

August 2009/30

Core funding/operations

Outcomes of consultation

This report is for information only

In August 2008 we issued a consultation document (HEFCE 2008/28) proposing changes to the teaching funding method to improve our support for teaching enhancement and widening participation. This document summarises the outcomes of the consultation and actions taken.

Future support for teaching enhancement and widening participation

Outcomes of consultation

Future support for teaching enhancement and widening participation

Outcomes of consultation

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of universities in Northern Ireland
Of interest to those responsible for	Finance, Planning
Reference	2009/30
Publication date	August 2009
Enquiries to	Alan Palmer tel 0117 9307340 e-mail a.palmer@hefce.ac.uk

Executive summary

Purpose

1. In August 2008 we issued a consultation document (HEFCE 2008/28) proposing changes to the teaching funding method to improve our support for teaching enhancement and widening participation. This document summarises the outcomes of the consultation and actions taken.

Key points

2. In HEFCE 2008/28 we proposed to combine the funding for improving retention, the funding for learning, teaching and assessment strategies, and the funding for teaching informed and enriched by research, to create a new targeted allocation to support teaching enhancement and student success (TESS).

3. We also proposed to increase the funding for the widening access targeted allocation by transferring £30 million from the funding for improving retention; and to make changes to the weightings used in the formula for calculating the funding for widening access, in order to recognise the costs of working with schools and colleges in the most disadvantaged areas.

4. Proposals arising from this consultation were considered at the January HEFCE Board meeting. The resultant changes to the teaching funding method were incorporated into the HEFCE grant calculations from 2009-10, appear in the March 2009 provisional grant allocations, and are confirmed in the July funding agreements.

5. A sector impact assessment of our plans for the TESS allocation and the funding for widening access has also been published on our web-site.

6. This document summarises the consultation issues and responses which informed the decisions taken by the Board.

Action required

7. No action is required.

Background to consultation on future support for teaching enhancement and widening participation

8. In August 2008 we published HEFCE 2008/28, 'Future support for teaching enhancement and widening participation: Consultation on changes to the teaching funding method'¹. The background to the consultation is in that document. HEFCE Board paper B10e, 'Future support for teaching enhancement & student success' describes the responses to the consultation and sets out our recommendations for implementing the proposals².
9. The consultation was accompanied by modelling showing the financial impact on institutions of the proposals. Respondents were invited to use an online form to submit their responses.
10. We received 106 responses to the consultation. Of these 82 came from higher education institutions (HEIs), two from further education colleges (FECs), 16 from other organisations such as representative bodies or mission groups, and six from individuals.
11. Our proposals received support from around two-thirds of respondents. Many of these respondents appended comments which expressed concerns over some aspects of the proposals, generally qualifying their agreement and questioning some element of the proposals and their implications for future HEFCE policy.
12. This document summarises the responses and issues raised.

Creating a new targeted allocation

13. Question 1 of the consultation asked: '**Do you agree with our proposal to create a new targeted allocation to support teaching enhancement and student success?**' A majority of respondents either agreed or agreed strongly.
14. Of the respondents who commented, many expressed support for our view that the retention of students is a wider issue not solely related to the widening participation (WP) agenda, and that the teaching enhancement and student success (TESS) targeted allocation will enable a more strategic approach to addressing the issues of enhancing teaching and promoting student success. Nonetheless there was a significant concern among respondents, in answer to this and other questions, regarding the overall reduction in funding for these priorities.
15. Many respondents felt that for HEFCE to reduce this funding in such a way was potentially detrimental to the work being done in this priority area. These concerns were not specific to any HEI interest group. A minority of institutional respondents went further, expressing an objection in principle to targeted allocations.
16. While we understand the view that funding for emerging priorities (in this instance, institutional growth, employer engagement, and engagement with schools and colleges) would ideally not be found at the expense of funding for existing priorities, in practice we need to balance all priorities within the parameters of a fixed budget. We argue that providing this funding as a targeted allocation within the block grant demonstrates HEFCE's commitment to supporting institutions in enhancing the student experience. It enables the amount distributed to institutions

¹ HEFCE 2008/28 is available at www.hefce.ac.uk/pubs/hefce/2008/08_28/

² Paper B10e is available at www.hefce.ac.uk/pubs/board/2009/125/B10.doc

to be calculated on the basis of a range of factors (rather than reflecting just student numbers and price group weightings). Incorporating it within the block grant and not requiring annual monitoring allows institutional flexibility in distributing this money internally.

17. HEFCE's funding allocations reflect our priorities, and we are aware that many institutions find it useful to mirror our funding formulae in their internal distribution of funds from the block grant. However, an institution is free to invest HEFCE grant as it wishes, providing it is used to support teaching, research and related activities. There may be times when it is appropriate for an institution to deploy HEFCE funds for priorities other than the activities for which they have been allocated. We would therefore expect that any area which is a genuinely high priority with an institution need not become vulnerable to changes in our funding formula.

Increasing the funding related to widening access

18. Question 2 of the consultation asked: '**Do you agree with our proposal to increase the funding for widening access to support the increased costs of working with schools and colleges?**' Just over half of HEI and FEC respondents, and around two-thirds of respondents overall, agreed or agreed strongly.

19. The comments show a more nuanced view. Many respondents again expressed unease that this additional funding was being provided through a reduction in funding for improving retention. Some felt that there was a lack of evidence that the proposed changes would increase participation. Some considered that outreach work was already sufficiently funded through the existing widening access allocation, together with funding from Aimhigher, Lifelong Learning Networks and an increased use of institutions' fee income for this purpose.

20. Some respondents were concerned by what they felt the proposal implied about HEFCE policy. Some believed that the changes suggested a narrow view of WP on our part, one that focuses primarily on access issues for young people rather than taking a holistic view of WP. Some were opposed to viewing improving retention as part of a wider learning and teaching agenda, believing that this made it a matter for learning and teaching staff alone rather than for other support services.

21. Neither of these perceptions accurately reflects our thinking in this area. We accept that in order to be successful in widening participation, institutions must be able to address strategically the student life cycle in its entirety, and we support the National Audit Office's (NAO's) recommendation of 2008 that institutions' broader WP strategies should be in line with their access agreements³. As stated in paragraph 17, provided an institution's block grant is spent on teaching, research and related activities the institution may distribute the funds internally according to its own priorities. HEIs are therefore able to develop their own spending strategies with regard to WP and improving retention.

22. A strong argument remains for identifying retention as part of a wider and more strategic approach to teaching enhancement and student success. We also have made a commitment to the Government to increase the public funding available to HEIs to build and maintain their links with schools and colleges.

³ The NAO recommendations 'Widening participation in higher education' are available at www.nao.org.uk/publications/0708/widening_participation_in_high.aspx

Suggested changes to widening access funding weightings

23. Question 3 of the consultation asked: **‘Do you agree with our proposal to change the quintile weightings to recognise the costs of working with schools and colleges in the most disadvantaged area?’** Just over half of HEI and FEC respondents agreed or agreed strongly to the proposals, as did around two-thirds of respondents altogether.

24. However, many respondents who commented on this question made a strong and persuasive argument that outreach should not focus so heavily on the lowest quintile, and that concentrating on widening access at this level might have a potentially detrimental impact on broader approaches to WP.

25. Funding HEIs’ work with students from the lowest participation backgrounds, and with the schools and colleges which they attend, remains a high priority for us. Nonetheless, we recognise that institutions need to continue working to improve participation by all students, including those from the second lowest quintile. We accept the concerns about the potential impact of the suggested weighting changes on this activity, and we also think that during a time of unavoidable economic turbulence for the higher education (HE) sector, it is desirable to minimise unnecessary turbulence from other changes.

Elements supported by TESS

26. Question 4 of the consultation asked: **‘Do you agree that the new targeted allocation for teaching enhancement and student success should reflect support for learning, teaching and assessment strategies, retention, and teaching informed by research?’** Two-thirds of respondents agreed or agreed strongly with the proposal.

27. Some respondents who did not agree explained in their comments that they agreed in principle with the composition of the targeted allocation, but not with the reduced levels of funding. Some expressed a view that specific areas of work would be vulnerable as a result of the reductions. The areas most frequently mentioned were teaching informed and enriched by research, and student and staff volunteering. The latter is seen as having a positive impact on all aspects of the student experience, including student learning.

28. While it is not proposed that the formula reflecting staff and student volunteering be used for allocating funds beyond 2008-09, this does not, in itself, change the total amount of money available for the targeted allocation. While we recognise the value of volunteering as an activity in its own right, it is not directly connected to teaching enhancement.

29. Any change to the way the formula is calculated will not affect the overall sum we disburse. Since institutions are free to spend block grant according to their own funding priorities, they may continue to support student and staff volunteering from the grant. Institutions can also support volunteering in other ways, such as granting students academic credit for voluntary work.

Monitoring TESS

30. Question 5 of the consultation asked: **‘Do you agree that there is no need for formal monitoring, but that the learning, teaching and assessment strategies should form part of our discussions with institutions?’** Almost four-fifths of respondents agreed or agreed strongly.

31. HEIs in particular commented that such informal monitoring will reduce the administrative burden and allow them to monitor funding at a strategic level. The proposal that discussion of learning, teaching and assessment strategies should form part of a regular dialogue was generally welcomed, with several suggestions as to how this might be accomplished.

32. A significant proportion of respondents requested clarification on what types of informal monitoring HEFCE intends to use to demonstrate accountability for the spending of this public money. A minority were concerned that such an approach might have a detrimental effect on external scrutiny across the sector, and requested that we consider how to ensure that this is avoided.

Incorporation into block grant and review of TESS

33. Question 6 of the consultation asked: **‘Do you agree that the new targeted allocation should be reviewed after three years, with a view to then rolling it into the mainstream teaching grant?’** Around three-quarters of respondents agreed or agreed strongly.

34. Some two-thirds of HEI respondents were in favour of the funding being incorporated into the block grant. Those who preferred retaining it as a targeted allocation argued that the targeting sends a clear message about what these public funds are intended to be used to support.

35. While some respondents suggested a different timescale for the review, there was no consensus on what this should be, with some suggesting an earlier and some a later decision. Some respondents took the opportunity to reflect on general issues of mainstream funding and targeted allocations.

Board decisions

36. The proposals arising from this consultation were considered at the HEFCE Board meeting of 22 January 2009. Its decisions can be found in Board paper B17e, ‘Minutes of meeting held on 22 January 2009’ (paragraph 21) and Electronic Publication 01/2009, ‘Funding for universities and colleges in 2009-10’ (paragraph 5)⁴. The resultant changes to the teaching funding method were incorporated into the HEFCE grant calculations from 2009-10, appear in the March 2009 provisional grant allocations, and are confirmed in the July funding agreements⁵.

⁴ Paper B17e is available online at www.hefce.ac.uk/pubs/board/2009/126/b17e.doc. HEFCE Electronic publication 01/2009 is available at www.hefce.ac.uk/news/hefce/2009/funding.htm

⁵ The March grant tables are available at www.hefce.ac.uk/pubs/hefce/2009/09_08/

Sector impact assessment

37. We undertook a sector impact assessment (SIA) of our plans for the TESS allocation and the funding for widening access. The SIA was published in March 2009⁶.
38. The SIA concludes that the plan to combine various funding streams into a single targeted allocation is likely to reduce the regulatory burden on institutions.
39. It is likely that the transfer of funding to widening access will improve chances of entry into HE for under-represented groups. However, the reduction in funding for improving student retention may have a disproportionate effect on retention rates for students with weaker entry qualifications. In terms of the allocation as a whole there may be slight proportionate reductions in the funding associated with particular groups of students, but these are unlikely to be significant, and institutional decisions are liable to have the biggest impact.
40. There is no anticipated impact in terms of sustainable development.

⁶ The SIA of support for teaching enhancement and widening participation is available at www.hefce.ac.uk/learning/funding/support/#tewpsia