

Cylchlythyr | Circular

Consultation on distribution of additional funding for academic year 2020/21

Date: 01 October 2019
Reference: W19/33HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education colleges in Wales
Response by: 11 November 2019
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This consultation seeks comments on HEFCW's proposals for an anticipated additional funding allocation in academic year (AY) 2020/21, as part of the increased funding being made available by Welsh Government in financial years (FYs) 2020-21 and 2021-22. It outlines the background to our proposed spending of these funds and poses a number of questions, the responses to which we will use to inform, develop and refine the final arrangements.

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Introduction

1. This consultation seeks comments on HEFCW's proposals for an anticipated additional funding allocation in academic year (AY) 2020/21, as part of the increased funding being made available by Welsh Government in financial years (FYs) 2020-21 and 2021-22. It outlines the background to our proposed spending of these funds and poses a number of questions, the responses to which we will use to inform, develop and refine the final arrangements.

Background

2. The publication of Professor Sir Ian Diamond's review of higher education funding and student finance arrangements and the subsequent Welsh Government response ([Diamond review and response](#)) resulted in a number of recommendations being accepted by the Welsh Government. These recommendations covered the future of student support for Welsh and EU domiciled students and increased funding for Welsh higher education providers, directed through HEFCW.
3. This, coupled with changes to the higher education environment, has necessitated a review of our funding methods to ensure that we distribute the increased funding in alignment with Welsh Government and HEFCW priorities. We are carrying out our review of funding methods in stages, with an interim review for AY 2020/21 funding and a more fundamental review planned for AY 2021/22 funding.
4. Welsh Government's [2019-20 remit letter](#) implied a significant growth of £27m in AY 2020/21 resulting from the release of funding related to the Diamond Review. We have allocated £15m of this to the reinstatement of innovation and engagement funding (Research Wales Innovation Fund, circular [W19/13HE](#) refers). This circular outlines our proposals for the allocation of the remaining available funds.

Proposed allocation of funding

5. We are proposing allocating additional funding to four streams as summarised in the table below. The latest allocations of funding to these four streams, and to all streams of funding, are included in circular [W19/14HE](#): HEFCW's funding allocations 2019/20. We welcome the views of key stakeholders on these proposals.

Priority	Proposed allocation
Higher cost subjects premium	£6m
Part-time undergraduate provision	£3m
Postgraduate (PGR) provision	£1.3m
Premia (disability premium)	£1.7m
Total	£12m

Question 1: Based on the proposals set out below is this an appropriate split of the available funds? If not why not? Do you have any other proposals on how the funds should be distributed?

Higher cost subjects premium

6. Currently we provide an Expensive Subjects Premium (ESP) for clinical aspects of medical and dental provision, and the performance element of conservatoire provision, allocated in respect of full-time undergraduate (FTUG) provision. Our Council agreed in July 2018 that additional funding (around £5m) in AY 2019/20 should be used to ensure that the subjects included in the ESP be funded up to the same level as the equivalent provision elsewhere in the UK. The Council also agreed that a new Higher Cost Subjects Premium (HCSP) would be allocated in respect of Non-clinical Medicine/Dentistry, Science & Engineering and Technology, and Mathematical Sciences, IT and Computing for AY 2019/20, for FTUG provision. These two aspects were implemented for AY 2019/20 and the resulting allocations are presented in circular [W19/14HE](#).
7. However, the HCSP does not currently meet the full estimated cost (above the fee level) of the higher cost subjects. Therefore, we have considered three options for directing the additional funding: (1) uplifting the units of funding for the existing HCSP; (2) uplifting the units of funding for specific subjects (eg science & engineering and technology); or (3) extending the HCSP to cover additional subjects, subject to the maximum estimated cost of delivering those subjects. Our proposal is to allocate half of the £12m to provide additional funds for HCSP and we will model the first two options above using our current funding method for this funding. Option 3 will be further considered as part of a more fundamental review of teaching funding for AY 2021/22 and so we are not proposing to implement that for AY 2020/21.

Question 2: Do you have any comments on which of the two proposed methods of allocating additional funding to the HCSP is preferable?

Question 3: If you would prefer the funding to go towards existing specific high cost subjects under option two, which subjects should this be and why?

Part-time undergraduate provision

8. We propose to provide funding so that we can continue to support growth in part-time student numbers and/or increase the unit of funding per credit value. The amount proposed to be allocated to part-time undergraduate credit based provision is £3m.
9. We propose to do this using our current credit based funding method for part-time undergraduate provision. Our wider review of teaching funding in 2021/22 includes a review of part-time provision and funding, and we will consider the methodology used in allocating funding then.

Question 4: Do you have any comments on whether the proposed funding should be used to fund growth in part-time numbers or an increase in the unit of funding or both? Please state your reasons.

Postgraduate (PGR) provision

10. In parallel to the funding we provide to support the research base (Quality Research - QR) we operate a separate funding stream to support the training of PGR students. The current total formula allocation has been fixed since AY 2011/12 at £5.2m. Subsequently, full-time equivalent (FTE) numbers of PGR students eligible to be included in the allocation have increased. If all eligible FTE numbers were included in the allocation, at the rates of funding for AY 2019/20 published in circular [W19/14HE](#), a further £1.3m would be required. Therefore, we propose that £1.3m of the £12m available is allocated to the PGR training fund.
11. The Welsh Government's [remit letter to HEFCW 2019-20](#) refers to the current Ministerial ambition to establish support for doctoral research scholarships. We will be undertaking preparatory work on this during the current year. A boost to institutions' capacity to underpin postgraduate research training could prove valuable in this context.

Question 5: Do you have any comments on whether the proposed funding should be used to provide additional funding for PGR? Please state your reasons.

Question 6: What might be an appropriate balance between PGR core funding and funding to support doctoral research scholarships?

Premia

12. We propose that the remaining funding of £1.7m should be used to increase the funding for the disability premium by including FTUG and full-time and part-time PGT alongside PTUG and PGR students already covered. The rationale is that an increase in the disability premium would contribute to supporting institutions' strategic equality planning, improving the student experience, contribute to our well-being and health policy developments as published in circular [W19/17HE](#), as well as the Welsh Government's well-being expectations set out in our FY 2019-20 remit letter.
13. We will use HESA data, relevant fee and access plans and annual equality plan reporting submitted by institutions to HEFCW to monitor the impact of this funding on disabled students in HE.
14. In the longer term, we will also review our funding methods in relation to Welsh medium and access and retention premia. However, for 2020/21 we are proposing to increase the disability premium only, to focus resources and ensure a greater impact from the allocation of the available funds.

Question 7: Do you have any comments on whether the proposed funding should be used for the disability premium? Please state your reasons.

Longer term considerations

15. There will potentially be additional funding available for AY 2021/22 and beyond. The paragraphs below summarise our plans for reviewing our funding methods in

readiness for allocation in 2021/22. These plans will involve detailed modelling and consultation with providers.

16. Funding for research: there are two issues for consideration. First, that our funding for research (QR and PGR funding streams) has been flat since AY 2011/12. Second that we will need to review the QR and PGR funding models for allocation after REF2021, ie from AY 2022/23 onwards.
17. Funding for teaching: We are working on ways to align subject relativities between part-time undergraduate and FTUG funding methodologies, currently we use different subject relativities for part-time undergraduate credit based funding and FTUG higher cost subjects funding. We consulted on collecting Transparent Approach to Costing (Teaching) - TRAC (T) data from Higher Education Institutes (HEIs) in Wales in circular [W19/21HE](#) and, as a result of the consultation, are going ahead with the collection. These data, along with other UK data, will inform our modelling. We are also undertaking a review of part-time provision. Both these aspects, and all other elements of our teaching funding, will be part of a more fundamental review for AY 2021/22.

Question 8: We will be consulting next year on our longer term funding, if you have any comments that you wish to share at this stage in the process please do so.

General consultation questions

18. In responding to any of the questions below, please provide a reason for your answer.

Question 9: If additional funding became available during the FY what should our priorities be for distribution? Where would you consider the funding to potentially have the biggest impact?

Question 10: Are there any unintended consequences arising from the proposed distribution of funding?

Question 11: Do the proposals have any positive or negative impacts or unintended consequences in terms of equality and diversity and the Well-being of Future Generation (Wales) Act's seven wellbeing goals, Sustainable Development Principle and five ways of working?

Question 12: What positive or adverse effects will the proposals have on:

- opportunities for persons to use the Welsh language and
- treating the Welsh language no less favourably than the English language?

Question 13: Could the proposals be changed to increase positive effects, or decrease adverse effects on:

- opportunities for persons to use the Welsh language and
- treating the Welsh language no less favourably than the English language?

Question 14: Do you have any additional comments that you would like to make in response to this consultation?

Timetable

19. We will consider the responses to this consultation and take account of any issues raised, with a view to presenting final proposals for distributing the additional funding for AY 2020/21 to HEFCW Council at its meeting in January 2019. We intend to inform providers of the outcomes of that meeting, and will issue the AY 2020/21 funding circular in spring 2020.
20. We will consult on the development of funding methods for AY 2021/22 and beyond in 2020 and 2021.

Further information / responses to

21. For further information, contact Gemma Stephens (029 2085 9642; funding@hefcw.ac.uk). Responses to this consultation should be submitted to funding@hefcw.ac.uk and copied to hestats@hefcw.ac.uk, by Monday 11 November 2019.

Assessing the impact of our policies

22. We will be carrying out an impact assessment screening, as we develop our new method, to help safeguard against discrimination and promote equality, taking account of our duties under the Equality Act (2010) and the Public Sector Equality Duty (Wales) (2011). We will also consider the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. Contact equality@hefcw.ac.uk for more information about our impact assessments.

Summary of Questions

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