

Funding to support teaching in higher education

Consultation on arrangements for supporting widening access and successful student outcomes, including progression to taught postgraduate study

This document sets out for consultation proposals relating to teaching funding to support widening access and successful student outcomes, including progression to taught postgraduate study. The proposals form part of a programme of work responding to the Government's request that we review our approach to funding, to reflect that the funding reforms of 2012-13 are now largely in a steady state. They also reflect the wider vision for higher education set out in the May 2016 Higher Education White Paper, and in doing so set a direction of travel for funding through and beyond the Government's planned transition to the Office for Students.



We invite responses to our consultation from higher education providers and other bodies with an interest in the funding of higher education by **noon on Friday 22 July 2016**. Please use the online response form.

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Funding to support teaching in higher education

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To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of alternative providers of higher education Other bodies with an interest in the funding of higher education
Of interest to those responsible for	Senior management, Finance, Planning, Governance
Reference	2016/10
Publication date	June 2016
Enquiries to	HEFCE-funded colleges and universities should raise any questions with their HEFCE institutional team (see www.hefce.ac.uk/contact/contactsforinstitutions/ for a searchable list of contacts). Queries from other interested parties should be sent to teachingfunding@hefce.ac.uk .

Executive summary

Purpose

1. This document sets out for consultation proposals relating to teaching funding to support widening access and successful student outcomes, including progression to taught postgraduate study. The proposals form part of a programme of work responding to the Government's request that we review our approach to funding, to reflect that the funding reforms of 2012-13 are now largely in a steady state.
2. The proposals reflect the wider vision set out in the May 2016 Higher Education White Paper: to boost competition and choice in higher education, to promote teaching excellence and social mobility, and to deliver good value for students, employers and taxpayers. In doing so, they set a direction of travel for funding in this area through and beyond the Government's plan for the creation of the Office for Students, which will bring together the functions of HEFCE and the Director of Fair Access in this area. We are also working with Government to develop proposals for reform to other areas of teaching funding, including underpinning data requirements, and we plan to issue a discussion document on this later in 2016.

Key points

3. We have already initiated, in agreement with Government, the following changes to funding from 2016-17, which are not subject to consultation:

- a. Introduction of the national collaborative outreach programme (NCOP).
 - b. Increased funding to improve provision for disabled students.
4. We make proposals in the following areas of recurrent funding from 2017-18:
- a. With regard to the funding we have previously identified as the student opportunity allocation:
 - i. Removal of the widening access element of the allocation, thereby focusing our access investment on the NCOP.
 - ii. Replacement of the improving retention element of the allocation with a student premium to support successful outcomes, targeted towards those institutions recruiting the highest proportions of students from disadvantaged backgrounds, including part-time students.
 - b. With regard to the funding for taught postgraduate education, with a view to complementing the masters loan scheme:
 - i. Continued funding for high-cost subjects at taught postgraduate level at the same level as undergraduate students.
 - ii. Reform of the taught postgraduate supplement to focus on flexible short-cycle provision across all subjects and progression of students from disadvantaged backgrounds.
5. We also seek views on:
- a. The data underpinning our allocation to support disabled students.
 - b. How teaching funding could address barriers to participation at taught postgraduate level.

Action required

6. Please respond by **noon on Friday 22 July 2016** using the online response form available alongside this document at www.hefce.ac.uk/pubs/year/2016/201610/. We will not consider responses submitted after this deadline. We welcome responses from anyone with an interest in how we distribute our funding for teaching.
7. We are holding two events, on Monday 27 June and Monday 4 July 2016 in Birmingham and London respectively. These events will include sessions on teaching funding into the future, as well as the specific proposals in this consultation. Further details are available at www.hefce.ac.uk/lt/futureteach/.
8. If you require this document in an alternative format, or assistance with the online form, please email teachingfunding@hefce.ac.uk.

About the consultation process

9. This consultation assumes some knowledge of our current teaching funding method. Further information is available in 'Guide to funding 2016-17: How HEFCE allocates its funds' (HEFCE 2016/07)¹.

¹ Available at www.hefce.ac.uk/pubs/year/2016/201607/.

10. The full list of consultation questions is set out in Annex A. Each question has been reviewed to ensure that it reflects the relevant issue. In addition, although we recognise that bias is hard to eliminate, we have taken steps to minimise it by using clear language, framing questions openly and providing a range of response options.
11. Annex B sets out a provisional timetable for the consultation and key events.
12. We will consider the responses to this consultation, and our Board is due to make decisions about the next steps, at its meeting in September 2016.
13. We will publish a summary and analysis of consultation responses as part of the outcomes document in autumn 2016. We plan to publish all responses, without names or contact details, at this time.
14. In considering the responses, we will commit to read, record, and analyse the views of every response to this consultation in a consistent manner. For reasons of practicality, a fair and balanced summary of responses, rather than the individual responses themselves, will usually inform any decision made. In most cases the merit of the arguments made is likely to be given more weight than the number of times the same point is made. Responses from organisations and representative bodies with a high interest in the area under consultation, or likelihood of being affected most by the proposals, are likely to carry more weight than those with little or none.
15. In our analysis, we will explain how the consultation responses were considered in our decision. Where we have not been able to respond to a significant material issue raised, we will usually explain the reasons for this.

Introduction and background

16. Each academic year we are responsible for distributing government funding to English universities and colleges. We divide the total into money for teaching, research, knowledge exchange, funding for national facilities and initiatives, and capital grants. Occasionally we may have further separate funding allocations for particular activities. Funding for teaching comprises an element to support high-cost subject funding, plus a number of other targeted allocations².

17. Our 2016-17 grant letter from the Department for Business, Innovation and Skills (BIS) asks us to review the 'approach to allocating teaching funding, to reflect that the [higher education] funding reforms of 2012-13 are now largely in steady state'³.

18. We are undertaking a programme of work in response to this request and to ensure that teaching funding reflects the wider vision set out in the Government's May 2016 Higher Education White Paper: to boost competition and choice in higher education (HE), to promote teaching excellence and social mobility, and to deliver good value for students, employers and taxpayers⁴. In doing so, we expect – together with Government and, in the areas covered by this consultation, the Director of Fair Access – to set a direction of travel for teaching funding through and beyond the transition to the planned Office for Students. This programme of work includes:

- a. Changes to teaching funding we have already made for academic year 2016-17.
- b. This consultation, which seeks views on changes to be implemented from 2017-18.
- c. Developing an approach to allocating the teaching funding we will receive from 2017-18 to support health, midwifery and allied professional education, to be implemented when the Government proceeds with its proposals to put the financing of this provision on the same basis as other areas of higher education⁵.
- d. Reforms to other areas of teaching funding, including the underpinning data requirements, from academic year 2018-19.

19. We are currently developing proposals for the fourth strand of this work, reforms to other areas of teaching funding, and we plan to issue a discussion document on this later in 2016. As this programme of work develops, relevant documents and supporting material will be collated on our website at www.hefce.ac.uk/lt/futureteach/.

20. In addition to the 2016 grant letter from BIS and the Government's White Paper, the programme of work specifically takes into account changes to student finance arrangements announced in the autumn 2015 and spring 2016 budget statements, the new system for quality assessment set out in announcements by HEFCE and other funding councils in March 2016, the Teaching Excellence Framework and the Government's Technical Consultation in May 2016, and

² Further information is available in 'Guide to funding 2016-17: How HEFCE allocates its funds' (HEFCE 2016/07) available at www.hefce.ac.uk/pubs/year/2016/201607/.

³ BIS (2016), 'Funding for higher education in England for 2016-17', available at www.hefce.ac.uk/news/newsarchive/2016/Name,107598,en.html.

⁴ BIS (2016), 'Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice', available at <https://www.gov.uk/government/publications/higher-education-success-as-a-knowledge-economy-white-paper>.

⁵ For further details see www.hefce.ac.uk/pubs/year/2016/CL,132016/.

the new guidance provided to the Director of Fair Access in February 2016, all of which have a bearing on our proposed approach⁶.

21. With regard to student finance, the key changes that have been announced recently and that are relevant to this consultation are:

- a. Reforms to the Disabled Students' Allowance (DSA), which place more expectations on higher education providers to provide for disabled students under the Equality Act⁷.
- b. The provision of loans of up to £10,000 for masters studies from 2016-17, available for fees or living costs to students up to the age of 60, for up to two years full-time and for equivalent part-time courses with a minimum study intensity of 50 per cent.

22. This consultation is concerned primarily with the overarching principles and approach for our funding to support widening access and successful student outcomes, including progression to taught postgraduate study. We are not consulting on the amount of money to be devoted to these strands of funding, which will be determined each year in light of the annual grant allocation from Government. We have, however, taken into account the imperative for greater targeting of our funding in this area, given the expectation set out in the Government's spending review announcement in December 2016 that the funding we formerly identified as the student opportunity allocation will need to reduce by up to half by 2019-20.

Changes to teaching funding for academic year 2016-17

23. A number of changes have already been agreed with Government in the context of the spending review, and these were approved by the HEFCE Board at its March 2016 meeting. They are set out in 'Funding for universities and colleges for 2014-15 to 2016-17: Board decisions' (HEFCE Circular letter 03/2016)⁸ and include:

- a. The introduction from 2016-17 of the national collaborative outreach programme (NCOP), which is a geographically focused national outreach programme that will target places where students have the educational attainment or potential to succeed in higher education, but where there is evidence that entry rates are below expectations.

⁶ See HM Treasury (2015), 'Spending Review and Autumn Statement 2015' (available at <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents>), HM Treasury (2016), 'Budget 2016' (available at <https://www.gov.uk/government/publications/budget-2016-documents>), 'Revised operating model for quality assessment' (HEFCE 2016/03, available at www.hefce.ac.uk/pubs/year/2016/201603/), BIS (2016), 'Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice' (available at www.gov.uk/government/publications/higher-education-success-as-a-knowledge-economy-white-paper), BIS (2016), 'Teaching Excellence Framework: Technical Consultation for Year Two' (available at www.gov.uk/government/consultations/teaching-excellence-framework-year-2-technical-consultation) and BIS (2016), 'Letter of Guidance from the Secretary of State for Business, Innovation and Skills and the Minister of State for Universities and Science to the Director of Fair Access' (available at www.offa.org.uk/press-releases/new-ministerial-guidance-issued-to-director-of-fair-access-to-higher-education/), respectively.

⁷ BIS (2015), 'Consultation on targeting funding for disabled students in higher education from 2016 to 2017 onwards - government response', available at www.gov.uk/government/consultations/disabled-students-in-higher-education-funding-proposals.

⁸ Available at www.hefce.ac.uk/pubs/year/2016/CL_032016/.

- b. Increased funding from 2016-17 to improve provision for disabled students, as a transitional measure to support institutions to develop more inclusive approaches to their support, and to recognise the rise in mental health concerns being reported across the sector.

Consultation on changes for implementation from 2017-18

24. The 2016 grant letter provides guidance on the areas of teaching funding covered by this consultation, asking us to:

- a. ‘...re-target Student Opportunity Funding [in 2016-17] with the aim for further changes in 2017-18. The overall purpose should be to target this funding more effectively to support government priorities, with a greater focus on the institutions with higher proportions of at risk students from disadvantaged backgrounds, including part-time students, and to support access for those students with the educational attainment or potential to succeed in particular geographical areas where there is evidence that entry rates are below expectations.’
- b. ‘...review the level and method of allocating grant funding provided to support disabled students...to incentivise universities to establish an inclusive learning and supporting environment that is consistent with the broader reforms the Government has introduced here’.
- c. ‘...support [the] implementation of the new master’s loans scheme....We also look to you for further analysis and advice on the barriers to progression to postgraduate taught education more generally.’

25. In light of this advice, and taking into account the Government’s 2016 White Paper, we are proposing a more targeted approach to the relevant areas of our teaching funding. These measures include:

- a. With regard to the funding we have previously identified as the student opportunity allocation:
 - i. Removal of the widening access element of the allocation, thereby focusing our access investment on the NCOP.
 - ii. Replacement of the improving retention element of the allocation with a student premium to support successful outcomes, targeted towards those institutions recruiting the highest proportions of students from disadvantaged backgrounds, including part-time students.
- b. With regard to the funding for taught postgraduate education, with a view to complementing the masters loan scheme:
 - i. Continued funding for high cost subjects at taught postgraduate level at the same level as undergraduate students.
 - ii. Reform of the taught postgraduate supplement to focus on flexible short-cycle provision across all subjects and progression of students from disadvantaged backgrounds.

26. We also seek views on:
- a. The data underpinning our allocation to support for disabled students.
 - b. How teaching funding could address barriers to participation at taught postgraduate level.

Supporting widening access and successful student outcomes

27. Social mobility is a key theme in the White Paper, and the Government has set new ambitions to be addressed during the course of the current parliamentary period. In particular, it aims to double the proportion of students from disadvantaged backgrounds and increase by 20 per cent the number of black and minority ethnic students entering higher education by 2020. It has also highlighted concerns about the progression of white male students from disadvantaged backgrounds and differential outcomes in higher education, and it has identified new imperatives for supporting disabled students. Bringing together the functions of HEFCE and the Director of Fair Access, including our teaching funding, it is proposed that the Office for Students should have a duty to help widen access and participation for disadvantaged students, and that this should extend across the student lifecycle. Alongside this, through the apprenticeship levy and the development of degree apprenticeships, the Government aims to provide new routes into HE for a wide range of students.

28. Our proposed approach to teaching funding in this area aims to support these ambitions, taking into account the evidence arising from our policy report, 'Delivering opportunities for students and maximising their success: Evidence for policy and practice 2015-2020' (HEFCE 2015/14), which was published in July 2015⁹. This requires a new approach to the funding previously identified as the student opportunity allocation, which we propose to disaggregate into three distinct and more targeted streams of funding focused on key areas of activity.

29. These three areas are:

- a. The **national collaborative outreach programme (NCOP)**, which will run from 2016-17 to 2019-20 to support intensive outreach by consortia aimed at increasing participation in HE in areas where there are demonstrably lower rates than expected given attainment levels.
- b. **A premium to support successful student outcomes**, to be focused on those institutions recruiting the highest proportions of students from disadvantaged backgrounds and thus requiring additional investment to ensure their retention and success, both in higher education and beyond. This is crucial to ensuring that improved participation among disadvantaged students yields social mobility through successful outcomes. This will replace the current funding for improving retention.
- c. **A disabled students' premium** to support institutions to transition towards an inclusive, social model of support and thereby optimise their support of disabled students in an increasingly pressurised environment, in part due to increases in reported mental health problems.

30. Alongside these new approaches, we are committed to developing a framework through which we will work with the sector to improve significantly the evidence base needed to

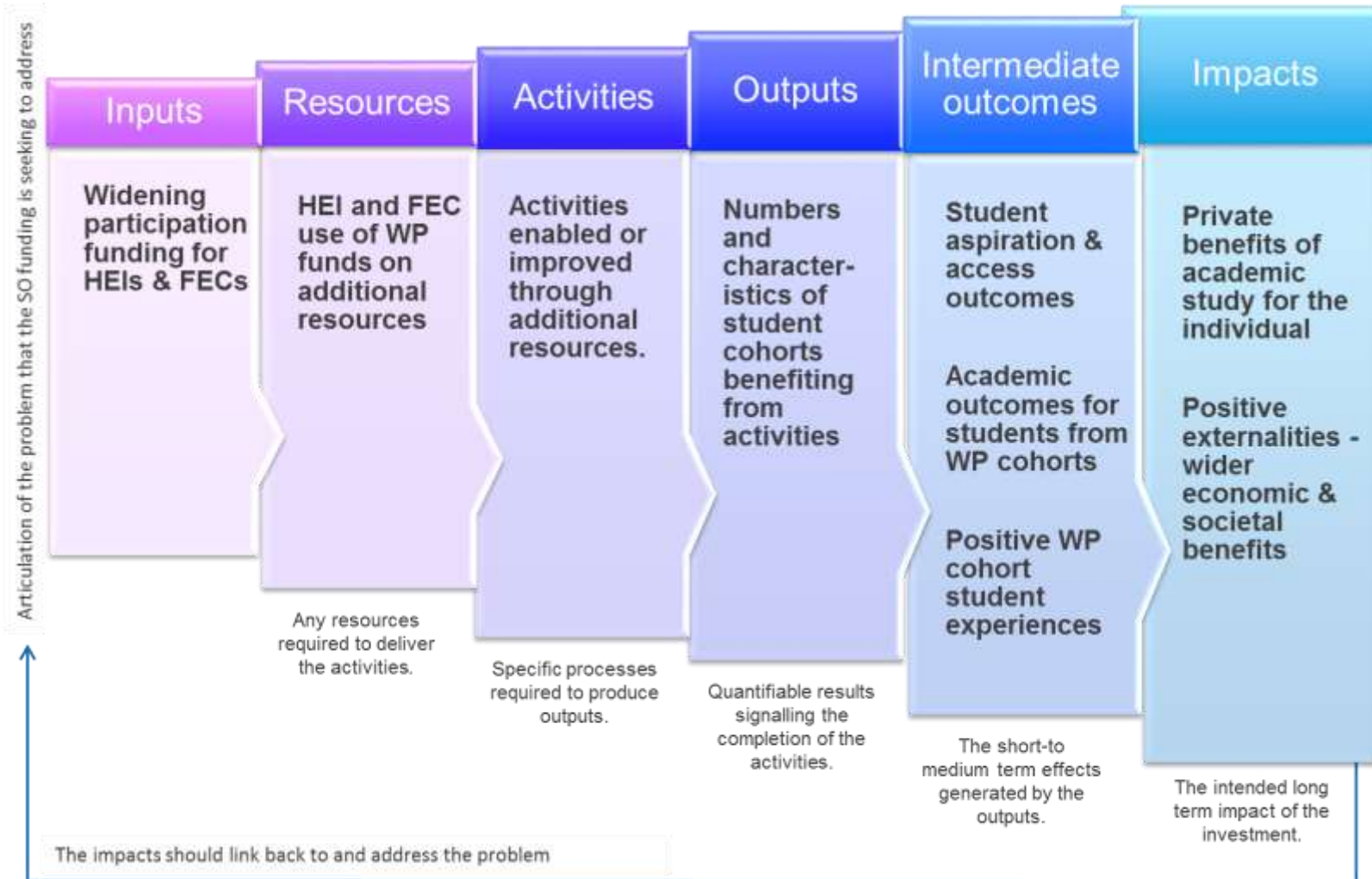
⁹ Available at www.hefce.ac.uk/pubs/year/2015/201514/.

demonstrate the impact and effectiveness of activity undertaken to widen access and support successful student outcomes. This builds on research undertaken for HEFCE by CFE Research in collaboration with academic economists in 2015, which identified the different types of evidence and approaches required to demonstrate the effectiveness of different activities and the value for money of government and institutional investment¹⁰. The broad conceptual framework they developed and with which we propose to work is given in Figure 1.

31. We propose, therefore, an expectation that institutions receiving teaching funding will engage with us and the Director of Fair Access in the development of the outcomes framework and to provide the evidence needed to support its implementation. Early engagement with the sector has suggested that we should offer more thorough guidance on the definitions institutions should use, the data they need to collect and the types of evidence they should seek to generate through their evaluations and analysis. The Government's planned merger of HEFCE's and the Director of Fair Access' functions within the Office for Students from 2018-19 provides an opportunity for us to develop a consistent approach to evidence and evaluation that can cover the different strands of investment in this area. We aim, working with the Director of Fair Access, to provide such guidance following further engagement with the sector during 2016, and to set out our expectations through our response to this consultation.

¹⁰ CFE Research (2015), 'Student Opportunity outcomes framework research: in-depth study', available at www.hefce.ac.uk/pubs/rereports/Year/2015/sodepth/.

Figure 1: Conceptual framework for evaluating widening participation



Source: 'Student opportunity outcomes framework research: in-depth study', CFE Research, July 2015.

Note: SO = student opportunity, HEI = higher education institution, FEC = further education or sixth form college, WP = widening participation.

The national collaborative outreach programme

32. The national collaborative outreach programme was announced in March 2016. Further information about the programme can be found in our guidance to institutions on how to submit proposals to run programme consortia¹¹.

33. It is clear that the current rate of growth in HE participation rates will make the Government's goal to double the participation of the most disadvantaged groups by 2020 a challenging one. UCAS predicts that, based on current trends, it would be 2027 before this ambition could be realised. Therefore it is vital to find new ways to address the issue.

34. HEFCE's analysis to identify gaps in HE participation through a focus on GCSE attainment levels for particular areas has enabled us to pinpoint precisely where activity should be directed to make faster progress in widening access, and thereby to achieve the Government's participation goal. Using this data, we can direct funding to the areas with the greatest potential for rapid improvement, supporting a greater intensity of outreach activity in these areas to boost the numbers entering HE.

35. The NCOP will support new, collaborative activity focused on those geographic areas where there is the most potential and need, some of which are poorly served because of their remoteness from HE institutions, and where further education colleges do not have the resources (or in many cases access agreements) to deliver the outreach activity necessary to make sufficient progress.

36. This activity will not be secured through institutional investment as it requires collaborative endeavour focused on students in the later years of school, as well as national co-ordination and oversight. These factors extend the NCOP beyond the remit of the current access agreement process.

37. In light of this more targeted approach, we propose discontinuing from 2017-18 the access element of the funding we previously identified as the student opportunity allocation. Our investment in widening access would then be concentrated on the NCOP. NCOP is necessarily highly focused and targeted, but our expectation is that institutions will continue to deliver broader-based progressive programmes of outreach across all age ranges using the investment commitments in their access agreements, and we are working with the Director of Fair Access to ensure these investments align.

38. If the HEFCE Board decides, on the basis of the response to this consultation, that we should not discontinue in full this element of our allocations, funding for the NCOP will be provided in full or in part from the total available for the student premium described in paragraphs 39-46, and this will need to be concentrated further towards those institutions recruiting the highest proportions of 'at risk' students from disadvantaged backgrounds to reflect the reduced funding available.

¹¹ For further details see www.hefce.ac.uk/sas/ncop/.

Consultation question 1: To what extent do you agree that we should discontinue the widening access element of the funding we previously identified as the student opportunity allocation from 2017-18? (Note that if a widening access element is continued, funding for NCOP will be provided in full or in part from the total available for the student premium and this will be further concentrated to reflect the reduced funding available.)

Student premium

39. In order fully to realise the returns to individuals, the economy and society from the improvements in HE participation and the investments and reforms made by Government in the earlier educational system, it is essential to take a whole-system view that maximises students' retention, attainment, progression to postgraduate study and employment outcomes, and thereby ensures that they receive durable benefits from their participation in HE.

40. Student success in HE correlates closely with prior entry qualifications. Students with lower traditional qualifications, non-traditional qualifications (for instance vocational Level 3 such as BTEC) or no formal entry qualifications are most at risk of withdrawing early from their studies and not fulfilling their potential, and therefore require more support to ensure they achieve the best possible outcomes. At those institutions with particularly high proportions of students deemed to be most at risk, as a result of their qualifications and their age profile, their retention and support are central to the overall teaching effort and require sustained investment to succeed.

41. There is also a very high correlation between the background characteristics of students and their entry qualifications, with students from more disadvantaged backgrounds more likely to hold lower or vocational qualifications than their more advantaged peers¹². HEFCE internal analysis shows that in 2014-15, the proportion of young HE entrants in Participation of Local Areas (POLAR3) quintile 1 (the most disadvantaged students) who were in the highest risk category based on their entrance qualifications was 39 percent, compared with just 13 percent of young HE entrants from quintile 5 (the most advantaged).

42. Given the reduction to funding in this area signalled by the Government through the spending review settlement, and the concurrent expectation of a greater proportion of the investment to be undertaken by institutions through their access agreements (see the BIS 'Letter of Guidance' to the Director of Fair Access), we propose that our funding be focused more on those institutions with the highest proportions of 'at risk' students from disadvantaged backgrounds, and that are able to demonstrate the highest performance in recruiting and supporting such students. Given existing performance, the guidance from the Director of Fair Access on expenditure levels means these institutions commit the lowest proportions of investment through access agreements. Yet, as they have greater numbers to support, they require additional investment to ensure successful outcomes. There is a particular imperative for investment in part-time study, which is inherently higher risk due to study patterns.

¹² There is strong evidence of the achievement gap that appears between rich and poor at a very early age, which suggests that low achievement in more disadvantaged groups is structural and does not necessarily reflect their actual potential. See www.suttontrust.com/ and <https://www.gov.uk/government/publications/ofsted-annual-report-201415-education-and-skills>.

43. We therefore propose to provide a student premium to support institutions in maximising the retention and success of such students, especially where they are also from the most disadvantaged backgrounds. The following method will ensure that the funding will be directed to those institutions with the greatest need and likely to make the strongest contribution to widening participation to the level of the Government's 2020 goal.

Full-time student premium

44. We propose to provide allocations to HE providers based on the full-time student numbers who are deemed to be most at risk as a result of their qualifications and age profile. Alongside this, we propose to introduce a supplement with a weighting based on the recruitment of students who are both at risk and from the most disadvantaged backgrounds (those students from POLAR3 quintile 1), thereby contributing to achieving the Government's goal. This will ensure that the majority of the funding is directed to those institutions doing the most to achieve the goal, while recognising the work throughout the HE sector to recruit and support students from the most disadvantaged backgrounds.

Part-time student premium

45. For part-time students, we propose to continue to provide an allocation pro rata to full-time equivalent numbers, as they are at greater risk of withdrawing early than full-time students. Essentially, this treats all part-time students as at risk of not continuing their studies, and thus counting towards this allocation. Given the recent declines in the number of part-time students entering HE, this investment is crucial to ensuring that HE providers can continue to make a viable part-time offer and secure successful outcomes for their students. We propose to incorporate into this allocation the funding previously provided through our separate targeted allocation for part-time undergraduates.

46. We anticipate that the broader quality assessment system and the Teaching Excellence Framework will complement these investments by identifying patterns apparent from student outcomes data, thereby driving improvements in the outcomes for disadvantaged students. We will also consider funding innovative approaches to supporting student success through our Catalyst Fund, with a view to securing an effective joined-up approach to addressing differential outcomes across the sector, in line with the recommendations of research we commissioned in 2015¹³.

Consultation question 2: To what extent do you agree with the proposal that the full-time student premium should include a supplement with a weighting based on the recruitment of students who are both at risk and from the most disadvantaged backgrounds?

Supporting disabled students

47. In the 2016 grant letter, the Government identified the development of inclusive approaches to supporting disabled students as a priority for teaching funding. There are greater risks to the success of these students, so there is a need for teaching funding to secure their successful participation in HE.

¹³ King's College London, ARC Network and the University of Manchester (2015), 'Causes of differences in student outcomes', available at www.hefce.ac.uk/pubs/rereports/Year/2015/diffout/.

48. It is in this context, and that of the wider evidence gathered through the recent HEFCE research reports ('Support for higher education students with Specific Learning Difficulties' and 'Understanding provision for students with mental health problems and intensive support needs') that we have increased our funding for disabled students from 2016-17, with the intention of supporting institutions to meet the rapid rise in students reporting disabilities, and in particular mental health problems, and moving towards an inclusive social model of support as recommended in the published research¹⁴. We have also distributed this funding to better reflect the actual numbers of disabled students at each institution, by no longer assigning institutions to quartile groups based on their proportions of disabled students as a means of determining funding weights.

49. During the 2017-18 academic year we intend to continue with this approach, but also to review progress across the sector, with a view to informing how the planned Office for Students should provide support from 2018-19 onwards.

50. This allocation has until now been calculated according to the full-time equivalent numbers of students (both undergraduate and postgraduate) in receipt of DSA attending the institution. Given the recent reforms to the DSA, we believe it may no longer be appropriate to base our funding allocations on the number of DSA recipients. We will, therefore, consider calculating the allocation of this funding from 2017-18 using alternative data sources. Options available to us are to use the Higher Education Statistics Agency (HESA) or Individualised Learner Record (ILR) records of students reporting disabilities, or to develop an approach that uses data gathered earlier in the educational system.

Consultation question 3: What source (or sources) of data do you consider should be used to determine the level of disabled students allocation to each institution?

Consultation question 4: Do you have any other comments or advice on our proposals for supporting widening access and successful student outcomes?

Supporting taught postgraduate education

51. HEFCE has given significant priority to postgraduate education since the undergraduate finance reforms in 2012. This has included gathering and publishing evidence on postgraduate participation, sustaining the level of funding for taught and research postgraduates (notwithstanding reductions in other areas), and supporting a pilot scheme that identified and addressed barriers to postgraduate progression, which has provided lessons for practice across the sector¹⁵.

52. The Government has also identified postgraduate education as a priority, establishing new loan finance for masters (from 2016-17) and doctoral (from 2018-19) studies, and asking us

¹⁴ See '[Support for higher education students with Specific Learning Difficulties](http://www.hefce.ac.uk/pubs/rereports/Year/2015/spld/)', available at www.hefce.ac.uk/pubs/rereports/Year/2015/spld/, and 'Understanding provision for students with mental health problems and intensive support needs', available at www.hefce.ac.uk/pubs/rereports/Year/2015/mh/.

¹⁵ Wakeling (2015) 'Programme Analysis of HEFCE's Postgraduate Support Scheme: Final report to ESRC and HEFCE', available at www.hefce.ac.uk/pubs/rereports/Year/2015/pssfinal/.

through the 2016 grant letter to continue to provide advice on the barriers to participation at postgraduate level.

53. We currently provide funding for high-cost subjects at taught postgraduate level on the same basis as at undergraduate level. Clinical subjects receive a rate of £10,000, high cost a rate of £1,500 and intermediate cost a rate of £250.

54. In addition to this, since 2012-13 we have provided a £1,100 supplement attributable to taught postgraduate students, with the exception of those on courses for which undergraduate student support may be available (such as teacher training and some architecture courses)¹⁶. We provided this supplement as we did not consider that it would be appropriate to reduce our funding for taught postgraduate education alongside the reductions we were making at undergraduate level, given the absence of government-backed finance for students at this level. This was, though, intended as an interim measure. We also continued to provide a targeted allocation that recognised when students study on courses that last for 45 weeks or more within one academic year, and which is thereby predominantly attributable to masters courses.

55. With the introduction of loan finance of up to £10,000 for masters students, we propose that the interim supplement be reformed to target funding where it is most needed, including to support students from disadvantaged backgrounds who are less likely to progress to taught postgraduate education. We are interested in suggestions about how we can do this most effectively.

56. Some areas of taught postgraduate provision will not be supported through the loan scheme, notably shorter-cycle provision leading to postgraduate certificates and diplomas and lower-intensity studies, which are often demanded by part-time and mature students, and aligned with employer needs to support professional and workforce development. Our own analysis estimates that around one-third of fundable taught postgraduate students are following such courses. We believe that this provision should continue to receive a supplement, as it provides flexible learning for students and employers who would not otherwise benefit from higher education at this level.

57. We invite comments, therefore, on:

- a. Whether we should retain the taught postgraduate supplement, but only for provision that does not qualify for loan finance (whether through the undergraduate student support arrangements or new masters loan scheme).
- b. Whether, if this is implemented, the supplement should be attributable to activity across all subjects at taught postgraduate level (not just clinical, high and intermediate cost subjects as currently),

58. In both these cases, we would continue to provide funding for high-cost subjects on the same basis as at undergraduate level (see paragraph 53). To illustrate the combined effect of these, Annex C compares the proposed approach to the existing one.

59. We wish to retarget the remaining funding available through these changes to support areas where we consider there is the greatest need for support for students to progress to taught postgraduate level. We will continue to work with Government to understand the impact of the

¹⁶ See HEFCE (2012), 'Student number controls and teaching funding Consultation on arrangements for 2013-14 and beyond' available at www.hefce.ac.uk/pubs/year/2012/201204/.

new finance from 2016-17 and to consider how best to address remaining barriers to progression. This will include continuation of work to better understand what may define disadvantage for postgraduate students and how this could be built into our funding model¹⁷. In 2015-16, for example, we distributed funding through the Postgraduate Support Scheme according to the proportion of taught postgraduate students in each institution from the lowest participation areas or in receipt of Disabled Students' Allowance. We seek views on whether this approach could be adopted for teaching funding or if there are other ways we could address barriers to participation at taught postgraduate level.

Consultation question 5: To what extent do you agree that we should discontinue the element of the taught postgraduate supplement for provision that is eligible for the masters loan? (We would retain the supplement for flexible short-cycle provision).

Consultation question 6: If the taught postgraduate supplement for provision that is eligible for the masters loan is discontinued, to what extent do you agree the supplement should be attributable to activity across all subjects, not just clinical, high and intermediate cost subjects?

Consultation question 7: To what extent do you agree that funding should be provided according to the proportion of taught postgraduate students in each institution from the lowest participation areas or in receipt of Disabled Students' Allowance?

Consultation question 8: Are there other ways in which you would suggest we should provide teaching funding to address barriers to taught postgraduate participation?

Consultation question 9: Do you have any other comments or advice on our proposals for supporting progression to taught postgraduate study?

¹⁷ See 'Postgraduate Support Scheme: Guidance for institutions receiving funding to support postgraduate students 2015-16', available at www.hefce.ac.uk/pubs/year/2014/CL322014/.

Annex A: Summary of consultation questions

Please respond by **noon on Friday 22 July 2016** using the online response form available alongside this document at www.hefce.ac.uk/pubs/year/2016/201610/.

Consultation question 1: To what extent do you agree that we should discontinue the widening access element of the funding we previously identified as the student opportunity allocation from 2017-18? (Note that if a widening access element is continued, funding for NCOP will be provided in full or in part from the total available for the student premium and this will be further concentrated to reflect the reduced funding available.)

Consultation question 2: To what extent do you agree with the proposal that the full-time student premium should include a supplement with a weighting based on the recruitment of students who are both at risk and from the most disadvantaged backgrounds?

Consultation question 3: What source (or sources) of data do you consider should be used to determine the level of disabled students allocation to each institution?

Consultation question 4: Do you have any other comments or advice on our proposals for supporting widening access and successful student outcomes?

Consultation question 5: To what extent do you agree that we should discontinue the element of the taught postgraduate supplement for provision that is eligible for the masters loan? (We would retain the supplement for flexible short-cycle provision).

Consultation question 6: If the taught postgraduate supplement for provision that is eligible for the masters loan is discontinued, to what extent do you agree the supplement should be attributable to activity across all subjects, not just clinical, high and intermediate cost subjects?

Consultation question 7: To what extent do you agree that funding should be provided according to the proportion of taught postgraduate students in each institution from the lowest participation areas or in receipt of Disabled Students' Allowance?

Consultation question 8: Are there other ways in which you would suggest we should provide teaching funding to address barriers to taught postgraduate participation?

Consultation question 9: Do you have any other comments or advice on our proposals for supporting progression to taught postgraduate study?

Freedom of Information Act

1. Information provided in response to this consultation may be made public, under the terms of the Freedom of Information Act or of an appropriate licence, or through another arrangement.
2. Such information includes text, data and datasets. The Freedom of Information Act gives a public right of access to any information held by a public authority defined within the Act, in this case HEFCE. It applies to information provided by individuals and organisations, for example universities and colleges. HEFCE can refuse to make such information available only in exceptional circumstances. This means that data and information are unlikely to be treated as confidential except in very particular circumstances.

Annex B: Provisional timetable

June 2016	Consultation publication
June to July 2016	Consultation closes 22 July 2016 Engagement events will take place in Birmingham on Friday 27 June and London on Monday 4 July, with 120 places available at each
August 2016	Analysis of consultation responses Announcement of provisional guidance on data requirements for 2017-18
September 2016	Consultation responses, HEFCE response and initial outcomes agreed by HEFCE Board published
January to March 2017	Final data requirements for 2017-18 and 2018-19 allocations (in the Higher Education Students Early Statistics and Higher Education in Further Education: Students surveys) confirmed Data collected and validated
Spring 2017	Institutional allocations announced

Annex C: Illustration of existing and proposed approach to postgraduate taught funding

Qualification	Price group	Existing approach to postgraduate taught funding		Eligible for postgraduate loan	Proposed approach to postgraduate taught funding from 2017-18		
		Indicative subject-based allocation (£) (see note 1)	Postgraduate high-cost supplement (£)		Indicative subject based allocation (£)	Postgraduate high-cost supplement (£)	Funding for postgraduate taught students from disadvantaged backgrounds
Masters (MSc) in a laboratory-based science, engineering and technology subject	B	1,500	1,100	Yes	1,500	0	See paragraph 59
Postgraduate Diploma (PGDip) in a laboratory-based science, engineering and technology subject	B	1,500	1,100	No	1,500	1,100	See paragraph 59
Masters (MA) in a classroom-based subject (such as history)	D	0	0	Yes	0	0	See paragraph 59
Postgraduate Diploma (PGDip) in a classroom-based subject (such as history)	D	0	0	No	0	1,100	See paragraph 59

Note 1: We also provide a targeted allocation that recognises students studying on courses that last for 45 weeks or more within one academic year. In 2016-17, for postgraduate taught provision, this was £1,439 for band B courses and £1,100 for band C1 and C2 courses.

Annex D: Abbreviations and glossary

BIS	Department for Business, Innovation and Skills
DSA	Disabled Students' Allowance
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEFCE-funded	This refers to students who may count for HEFCE funding purposes in our allocations to institutions
HESA	Higher Education Statistics Agency – which collects, analyses and reports on higher education statistics for universities and colleges in the UK
ILR	Individualised Learner Record – an annual data return provided by further education colleges to HEFCE
Institutions	A general term for higher education providers, which may depending on the context include HEFCE-funded higher education institutions, further education colleges, and other HE providers
NCOP	National collaborative outreach programme – a programme to support consortia of higher education providers, schools, colleges and other organisations to deliver programmes of collaborative outreach in specific local areas where participation in higher education is low overall, and lower than expected given GCSE attainment levels. More information is available at www.hefce.ac.uk/sas/ncop/
POLAR	Participation of Local Areas – a classification that groups areas across the UK based on the proportion of the young population that participates in HE
Steady state	Used to describe funding when all cohorts of students in the higher education system are subject to the same finance arrangements