSEMINATION

- 31 One particular advantage of the submission of strategies by ITT institutions is that it will enable the Council to build up a comprehensive picture of ITT provision across Wales. The Council also believes it is important for institutions to be able to benefit from each other's experiences and from examples of good practice, so that a greater impact can be made on the quality and quantity of trained teachers.
- 32 The Council would appreciate institutions' views on ways in which it might help to disseminate good practice in relation to ITT in Wales.

Question 9:
How would you like to see good practice disseminated?

■ IMPLEMENTATION TIMETABLE

33 Subject to the outcome of the consultation, the proposed timetable for implementation is as follows:

- new ITT strategic funding method and institutional allocations for 2003/04 announced and strategic plans requested, July 2003;
- first tranche funding for 2003/04 released September 2003;
- HEFCW Officer visits to ITT providers undertaken, October – November 2003;
- strategic plans (covering the period 2003/04 – 2005/06) submitted for consideration, December 2003;
- following submission of satisfactory plans, second tranche funding released, March/April 2004.

■ RELATED COUNCIL ACTIVITIES

34 In addition to the proposals set out in this consultation document, the Council is undertaking work in two additional areas, which will impact upon ITT provision:

- the Council hopes to tender shortly for a study of ITT Partnership arrangements, which will examine the costs and effectiveness of ITT partnerships in Wales;
- a consultation document on rewarding excellence in teaching in higher education will be circulated in the near future. The current arrangements for rewarding quality in ITT completed ended with the completion of the Estyn cycle 1996/97 to 2000/01. In future, ITT provision will be subject to arrangements implemented for other areas of HE provision, taking account of both the arrangements set out in the Quality Assurance and Standards Framework for Wales and the Estyn arrangements pertaining to ITT provision.

35 ITT providers will be invited to comment on both of these developments, the outcomes of which

will be circulated to the sector at the start of the 2003/04 academic year.

36 It is also noted that ITT institutions have not yet been invited to submit a final report on the Priority Subject Recruitment Initiative. This additional time has been allocated, at the request of ITT providers, to allow institutions sufficient time to expend carry-over from previous allocations. Reports will be sought in the near future and will conclude another area of initiative funding previously applicable to ITT institutions.

■ SUMMARY OF CONSULTATION QUESTIONS

37 To assist the analysis of responses to the consultation, it would be helpful if these could be structured to address the issues listed in the text, which are repeated below. Institutions are also encouraged to put forward any other views on relevant questions and issues that have not been considered in this document.

38 Although addressed to higher education institutions providing ITT, responses to this consultation are welcome from all interested parties.

Question 1: Do you agree that non-formula funding support for ITT provision should be streamlined into a single strategic funding mechanism?

Question 2: Do you agree that the overall funding allocation for the following three existing streams should be incorporated into a single strategic funding mechanism:

- National Curriculum for Information and Communications Technology;
- Teacher Training Recruitment Scheme (marketing and student hardship elements only);
- Teaching Welsh as a second language to trainee teachers?

Question 3: Do you agree that the strategic funding allocation should be released following the submission of a satisfactory three-year strategic plan?

Question 4: Please express your preference for funding to be released through Option A or Option B, as outlined in paragraph 16.

Question 5: Would institutional visits by HEFCW officers prior to the submission of an ITT strategic plan be beneficial to ITT providers?

Question 6: Are there any additional features that should form the minimum requirements of the strategic plans?

Question 7: Should a template be provided by the Council to assist in the production of strategic plans and annual reports?

Question 8: Do you agree that the Council should move to pro rata allocations for ITT strategic plans based upon institutional funded credits from 2004/05?

Question 9: How would you like to see good practice disseminated?

39 Comments should be submitted by **Monday 9 June 2003** to:

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Initial Teacher Training Strategies - Proposed Method of Funding from 2003/04

Institution	Actual Funding Awarded 2002/03 and proposed funding for 2003/04 under ITT Strategy Funding Stream*				Proposed funding from 2004/05**			Difference in funding £				
	TTRS	£	ICT	£	Welsh 2nd lang	£	Total		£	Funded credit values	Funded places (equivalent)	Pro-rata funding according to funded credits £
University of Wales, Aberystwyth	34,011		10,607		0		44,618		33,000	275	46,147	1,529
University of Wales, Bangor	55,164		25,557		30,003		110,724		84,720	706	118,472	7,747
University of Wales Swansea ***	63,518		16,141		0		79,659		50,640	422	70,815	-8,845
University of Wales Institute Cardiff	88,759		36,203		31,581		156,543		110,400	920	154,382	-2,161
University of Wales College Newport ****	31,345		18,102		52,987		102,434		60,600	505	84,743	-17,691
North East Wales Institute	0		8,839		27,654		36,493		27,240	227	38,092	1,599
Swansea Institute of Higher Education	14,102		14,912		33,300		62,314		43,080	359	60,243	-2,071
Trinity College Carmarthen	15,701		19,639		31,020		66,360		61,680	514	86,253	19,893
Total	302,600		150,000		206,545		659,146		471,360	3,928	659,146	0

Notes:

* Levels of funding awarded to each institution under each funding stream in 2002/03, and institutional total for 2002/03. 2003/04 funding will be analogous to that received in 2002/03. Institutions will therefore have one year in which to manage the changes in funding levels that will be brought in in 2004/05.

** Based on funded credits for 2003/04 and using the overall level of funding for 2002/03 and 2003/04. It is intended that the overall level of funding will increase in line with GDP from 2004/05. Actual funding for 2004/05 will be based on funded credits/ITT intake targets for that academic year.

*** A number of factors are likely to decrease UW Swansea's allocation in 2004/05, since it has historically received a high level of funding through the old TTRS system. Further detail can be found in the main circular.

**** Under the current formula, UWCN receives supplementary funding of £18,600 through the ITT Welsh 2nd language allocations. This funding has been removed for the purposes of the exemptions for 2004/05 and redistributed to all institutions, as explained in the circular.