

Cyngor Cyllido Addysg  
Uwch Cymru  
Higher Education Funding  
Council for Wales

Cwrt Linden  
Clos Ilex Llanisien  
Caerdydd CF14 5DZ  
Ffôn 029 2076 1861  
Ffacs 029 2076 3163  
www.hefcw.ac.uk

Linden Court  
Ilex Close Llanishen  
Cardiff CF14 5DZ  
Tel 029 2076 1861  
Fax 029 2076 3163  
www.hefcw.ac.uk

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Cylchlythyr

Circular

## Regional Redistribution Exercise 2011/12

**Date:** 18 January 2011  
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**To:** Heads of higher education institutions in Wales  
Principals of directly funded further education institutions  
in Wales  
**Response by:** 9 February 2011  
**Contact:** Leanne Holborn  
Telephone: 029 2068 2259  
Email: [leanne.holborn@hefcw.ac.uk](mailto:leanne.holborn@hefcw.ac.uk)  
Hannah Falvey (workbook queries)  
Telephone: 029 2068 2240  
Email: [hestats@hefcw.ac.uk](mailto:hestats@hefcw.ac.uk)

This circular sets out the arrangements by which regions can redistribute funded credit values for 2011/12 as part of the process of developing a regional dimension to the planning and delivery of higher education in Wales.

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## **Introduction**

- 1 This circular sets out the arrangements by which higher education institutions (HEIs) and directly funded further education institutions (FEIs) can redistribute funded credit values for 2011/12 within regions.

## **Background**

- 2 HEFCW circulars 'Guidance for the Submission of Regional Strategies for the Planning and Delivery of Higher Education' (W10/16HE) and 'Regional Strategies for the Planning and Delivery of Higher Education: Funding and Support' (W10/28HE) informed institutions that HEFCW would be undertaking a regional redistribution exercise in January 2011 as part of the process of developing a regional dimension to the planning and delivery of higher education in Wales.
- 3 In response to these circulars, regions submitted regional strategies at the end of November 2010. As part of preparing their strategies, each region undertook an audit of current higher education provision across all HE providers in the region and included proposals for rationalising provision, minimising duplication and reducing competition in the region. It is expected that redistribution proposals submitted in response to this circular will reflect the content of the regional strategies.
- 4 Regions were also informed in these circulars of HEFCW's intention to topslice 5 per cent of funded credit values for 2011/12 to reallocate to regions. HEFCW have now calculated provisional funded credit values for 2011/12, excluding quota provision and have topsliced 5 per cent of these funded credits (excluding quota subjects, performance element and ringfenced provision).
- 5 These topsliced credits will be reallocated to institutions through two processes: as a 'reward' for regional redistribution (about half of the topsliced credits) and through regional proposals or bids for additional funded credits (about half of the topsliced credits), though exact proportions may depend on the outcomes of the two processes. The credits allocated through these processes will stay with the institutions which gain them for 2011/12 onwards. This process for regional redistribution was developed in consultation with regional planning contacts and details of the process were emailed to directly funded institutions on 19 November 2010.
- 6 All directly funded HEIs and FEIs and all modes and levels of study are included in the topslice. The exception to this is the Open University in

Wales. Given its UK wide status, the Open University is excluded from the 2.5 per cent of the topslice related to regional redistribution and reward.

- 7 This circular informs regions and their institutions of their funded credit values for 2011/12, post-topslice and excluding quota, ringfenced and performance element provision, and invites regions to make redistribution proposals. Approved redistribution proposals will be used to allocate the reward credits available. The outcomes of the regional redistribution and the allocations of reward credits will be incorporated into the recurrent grant circular. Should the publication of the recurrent grant circular be delayed, we plan to publish the outcomes of this exercise and the allocations of the reward credits in March.
- 8 It should be noted that this regional redistribution exercise is in addition to the normal annual redistribution exercise that will take place in summer 2011.

### **Scope of redistribution**

- 9 Both HEIs and directly funded FEIs within a region can redistribute credit values within their region. However, FEIs may only redistribute funded credit values within their existing agreed portfolio of course provision, unless HEFCW has agreed separately that new provision can be added to their portfolio.
- 10 Regional redistribution can only be carried out within non-quota funding cells and for provision that is not ringfenced. Quota funding cells that are not eligible are Initial Teacher Training leading to QTS (ITT (QTS)) (full-time undergraduate and PGCE) and full-time undergraduate medical and dental provision in academic subject category (ASC) 1. Ringfenced provision not eligible for regional redistribution is ASC 11b Education Non-QTS provision allocated as a result of ITT reconfiguration, performance element provision in ASC 10 Art, Design and Performing Arts and agreed ringfenced provision for University of Wales Trinity Saint David. There is no limit on the numbers of credit values that may be moved between eligible funding cells, though the size of the proposed movements will be considered during the approval process. Likewise, whilst there is no specified minimum amount of redistribution, proposals should demonstrate meaningful engagement with the redistribution process.

- 11 In proposing movements of credit values, institutions should consider the following:
- Part-time provision. Given the high priority placed on part-time provision in For our Future, any redistribution from part-time to full-time provision will need a strong rationale.
  - Credit values delivered through the medium of Welsh. Should credit values which are delivered in the medium of Welsh be redistributed, these should be redistributed only to alternative Welsh medium provision. In total, the amount of Welsh medium provision in a region should not decrease. Rationales should include details of any changes to Welsh medium provision.
  - Franchised out provision. Franchised out provision is a Council priority and so movements out of full or part-time franchise arrangements that are not being transferred to alternative franchise arrangements are unlikely to be approved.
  - Strategically important subjects such as Science, Technology, Engineering and Mathematics (STEM) and Modern Foreign Languages (MFL). Particular attention will be paid to proposed movements out of these subjects. Proposals are likely to be approved only in exceptional circumstances.
  - The extent to which the redistribution will support For our Future priorities.
  - Movements within the same ASC. Rationales must include details of the JACS subject codes of provision being moved, at an appropriate level of coding.
- 12 A number of scenarios can be found at Annex B. These give some examples of how the redistributions might operate within a region. These are examples only and are not exhaustive.
- 13 In general, we would expect that most institutions would wish to see a reasonable balance in redistributed credits between those redistributed from their institution and those redistributed to their institution. Where regions are transferring whole courses of provision between institutions, a whole cohort could be transferred from an institution, and the credits from subsequent years of that provision could be used to fund any cohorts for courses being transferred into the institution, as the current cohorts on the provision leave the institution. Alternatively, credits for all cohorts on a course could be transferred in one go.

### **Basis of redistribution**

- 14 The units of funding for 2011/12 have not yet been finalised. Therefore the basis for this redistribution is equal value credits. Equal value credits are credit values with unit of funding relativities applied to make each credit value worth the same, regardless of the level of study or ASC it is funded in. Overall, movements within a region should be on a credit value neutral basis, where credits are of equal value. This is equivalent to movements within a region being cash neutral. Unit of funding relativities are shown in Annex A.
- 15 Once units of funding have been finalised, approved redistributions of funded credits will be converted to funding. As units of funding are rounded to two decimal places, the resulting funding movements within a region may not be exactly cash neutral. This means that small adjustments may be made to the approved proposals by HEFCW to ensure cash neutrality.

### **Arrangements for redistribution**

- 16 Regions are invited to propose redistributions of funded credit values for 2011/12. Proposed redistributions should be returned in the tables shown at Annex C. The tables will be sent electronically to the contact at the administrative lead institution for each region for completion. In order to enable regions to redistribute credit values, funded credit values for each institution in the region for 2011/12, excluding quota, ringfenced and performance element provision, post-topslice, will be included in the same workbook. More information about the workbook and instructions for completion are contained in Annex A.
- 17 Each redistribution proposal must be accompanied by a rationale. One set of rationales should be provided for each region, containing details of all the movements in credit values proposed within that region. Individual institutions should not return separate proposals or rationales. References to relevant parts of regional strategies, or if not already included in the strategies, the evidence underpinning the audit of HE provision, can be included in the submitted rationales.
- 18 Rationales should also include details of the courses being redistributed, in order to assess the impact on the maximum student number. See paragraphs 28 and 29 for further information.

## **Approval of redistribution proposals**

- 19 Proposals are due to be returned to HEFCW by **9 February 2011**. Given the tight timescales we are operating to, late proposals may not be considered. Once all proposals are received by HEFCW, they will be put through an approval process. As part of the process, we will allow regions to revisit proposals, where appropriate, for example in response to queries from HEFCW, though there will be a limited amount of time to do this. We cannot guarantee approval of any redistribution proposal either at individual institution level or regional level.
- 20 Regions will be informed in March if their redistribution requests have been successful.
- 21 Approved redistribution proposals will be used to allocate the funded credits available for reward.

## **Allocation of reward credits**

- 22 The total number of topsliced funded credit values is approximately 375k. This is equivalent to approximately 1.1m equal value credits. Around half of these will be available for the reward allocation.
- 23 The reward credits will be shared between regions pro rata to the number of credits redistributed from institutions within each region. The redistributed credit values are converted to equal value credits before pro rating so that each credit in each institution in each region has the same value.
- 24 Within the region, the regional reward allocation will be shared between institutions pro rata to the number of equal value credits redistributed from each institution. The allocation of reward credits within each institution will be distributed across the institution pro rata to the equal value post-redistribution credits in each funding cell. Unit of funding relativities will be applied according to which funding cell they are in to take them back to funded credit values.
- 25 The reward credits may exceed the amount of redistribution undertaken if total redistribution across the sector is less than the total available for reward.
- 26 Institutions will be able to redistribute the reward credits allocated in the normal annual redistribution exercise, which will take place in summer

2011. The approval process for this will be in line with the normal rules of redistribution, having regard to the bullets in paragraph 11.

- 27 An individual institution's final credit allocation for 2011/12 will consist of the original allocation calculated in the funding model (post-topslice), with adjustments for redistribution within the region, plus the allocation of reward credits and any funded credits awarded as part of the bidding exercise (see paragraph 5).

### **Effect on the maximum student number**

- 28 In approving the redistribution proposals for a region and allocating reward credits, HEFCW will consider the effect on the amount of full-time undergraduate provision and the consequences for the maximum student numbers allocated to institutions, and notified to them by email on 25 November 2010. This will be with a view to limiting any sector-level increases in full-time undergraduate numbers over the 5 per cent that was topsliced from the maximum student numbers allocated to institutions, and will take into account provision allocated as part of the bidding process. Redistribution proposals to move credits into full-time provision from part-time will be particularly scrutinised.
- 29 The maximum student number will be adjusted to take account of the regional redistribution. To enable us to identify how much of the provision being redistributed is associated with new entrants, we will expect rationales to include details of the courses for which credits are being redistributed, for example, course length and/or whether the redistributed provision is for new entrants or whole courses. The maximum student number will also be adjusted to take account of the reward allocation, using an assumed new entrant proportion derived using HESA data, as used in the original setting of the maximum student number. Approved redistribution of these reward credits made during the normal redistribution process for 2011/12 will also be taken into account in finalising the maximum student number for 2011/12. The approvals process for the normal redistribution exercise will again take account of the need to control the sector baseline.

### **Return of proposals**

- 30 All proposals and rationales for redistribution should be returned by **Wednesday 9 February 2011**. They should be sent electronically to Leanne Holborn (leanne.holborn@hefcw.ac.uk, 029 2068 2259).

## Annex A

### Workbook notes and instructions for completion

- 1 Institutions will be emailed an Excel workbook containing up to fourteen worksheets, tailored to their region. This will consist of:
  - an allocation worksheet showing the funded credit allocation for 2011/12, minus the topslice, for each institution in the region, excluding quota, ringfenced and performance element provision. The credits shown in these worksheets are those available for redistribution.
  - a worksheet to be completed with the region's redistribution proposals. This is shown at Annex C. This is the only worksheet in the workbook that should be completed.
  - a summary worksheet showing the total number of equal credit values being redistributed from and to each institution in the region.
  - an outcome worksheet showing the resulting funded credit allocation for 2011/12 once the redistribution proposals have been taken into account, for each institution in the region.

- 2 The institutions within each region are:

- Mid and North Wales: Aberystwyth University; Bangor University; Glyndŵr University; and Coleg Llandrillo Cymru.
- South East Wales: Glamorgan University; Cardiff University; University of Wales Institute, Cardiff; University of Wales, Newport; and Bridgend College.
- South West Wales: Swansea University; Swansea Metropolitan University; University of Wales Trinity Saint David; Coleg Sir Gâr; Neath Port Talbot College; and Gower College Swansea.

The OU in Wales is not included in the regional redistribution exercise, and so is not included in any of the workbooks.

- 3 Regions should only complete the 'Redistribution Proposal' worksheet and only **one return per region**, containing all proposals for a region, should be returned. All other worksheets are for information and no data should be entered in them.
- 4 The workbook will be emailed to the contact at the administrative lead institution for each region and copied to regional planning contacts and data contacts at institutions within each region. All contacts within a region will receive the same workbook showing data for all institutions within the

region. One completed workbook per region should be returned to HEFCW, by the administrative lead institution in each region.

### **Completing the 'Redistribution Proposal' worksheet**

- 5 There are two tables to complete, one showing where credits are being redistributed from and one showing where credits are being redistributed to. There are five columns to be completed in each table:
  - Institution code: this should be the code for an institution in the region.
  - ASC: this is the code for the ASC credits are being redistributed from or to. Only ASCs associated with non-quota cells should be used.
  - Mode of study
  - Level of study
  - Number of funded credits: the number of credits to be redistributed from or to the institution/ASC/mode/level combination. The 'from' credits should be taken from the preceding sheets in the workbook that show the number of credit values available for redistribution. The 'to' credits will be where the credits are proposed to be moved to.
- 6 Valid codes that can be used for institution, ASC, mode and level are shown in the worksheet, below the redistribution tables.
- 7 There are two further columns in each of the tables which calculate the equal value credits. Funded credits are converted to equal value credits to ensure that overall within a region, the proposed movements of credit values are neutral on an equal value credit basis (equivalent to being cash neutral within a region).
  - Unit of funding relativity: this is the relativity between the unit of funding for the funding cell specified and the funding cell with the lowest unit of funding (postgraduate taught ASC 8).
  - Total number of equal value credit values: the number of funded credit values proposed for redistribution is multiplied by the unit of funding relativity to get the number of equal value credits.
- 8 No information other than that asked for should be returned in these tables. Any additional information can be included in the rationale.

9 The unit of funding relativities are:

| Academic Subject Category |   | Undergraduate | Postgraduate |
|---------------------------|---|---------------|--------------|
| 1b                        | Clinical Medicine                           |               | 4.319        |
| 1d                        | Clinical Dentistry                          |               | 4.319        |
| 2                         | Subjects and Professions Allied to Medicine | 3.556         | 2.788        |
| 3                         | Science                                     | 4.040         | 3.272        |
| 4                         | Engineering and Technology                  | 4.550         | 3.782        |
| 5                         | Built Environment                           | 3.603         | 2.835        |
| 6                         | Mathematical Sciences, IT and Computing     | 3.190         | 2.423        |
| 7                         | Business and Management                     | 1.993         | 1.225        |
| 8                         | Social Sciences                             | 1.768         | 1.000        |
| 9                         | Humanities                                  | 2.508         | 1.740        |
| 10                        | Art, Design and Performing Arts             | 3.135         | 2.366        |
| 11b                       | Education: Non-QTS                          | 3.059         | 2.292        |

### Validation checks

- 10 There are ten validation checks in the Redistribution Proposal worksheet. These check that the institution, ASC, mode and level codes, and combinations of mode and level codes are valid. If there is an error, a message will appear in red at the top of the table to flag this up. The validation table to the side of the two redistribution tables will indicate which cell is causing the error. All validation errors should be corrected before the workbook is submitted. Institutions should note that validation checks may show an error until all data in a row have been input (for example, an error will appear if mode is completed but level is not).
- 11 A further check is made to ensure that the redistribution proposals in the 'redistributed from' table are equivalent on an equal value credit basis to the proposals in the 'redistributed to' table. If the 'redistributed to' table has credits of a greater value entered in it than the 'redistributed from' table, a message will appear at the bottom of the table and will also be flagged up above the table. Similarly, if total credits in the 'redistributed to' table, are more than 10 credits less in value than the 'redistributed from' table, messages will appear.
- 12 In the outcome worksheets (one for each institution in the region), if a proposal results in a negative number of credit values in a cell (i.e. more has been redistributed out of the cell than was originally allocated to that cell) the negative figure will be highlighted in red. Regions should ensure that all cells in the outcome tables contain values greater than zero before submitting the return.

### **Workbook notes**

- 13 Regions must not attempt to change the structure of the workbook by adding or deleting worksheets or columns, or by overwriting or deleting any formulae. Worksheets contain information critical to loading of the data and it is essential that the structure of the workbook is not changed in any way.
- 14 Each workbook should be saved in Excel on completion, using the same filename and extension as that originally supplied. Names of the individual worksheets must not be changed.
- 15 If regions wish to add more rows to the redistribution proposal tables, they should either copy existing rows and insert additional rows into the table, to ensure that formulae are copied also, or alternatively, contact HEFCW for a replacement workbook with additional rows.
- 16 Unused rows in the redistribution proposal tables should not be deleted.
- 17 If you have any difficulties in completing the workbook, or if you have any questions about completing the workbook, please contact Hannah Falvey (hestats@hefcw.ac.uk, 029 2068 2240).

## Annex B

### Regional Redistribution – some possible scenarios

- 1 Institution 1 redistributes credits to institution 2 to make provision for the first 2 years of engineering provision which leads, through articulation arrangements, into institution 1 and provision with chartered status.
- 2 Institution 3 was planning to move out of a particular area of provision and had already commenced internal arrangements for this. Through the regional redistribution process, credits related to that provision might be redistributed to institution 2 to strengthen similar provision, and credits distributed back to strengthen core strategic subject areas in Institution 3.
- 3 Three institutions in the region make MFL provision available but only Institution 2 has a critical mass of students. The other institutions redistribute their MFL provision to Institution 2, with that institution committing to provide MFL modules on a cost recovery basis to the other institutions. This may involve TUPE transfers.
- 4 Institutions 1 and 2, in close proximity, provide similar business modules within undergraduate (UG) provision but this provision aligns more closely with core provision in institution 2. Institution 1 redistributes the credits to institution 2 and Institution 1 receives credits in a different area which aligns more closely with the research strengths and strategic objectives of the staff in that institution.
- 5 Institution 1 wants to expand its postgraduate taught provision in a specialist STEM area to meet the needs of a regional employer (and also to respond to a potential overseas market). It redistributes UG credits for broader STEM provision to Institution 2, which is working with an FE partner to provide a range of franchise progression routes to its STEM provision, and receives postgraduate STEM credits in return.
- 6 Institution 2 redistributes credits to build up existing local directly funded HE in FE Foundation Degree provision in Construction which leads directly into UG provision at the Institution 2, thus providing a regional progression route and increasing recruitment to Institution 2's provision.
- 7 Institution 1 wishes to move out of provision in History and wishes to expand its provision in Fine Art. These are both within the same ASC. Institution 2 wishes to expand History but give up Fine Art. Because these are in the same ASC, part of the rationale for the redistribution will be to note the JACS codes for this provision.

