

Cylchlythyr | Circular

Consultation on changes to funding methods for 2019/20 and future developments

Date: 25 September 2018
Reference: W18/24HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education colleges in
Wales
Response by: 26 October 2018
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This consultation seeks views on proposals for adjustments to our current funding methods for teaching in 2019/20 and our proposed approach for further developing new funding methods in academic year 2020/21 and beyond.

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Introduction

1. 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, both for the future of student support for Welsh domiciled students and for funding for Welsh higher education providers, which is directed to providers through HEFCW.
2. This, coupled with changes to the higher education (HE) environment, has necessitated a fundamental review of all of our funding methods to ensure that we distribute the available funding, as far as possible, in alignment with Welsh Government and HEFCW priorities.
3. The increase in funding anticipated to be available to HEFCW as a result of changes to student support arrangements from academic year (AY) 2018/19 and beyond, will be realised in stages, as cohorts under the pre-AY 2018/19 arrangements move through their courses and as the Welsh Government confirms the funding that will be allocated to the HE budget in future years. For this reason, and to ensure a smooth transition, we are adopting a staged approach to revising the funding methods, beginning with an adaptation to the teaching funding method in AY 2019/20, with progressive changes thereafter with a view to implementing fully operational revised methods by AY 2021/22.
4. We are issuing this consultation as we need to have appropriate funding methods in place as the Diamond recommendations are realised. We believe that it is appropriate to start consulting now on our proposed changes as they will need to be gradually implemented from AY 2019/20 and we want to give sufficient time to take account of stakeholder views in shaping future funding methods. However, we are mindful that proposals for reform of the post-compulsory education and training system in Wales, and the recommendations made by the post-18 education review currently underway in England, will also have an impact on our future funding methods.

Diamond recommendations for funding HE in Wales

5. The recommendations in the Diamond report that were accepted by Welsh Government were published on 17 November 2017. This consultation deals with HEFCW teaching funding in particular, but the full set of recommendations, which were agreed by the Welsh Government can be found in their response to the report.
6. The recommendations proposed teaching funding for higher cost subjects for both full-time and part-time modes of study:

‘Full-time - for higher cost subjects:

- The fee to be topped up, via HEFCW, with premium payments direct to Welsh HEIs. Payment to reflect the cost of teaching as measured by TRAC(T)¹ (or some comparable means).

Part-time - For higher cost subjects:

- HEIs to receive a top up payment that reflects the cost of teaching – allocated directly to HEIs on the basis of the number of students by HEFCW. HEIs to be eligible for this top up by being able to demonstrate that they delivered part-time education in a manner that encouraged students to be able to earn as they learn.’

Basis for establishing new funding methods

7. The 2018-19 Remit Letter from Welsh Government listed their areas of priority which, under funding priorities, included beginning the process of phasing in additional payments in relation to expensive subjects, both full-time and part-time. Our Council has agreed that emphasis should be placed on ensuring that Welsh institutions are brought up to an equivalent level of funding to providers in England, as quickly as possible.
8. In this context, our Council agreed that support for expensive subjects would be the first call on any additional funding released as a result of the Diamond review. With limited additional funding estimated to be available in AY 2019/20, based on current steers from Welsh Government, our Council agreed that a gradual introduction of funding changes should be implemented from AY 2019/20 and developed the following year and beyond, rather than introducing complete new funding methods in AY 2019/20.
9. Our overall aim is that any new funding methods:
 - support Welsh Government and HEFCW policy objectives.
 - are simple, transparent and easy to understand and adapt.
 - provide stability and minimal disruption.
 - are based on data readily available.

Distribution of funding

10. In order to consider the most appropriate distribution of funding going forward and the priorities for additional funding, our Council looked at the historical distribution of funding at key points in time, and compared this to the distribution of funding by HEFCE (now OfS) at the same points.

¹www.officeforstudents.org.uk/data-and-analysis/trac-data-2016-17/further-information-about-trac/

11. The Diamond report provided recommendations for future funding in Tables 6 and 7 of [the report](#). Using that information, we have begun to establish a preferred overall funding distribution model, including any unhypothecated funding, which would be allocated between teaching and research based on HEFCW and Welsh Government strategic priorities. We will also consider any impact of the recommendations made by Professor Graeme Reid in his report [A review of government funded research and innovation in Wales](#).
12. We propose to establish an innovation fund from AY 2020/21. Proposals for a funding method for the innovation fund will be consulted on separately during 2019. The current research funding method will not be revised until after the results of the next research excellence framework (REF) in AY 2020/21. Changes to the research funding method will be subject to a separate consultation after the next REF.

Review of the teaching funding method

13. The last major review of the teaching funding method took place in preparation for the introduction of the new tuition fee regime in AY 2012/13. The current methods can be found on our [website](#). That review resulted in the development of a new full-time (FT) undergraduate (UG)/Postgraduate Certificate of Education (PGCE) funding method, the retention of the credit based method for part-time (PT) and postgraduate taught (PGT) teaching, and the retention of premium and per capita allocations. There have been various amendments to this method since then as affordability issues have reduced our funding capacity, and these have resulted in ceasing to fund the priority subjects premium and the expensive subjects premium for subjects other than clinical medicine/dentistry and performance element provision, and ceasing the funding of credit based and premium PT and FT postgraduate taught teaching.
14. As a partner in the Credit and Qualifications Framework for Wales (CQFW), we continue to support the concept of credit based funding as much as is possible, recognising that external influences may affect our ability to do so in some cases. It is recognised that providers' portfolios were established on the basis of credit, and we want to retain and encourage that flexibility in the curriculum, which could be compromised if we moved away from credit-based funding. We believe that retaining and maintaining a credit-based funding system will support our capacity to develop funding methods that respond to flexible learning provision.
15. The Diamond recommendations suggested that we investigate the use of the Transparent Approach to Costing for Teaching (TRAC(T)) data, in any new funding method.
16. TRAC is an activity-costing system which draws on expenditure information in higher education institutions' accounts to derive the costs of

teaching, research and other activity, and TRAC(T) is the framework, currently used in Scotland, England and Northern Ireland, for costing teaching in different subjects. Following a pilot of TRAC(T) in 2007, data have been collected annually since then.

17. TRAC(T) uses cost centres based on academic departments. Although used in other parts of the UK, we do not fund on the basis of cost centres and so TRAC(T) data are not collected from Welsh HE providers. Consequently, we do not currently have TRAC(T) costs data for Welsh HE providers.
18. In order to determine cost relativities by subject for teaching in Wales, we are proposing for AY 2019/20 to use the HEFCE (now OfS) costs data analysis, published in 2012, which used TRAC(T) data and was used to inform the last revision of its price group funding rates (see paragraph 24 below).

Proposed changes to the teaching funding method in 2019/20

19. While two student finance systems are operating together, as cohorts move through the system, there is a limited amount of additional funding that will be available for us to allocate in AY 2019/20. In addition there is uncertainty about the outcomes from the HE funding and cost reviews in England and their impact, if any, on Wales, as well as wider budget uncertainties. Considering these factors and the time required to develop and implement a new funding method, in the first instance the additional funding for AY 2019/20 will be used to fund the subjects that we currently include in the expensive subjects premium (Clinical Medicine and Dentistry and the performance element of Conservatoire training) at an equivalent level to the funding provided in England for the provision of these subjects.
20. Any remaining funding will then be directed towards other higher cost subjects in full-time undergraduate provision informed by a subject cost relativity update.
21. We will be considering PT funding from 2020/21 onwards in due course, but at present, the current PT credit-based teaching funding method does account for differentials between subjects.

Subject cost relativities for higher cost subjects

22. We currently use academic subject category (ASCs) to group subjects. We considered two options in the revision of the ASC relativities, initially for use in allocating the additional AY 2019/20 "Diamond" funding to other higher cost subjects: one using current ASC relativities; and one using TRAC(T) data to revise the ASC relativities.

23. The current ASC relativities are around 20 years old, and there is limited background information available about how they were established. The TRAC(T) data used in calculating revised subject relativities use costs information that is more recent, with its method of collection documented. In addition, given that this is the first year in a progression to a new method for allocating teaching funding, we consider that we should use a method that uses the TRAC(T) data as soon as we can, even if the method for AY 2019/20 is for an interim period.

Using TRAC(T) data to update the relativities between ASCs for full-time undergraduate provision

24. We used the costs calculated in the work that HEFCE carried out using TRAC(T) data to determine their price group costs² as a basis for updating our subject relativities. The HEFCE work gave an estimated average cost of provision per full-time equivalent (FTE) in each academic cost centre. Cost centres relate to where resources deployed to teach the student are located; more information is available on the HESA website³. Since the HEFCE work was carried out, the list of HESA cost centres has been reviewed and revised. We therefore used a mapping from old to new cost centres (available on the HESA website⁴) so that we could use current credit value data - which are returned against the new cost centres - in our calculations.
25. This cost based information is more up to date than that used in our previous funding method for full-time undergraduate provision. In that method, we funded by ASC, where the subject relativities and the funding allocations were based on module subject of study and not cost centre subject. In the interim method we are proposing for AY 2019/20, we are revising our relativities between ASCs, using module cost centre data, and calculating funding based on module subject of study. In using the costs calculated by HEFCE, we considered the following:
- The costs calculated by HEFCE are based on English providers. We consider that it is reasonable to assume that the costs for Welsh providers are similar.
 - The costs include all modes and levels of study. We are assuming that full-time undergraduate costs make up the majority of costs and therefore the costs can be used in determining full-time undergraduate relativities.
 - The costs are based on data from several years ago (2007/08, 2008/09 and 2009/10 data inflated to 2013/14 by HEFCE and further inflated to 2019/20 as part of this work). However, they are not as out of date as those used in our current ASC relativities.

² [HEFCE TRAC\(T\) work](#) (this link will be available until 30 September 2018, when all information on the HEFCE website will be moved to the [National Archives](#))

³ [HESA cost centres](#)

⁴ [HESA cost centre mapping](#)

- The cost centres used in the TRAC(T) data are no longer current as they were reviewed and replaced in 2012/13. This has led to a mapping from old to new cost centre being used.
 - A mapping from the new cost centres to ASCs in order to calculate the revised relativities has also been used.
 - The new ASC relativities are based on cost centres but applied to module subject of study to calculate funding. There could be different costs for different subjects studied within a cost centre.
 - We have not issued guidance to Welsh providers about returning cost centre data on the HESA student record. This could mean that inappropriate cost centres have been used in returning module data and that there are inconsistencies between providers. In the model, we use sector cost centre data to calculate new ASC relativities and then use subject of study data to allocate funding (which will be on a provider basis) in order to mitigate this at provider level.
26. In order to use the costs data to calculate costs per ASC, we created a mapping between cost centres and ASCs, which can be seen at Annex A, together with the cost calculated by HEFCE in each cost centre. We then summed the number of full-time undergraduate HEFCW-fundable completed credit values returned on the 2016/17 HESA student record in each cost centre. To get a cost for each ASC, we calculated an average based on the cost centres mapped to that ASC, weighted by the number of credit values in that cost centre. For those cost centres that were split between ASCs, a proportion of the credit values was included in the calculation. Annex A illustrates this calculation.
27. These costs per ASC were then taken forward to the calculations shown in Annex B. The costs were first updated to AY 2019/20 to take account of actual and estimated inflationary increases since the costs were calculated. The average fee for AY 2019/20, taken from fee and access plans and reduced to take account of estimated fee waivers based on SLC payment data, was then taken off the cost in each ASC to get a unit of funding for each ASC. This gave a per full time equivalent (FTE) unit of funding. To convert it to a per credit value unit of funding, the values were divided by 120.
28. Once the average fee was taken off, those ASCs where the cost was greater than the average fee had a positive unit of funding. These ASCs were taken forward to the calculation of the subject relativities. In doing this, both ASC 1b/1d Clinical medicine/dentistry and ASC 10 Art, design and performing arts have been excluded. This is because they are included in the calculation of the current expensive subjects premium.
29. The subject relativities were calculated as the unit of funding divided by the lowest unit of funding, which is for ASC 6, Mathematical sciences, IT and computing. These were rounded to the nearest 0.5. The number of credit values in each ASC was taken from the end of year monitoring (EYM) data and based on the Joint Academic Coding System (JACS) code of the module subject of study. A mapping from JACS code to ASC is available in

Annex E of the EYM circular⁵. Using the relativities and the EYM credit values, the units of funding that were affordable given the overall funding available were calculated, and funding allocations by ASC were calculated as the unit of funding multiplied by the number of EYM credit values in each ASC.

30. The calculations in Annex B show a large difference in the relativities and units of funding between ASCs 3 Science and 4 Engineering and Technology. In looking at which cost centres are included in ASC 3 and which are included in ASC 4, we would consider that there is more overlap than the resulting relativities and units of funding would suggest. We have therefore adapted the model so that ASCs 3 and 4 are treated as one ASC in calculating a weighted average cost, and have then carried out the steps above. The result is contained in Annex C. We are proposing to use this version of the interim method for 2019/20.
31. The calculations at Annexes A, B and C and the overall funding available are illustrative only and are provided to show the method we are proposing to use for AY 2019/20 to update our ASC relativities. If we go ahead with the proposals, as illustrated in Annexes A and C, the methods presented will be used with AY 2017/18 HESA cost centre and subject of study data, with the funding allocations dependent on the level of funding available.

Changes to funding methods for AY 2020/21 and beyond

32. From AY 2020/21, as more funding becomes available, we will be considering:
 - Funding for part-time provision (informed by a HEFCW review of part-time provision)
 - How to fund higher cost subjects in all undergraduate provision. and;
 - Increasing the range of subjects for which a funding contribution is provided for full-time undergraduate provision.
33. We propose to develop the suggested method for AY 2019/20 using TRAC(T) data for determining subject relativities and investigate other groupings of subjects.
34. We propose to retain the concept of incentivised areas of funding, such as Welsh Medium, Access and Retention, and Disability (currently known as premium funding).
35. Likewise, we propose to continue the concept of a “per capita” payment (currently it is £5 per head for all taught students).

⁵ [EYM circular W17/29HE](#)

36. Further consultations will be issued as elements of the new funding methods are considered and developed. However, we welcome any views on significant changes that should be considered.

Consultation Questions

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

For AY 2019/20 changes to the teaching funding method

- 1) Are you content with the way that the TRAC(T) costs data have been used to calculate relativities for an interim allocation of funding for higher cost subjects for full-time undergraduate provision in AY 2019/20?
- 2) Are there other points to consider in the proposed interim funding method that we have not listed above?

For changes to the teaching funding method beyond AY 2019/20

- 3) Should TRAC(T) data be used in future to calculate subject relativities for allocating funding for higher cost subjects, a) for full-time undergraduate provision and, b) for part-time undergraduate provision?
- 4) Should we be using module cost centre or module subject of study data to calculate funding allocations? (If we used cost centre data to allocate funding, we would need to issue guidance and collect additional data about cost centres until cost centre data were considered robust at a provider level.)
- 5) In developing our proposals for subject groupings, is there anything you would wish us to consider? For example, about the number of subject categories, or about how subjects are currently grouped. In proposing to use the method outlined in Annexes A and C as our interim method for AY 2019/20, we have illustrated that we need to consider how we group subjects to calculate units of funding. We intend to review this for subject relativities used in AY 2020/21 and will put forward proposals in the next stage of our consultations on funding methods.
- 6) Do you think that we should collect TRAC(T) from Welsh providers, to use alongside the equivalent UK data, to inform the calculation of subject relativities?

General

- 7) Are there any issues, which you would like to comment on, arising from the Council's decisions:
 - that any additional funding in AY 2019/20 should be used to ensure that the subjects that we currently define as expensive in the expensive subjects premium for full-time (FT) undergraduate (UG) be funded up to the same level as the equivalent courses elsewhere in the UK.
 - that any of the additional funding remaining in AY 2019/20 be directed towards higher cost subjects in FT UG provision.
 - to retain the concept of incentivisation funding in revised methods. and
 - to continue per capita funding in revised methods.
- 8) Are there any particular issues which you think we should consider in our review of teaching funding for AY 2020/21?
- 9) Are there any specific issues that we should consider for developing a revised part-time teaching funding method from AY 2020/21?
- 10) 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?
- 11) 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?
- 12) 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?
- 13) Do you have any additional comments that you would like to make in response to this consultation?

Timetable

38. We will consider the responses to this consultation and address any issues with a view to presenting final proposals for changes to AY 2019/20 to our Council at its meeting in November 2018. We intend to inform providers of the outcomes of that meeting, and will issue the AY 2019/20 funding circular in spring 2019.

39. This consultation will also inform the development of the methods for AY 2020/21 and beyond and additional consultations (including those relating to further developments of the teaching funding method, and changes to the research and innovation funding methods) will be issued once ideas are developed and proposals more established.

Further information / responses to

40. For further information, contact Leanne Holborn (029 2085 9723; leanne.holborn@hefcw.ac.uk). Responses to this consultation should be submitted to that email address and copied to hestats@hefcw.ac.uk, by **Friday 26 October 2018**.

Assessing the impact of our policies

41. We will be carrying out an impact assessment screenings, as we develop our new method, to help safeguard against discrimination and promote equality. 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 impact assessments.

W18/24HE: Annex A

Calculation of weighted average cost in each academic subject category

ALL FIGURES ARE ILLUSTRATIVE ONLY

HESA cost centre	Number of credit values (EYM definition) (source: HESA)	Old HESA cost centre	Cost from HEFCE TRAC(T) work, per FTE (£k)	Mapped academic subject category	Percentage split into ASC (based on module data returns)	Number of credits to use for weighting
101 Clinical medicine	273,793	01	9.66	1a	37%	101,691
			18.43	1b	63%	172,102
102 Clinical dentistry	43,920	02	9.66	1c	20%	8,784
			18.43	1d	80%	35,136
103 Nursing & allied health professions	62,982	05	7.06	2		62,982
104 Psychology & behavioural sciences	455,654	07	7.25	3		455,654
105 Health & community studies	111,872	06	7.2	2		111,872
106 Anatomy & physiology	54,885	04	9.13	2		54,885
107 Pharmacy & pharmacology	48,640	08	9.74	3		48,640
108 Sports science & leisure studies	435,307	38	6.79	3	75%	326,480
			6.79	7	25%	108,827
109 Veterinary science	0	03	18.43/9.66	-		0
110 Agriculture, forestry & food science	117,912	13	8.78	3		117,912
111 Earth, marine & environmental sciences	155,808	14	10.14	3		155,808
112 Biosciences	440,114	10	9.19	3		440,114
113 Chemistry	148,142	11	9.84	3		148,142
114 Physics	110,479	12	10.62	3		110,479
115 General engineering	294,958	16	10.01	4		294,958
116 Chemical engineering	0	17	9.69	4		0
117 Mineral, metallurgy & materials engineering	0	18	10.82	4		0
118 Civil engineering	40,451	19	8.91	4		40,451
119 Electrical, electronic & computer engineering	79,998	20	9.93	4		79,998
120 Mechanical, aero & production engineering	116,915	21	9.94	4		116,915
121 IT, systems sciences & computer software engineering	363,609	25	8.56	6		363,609
122 Mathematics	155,148	24	7.06	6		155,148
123 Architecture, built environment & planning	89,290	23	7.11	5		89,290
124 Geography & environmental studies	154,867	28	7.38	3	50%	77,434
			7.38	8	50%	77,434
125 Area studies	0	-		9		0
126 Archaeology	34,409	37	8.57	9		34,409
127 Anthropology & development studies	43,920	29	6.28	8		43,920
128 Politics & international studies	161,419	29	6.28	8		161,419
129 Economics & econometrics	96,702	27	6.72	7	50%	48,351
			6.72	8	50%	48,351
130 Law	313,273	29	6.28	8		313,273
131 Social work & social policy	271,669	29	6.28	2	50%	135,835
			6.28	8	50%	135,835
132 Sociology	67,370	29	6.28	8		67,370
133 Business & management studies	692,406	27	6.72	7		692,406
134 Catering & hospitality management	36,940	26	7.35	7		36,940
135 Education	289,107	34	6.67	11b		289,107
136 Continuing education	925	41	6.07	9		925
137 Modern languages	153,495	35	7.25	9		153,495
138 English language & literature	268,890	31	6.4	9		268,890
139 History	255,153	31	6.4	9		255,153
140 Classics	48,620	31	6.4	9		48,620
141 Philosophy	28,520	31	6.4	9		28,520
142 Theology & religious studies	35,535	31	6.4	9		35,535
143 Art & design	456,696	33	8.38	10		456,696
144 Music, dance, drama & performing arts	274,243	33	8.38	10		274,243
145 Media studies	196,799	30	7.69	9		196,799
999 HESA cost centre not assignable	47,665			8		47,665

Academic subject category (ASC)	Weighted average cost for each ASC (£k)
1b/1d Clinical Medicine/Dentistry	18.43
1a/1c Non-clinical Medicine/Dentistry	9.66
2 Subjects and Professions Allied to Medicine	7.12
3 Science	8.43
4 Engineering and Technology	9.90
5 Built Environment	7.11
6 Mathematical Sciences, IT and Computing	8.11
7 Business and Management	6.75
8 Social Sciences	6.41
9 Humanities	6.85
10 Art, Design and Performing Arts	8.38
11b Education non-QTS	6.67

W18/24HE: Annex B

Proposed method - Calculating relativities for higher cost subjects - 2019/20 funding - using TRAC(T) data

ALL FIGURES ARE ILLUSTRATIVE ONLY

2019/20 average fee (from fee and access plans, with discount for fee waivers applied): £8,443
 Increase from 2013/14 to 2019/20 using GDP deflator (at June 2018): 9.6%
 Assumed funding available: £2,500,000

Academic subject category (ASC)	TRAC(T) Weighted average cost for each ASC	Uprate cost by GDP (2013/14 to 2019/20)	Take off 2019/20 average fee to get a unit of funding	Convert to a per credit unit of funding (divide by 120, multiply by 1000)	Keep only positive values	Relativities (relative to lowest unit of funding)	Relativities rounded	Number of completed fundable FT UG credits in ASC (EYM definitions) 2016/17	Unit of funding based on affordability (rounded to 2 decimal places)	Allocation
	£k	£k	£k	£	£				£	£
	a	$b = a \times (1 + 9.6\%)$	$c = b - \frac{£8,443}{1000}$	$d = c \times \frac{1000}{120}$	$e = d$ where $d > 0$	$f = e / (e - \text{ASC } 6)$	$g = f$ (nearest 0.5)	h	$i = \frac{£2.5m \times g}{\text{sum of } h \times g}$	$j = h \times i$
1b/1d Clinical Medicine/Dentistry	18.43	20.20	11.76	97.96	97.96					
1a/1c Non-clinical Medicine/Dentistry	9.66	10.59	2.14	17.87	17.87	4.80	5.00	84,150	1.54	129,591
2 Subjects and Professions Allied to Medicine	7.12	7.81	-0.64	-5.30						
3 Science	8.43	9.24	0.80	6.65	6.65	1.78	2.00	1,965,228	0.62	1,218,441
4 Engineering and Technology	9.90	10.85	2.41	20.05	20.05	5.38	5.50	587,648	1.69	993,125
5 Built Environment	7.11	7.79	-0.65	-5.42						
6 Mathematical Sciences, IT and Computing	8.11	8.89	0.45	3.72	3.72	1.00	1.00	537,857	0.31	166,736
7 Business and Management	6.75	7.40	-1.04	-8.67						
8 Social Sciences	6.41	7.02	-1.42	-11.86						
9 Humanities	6.85	7.51	-0.94	-7.81						
10 Art, Design and Performing Arts	8.38	9.18	0.74	6.18	6.18					
11b Education non-QTS	6.67	7.31	-1.13	-9.44						
Total										2,507,893

Notes:

ASC 11a initial teacher training is not included in the calculations as it will no longer be HEFCW's responsibility from 2019/20.

For ASCs 1a/1c and 1b/1d, the costs are the figures calculated by HEFCE to split clinical and non-clinical medicine and dentistry as the costs centres include both. Note that the clinical rate includes veterinary science.

ASCs 10 and 1b/1d are not included in the calculation of relativities as both are already funded through the expensive subjects premium.

The total allocation doesn't equal the total available because the units of funding are rounded to the nearest pence.

Sandwich year out counted as 0.5 x the number of credits.

W18/24HE: Annex C

Proposed method - Calculating relativities for higher cost subjects - 2019/20 funding - using TRAC(T) data - with ASCs 3 and 4 combined

ALL FIGURES ARE ILLUSTRATIVE ONLY

2019/20 average fee (from fee and access plans, with discount for fee waivers applied): £8,443
 Increase from 2013/14 to 2019/20 using GDP deflator (at June 2018): 9.6%
 Assumed funding available: £2,500,000

Academic subject category (ASC)	TRAC(T) Weighted average cost for each ASC	Uprate cost by GDP (2013/14 to 2019/20)	Take off 2019/20 average fee to get a unit of funding	Convert to a per credit unit of funding (divide by 120, multiply by 1000)	Keep only positive values	Relativities (relative to lowest unit of funding)	Relativities rounded	Number of completed fundable FT UG credits in ASC (EYM definitions) 2016/17	Unit of funding based on affordability (rounded to 2 decimal places)	Allocation
	£k	£k	£k	£	£				£	£
	a	$b = a \times (1 + 9.6\%)$	$c = b - \frac{£8,443}{1000}$	$d = c \times \frac{1000}{120}$	$e = d$ where $d > 0$	$f = \frac{e}{e - \text{ASC 6}}$	$g = f$ (nearest 0.5)	h	$i = \frac{£2.5m \times g}{\text{sum of } h \times g}$	$j = h \times i$
1b/1d Clinical Medicine/Dentistry	18.43	20.20	11.76	97.96	97.96					
1a/1c Non-clinical Medicine/Dentistry	9.66	10.59	2.14	17.87	17.87	4.80	5.00	84,150	1.70	143,055
2 Subjects and Professions Allied to Medicine	7.12	7.81	-0.64	-5.30						
3 & 4 Science and Engineering and Technology	8.76	9.60	1.15	9.60	9.60	2.58	2.50	2,552,876	0.85	2,169,945
5 Built Environment	7.11	7.79	-0.65	-5.42						
6 Mathematical Sciences, IT and Computing	8.11	8.89	0.45	3.72	3.72	1.00	1.00	537,857	0.34	182,871
7 Business and Management	6.75	7.40	-1.04	-8.67						
8 Social Sciences	6.41	7.02	-1.42	-11.86						
9 Humanities	6.85	7.51	-0.94	-7.81						
10 Art, Design and Performing Arts	8.38	9.18	0.74	6.18	6.18					
11b Education non-QTS	6.67	7.31	-1.13	-9.44						
Total										2,495,871

Split of ASCs 3 and 4	Number of completed fundable FT UG credits in ASC (EYM definitions) 2016/17	Unit of funding based on affordability (rounded to 2 decimal places) (£)	Allocation (£)
3 Science	1,965,228	0.85	1,670,444
4 Engineering and Technology	587,648	0.85	499,501
	2,552,876		2,169,945

Notes:

ASC 11a initial teacher training is not included in the calculations as it will no longer be HEFCW's responsibility from 2019/20.

For ASCs 1a/1c and 1b/1d, the costs are the figures calculated by HEFCE to split clinical and non-clinical medicine and dentistry as the costs centres include both. Note that the clinical rate includes veterinary science.

ASCs 10 and 1b/1d are not included in the calculation of relativities as both are already funded through the expensive subjects premium.

The total allocation doesn't equal the total available because the units of funding are rounded to the nearest pence.

Sandwich year out counted as 0.5 x the number of credits.