

March 2003/14

Core funding/operations

Report on consultation

This report is for information only

This document sets out responses to the consultation on widening participation funding in 2002. It also sets out the distribution of £255 million through the widening participation allocation, and the new method for allocating this funding. It provides further information on the joint HEFCE/LSC Partnerships for Progression initiative, including confirmation of funding for summer schools and the development of a national programme.

Funding for widening participation in higher education

Responses to consultation and funding for 2003-04 to 2005-06

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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	Strategic and corporate planning, Finance, Widening participation, Learning and teaching
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Executive summary

Purpose

1. We consulted in 2002 (HEFCE 02/22) on new proposals for widening participation funding for 2003-04 to 2005-06. This document sets out the responses to that consultation and the new methodology for allocating widening participation funding from 2003-04.

Key points

2. Following the responses to the consultation (a summary is included in Annex A), we have revised the method for allocating widening participation funding. From 2003-04 it will take into account prior educational attainment and geodemographics (the weightings are included in Annex B). We will continue to undertake work on available data to ensure we use the most appropriate measures.

3. The amount available for the widening participation allocation has been increased to £255 million in 2003-04. The distribution of the widening participation allocation by institution is set out in Annex C.

4. Higher education institutions will not be required to submit revised widening participation action plans as suggested in HEFCE 02/22. There will be a call for revised widening participation strategies and action plans for 2004-05 to 2006-07, to be published in autumn 2003.

5. Partnerships for Progression will be brought together with Excellence Challenge in 2004 under a programme called 'Aimhigher'. In the interim it will be referred to as Aimhigher: Partnerships for Progression.

6. Funding for summer schools has now been confirmed for a further three years (2003-04 to 2005-06), at £4 million per year.

7. We will work with the Learning and Skills Council to develop a national scheme to work in conjunction with Partnerships for Progression.

Action required

8. No action is required.

Background

9. In April 2002 we consulted the sector on widening participation funding for 2003-06 (HEFCE 02/22). Respondents were asked to comment specifically on:

- a. The method of allocating widening participation funding.
- b. Whether widening participation funding should be focused on particular institutions.
- c. Whether funding should be provided for students who complete part of their studies but not a full year of programme.
- d. Whether we should make submission of widening participation strategies and action plans a condition of grant.

10. We received 143 responses from higher education institutions (HEIs), further education colleges (FECs), and other sector bodies and individuals. Of these respondents, 105 were from HEIs (41 'old' universities, 30 'new' universities, 15 general colleges, 19 specialist colleges), 21 were from FECs, and 17 were from other bodies and individuals. The overall response rate to the consultation exercise was very favourable – the responses from HEIs represent approximately 80 per cent of the higher education (HE) sector. This may indicate the strength of feeling in the sector on widening participation issues, and the commitment that many institutions have to the work.

11. In November 2002 we published the principles that had been agreed for widening participation funding for HEFCE-funded institutions for 2003-06 ('Partnerships for Progression – Call for strategic plans to release funding', HEFCE 2002/49, LSC 02/03). We advised that we would publish full information about funding and an analysis of the consultation responses, once the final outcomes of the spending review were announced.

12. The principles agreed were as follows:

- a. Outreach activities and student progression are mutually dependent, because raising aspirations, better preparation of students, and good practice in admissions underpin successful retention in higher education. Institutions can therefore use part of their widening participation funding for institutional outreach work that relates to retention. This will apply in particular to institutions that recruit nationally; for work with students not targeted in regional projects for Aimhigher: Partnerships for Progression (previously referred to as Partnerships for Progression or P4P); or for those activities designed to better prepare students for higher education. The focus for outreach work is expected to be Aimhigher: P4P.
- b. We provide additional widening participation funding to help institutions support the students that are most at risk of not completing their courses. Previously this funding was allocated through a 'postcode premium' (properly known as the widening participation allocation), based on the number of students recruited from areas where participation in HE is lower than average. We proposed a number of alternatives, including previous entry qualifications, as more reliable measures for identifying students at risk of dropping out. Respondents felt that previous

educational attainment was not an effective enough measure on its own. We have therefore altered the method of determining the widening participation allocation for 2003-04, to take into account previous educational attainment and age of students (to recognise the post-application costs of retention), and a geodemographic element (to recognise pre-application costs of raising aspirations). In 2003-04 the geodemographic element will continue to be allocated using postcode data; we will consult further on measures to be used in subsequent years as better data become available.

- c. To allow institutions to continue work that they had planned in their widening participation strategies for 2001-02 to 2003-04, no institution will receive a smaller widening participation allocation in 2003-04 under the new funding methodology than it did through the previous system.
- d. Respondents were strongly opposed to the idea that widening participation funding should be allocated only to some institutions. We will therefore provide widening participation funding to all institutions, based on the revised allocation method (discussed in 12b above).
- e. There was confusion over the proposal to fund students that completed part of their studies but not a full year of programme. In particular, respondents were unclear whether there would be additional funds or whether money would be taken from existing resources. We will consult further on funding such students, providing further information about the alternatives and costs involved.
- f. Respondents supported the proposal that the submission of widening participation strategies and action plans should become a condition of grant for higher education institutions. This was agreed by the HEFCE Board in November 2002.

Further details of responses to the consultation are at Annex A.

13. This document sets out in greater detail the information on the widening participation funding allocation included in institutions' grant letters, updates the HE sector on our widening participation strategy and provides an analysis of the consultation responses.

Coherent approach to widening participation

14. The recently published White Paper 'The future of higher education' re-confirms the Government's commitment to widening and increasing participation in HE. Also, we published our strategic plan for 2003-08 in March 2003 (HEFCE 2003/12). Widening participation and fair access is one of our four core strategic aims. We aim to provide the opportunity of higher education to all those who could benefit from it, and see widening access and increasing participation in higher education as a crucial part of our mission. This document is the first step towards implementing our strategy.

15. A number of initiatives exist to fund widening participation activity in the higher education sector. To avoid the administrative burden to institutions of applying for funding under several initiatives with the same basic aim, we have rationalised these.

Aimhigher: Partnerships for Progression and Excellence Challenge

16. The Government's White Paper indicated that the Excellence Challenge programme (which has funded collaboration between HEIs and schools and colleges in disadvantaged areas) and the joint HEFCE/Learning and Skills Council (LSC) P4P initiative, would be brought together under a programme called 'Aimhigher'. This would provide a coherent national outreach programme, operating most intensively in the most disadvantaged areas.

17. The Department for Education and Skills (DfES), the LSC and HEFCE will be working together over the next year to bring these two initiatives together; further details will be provided in due course.

Aimhigher: Partnerships for Progression

18. The Aimhigher: Partnerships for Progression (Aimhigher: P4P) initiative is a vital part of our joint campaign with the LSC to work with others to raise aspirations and attainment, and to stimulate demand for HE. From April 2003, Aimhigher: P4P will become our principal focus for 'outreach' activity to raise the aspirations and attainments of young people to enter higher education (HEFCE 01/73, HEFCE 2002/49). This initiative will subsume most of our outreach work, including the existing widening participation regional projects and other special initiatives, such as HE summer schools and Excellence Fellowships. However, we recognise that there is overlap between outreach and student progression, and so widening participation funding will also be available for institutional outreach work (particularly for those institutions that recruit nationally; for work with students not targeted in regional Aimhigher: P4P projects; or for activities designed to prepare students better for the HE experience).

Funding outcomes

Widening participation allocation

19. In January we announced that we are substantially increasing the widening participation allocation from 2003-04 (HEFCE EP 03/2003, 'DfES funding announcement 2003-04 to 2005-06').

20. We have revised our method of allocating widening participation funding. From 2003-04 we will use a combination of geodemographics (postcode in 2003-04) and prior educational attainment (details in Annex B; table showing distribution to institutions at Annex C). This methodology reflects the costs associated with the two main aspects of the student life-cycle: pre-application costs (the costs of aspiration raising) and post-application costs (the costs and risks that institutions are incurring by recruiting students that are more likely to drop out). This allows the widening participation allocation to be used for both raising aspiration and supporting student success.

21. The post-application element uses prior educational attainment, and includes weights based on the risk of non-completion according to a student's preparedness for HE (see Annex B). If the risk of non-completion is to be successfully managed, less well prepared students will require greater investment and support. Since we only count for funding purposes students who complete their year of study, we believe the allocation of a post-application element of funding will provide an additional incentive to build on previous improvements in retention. We believe that the method proposed more accurately reflects these costs, as well as building on institutional strengths.

22. We see this model as a starting point, rather than a final version. Each element will work on the basis of improved delivery generating additional funds, and will develop over time to use the best information as it becomes available. For example, in 2003 we will continue our work to extract data on the school attended at age 16 (subject to UCAS data being available), and on the best ways such schools should be characterised. The overall approach of the model would be consistent over time, but as new indicators become available they will be assessed and incorporated into the model, with a degree of smoothing to ensure that any changes are manageable. We will also carry out more sophisticated modelling in summer 2003 which will consider and quantify the factors affecting non-completion. This may serve as evidence that further elaboration of the current model is required.

23. The allocations are determined on the basis of students who complete their year of study. This will encourage institutions to retain students who are less well prepared for HE, as the new model provides no incentive for institutions to recruit students who do not complete their year of study.

24. We will allocate the total amount of funding available for widening participation as shown in Table 1.

Table 1 **Widening participation allocations in 2003-04**

Funding element	2003-04
Pre-application (postcode)	£38M*
Post-application (prior educational attainment)**	£150M
Data contingency (to be allocated in July 2003)	£5M
Additional costs for supporting part-time students	£62M
Total	£255M

* £36M for full-time, £2M for part-time; these figures will depend on the data

** This will include young and mature entrants

Funding for part-time students

25. We have allocated the sum of £255 million to widening participation in 2003-04. This includes £62 million used to support the additional costs of part-time students. The 2002 consultation on widening participation funding did not suggest reform of the part-time element, as the existing method was felt to be adequate for allocating the associated amount

of funding. However, given the substantial uplift to the widening participation allocation, there is now a need to reconsider how we allocate funding for part-time students. Work is in hand to more fully understand the costs of part-time education. When that is complete, we will revisit the distribution of part-time funds. However, for this year we will have allocated part-time widening participation funding largely as in previous years: £34 million is pro rata to standard resource for part-time students, and £27 million is the funding associated with the 5 per cent part-time premium. The balance of £1 million is a supplement in respect of additional funded part-time undergraduate places for 2003-04. We plan to consult in 2003 on this issue, and to fully integrate it into the widening participation allocation in 2004-05.

Data contingency

26. Although we believe the data set for pre-entry qualifications is robust, institutions may wish to review their data more thoroughly, because this is the first year that more significant sums of money will be distributed using it. All data are subject to sample audit checks, but since there is a risk that some changes will be necessary we have retained £5 million to deal with any subsequent changes.

Revised widening participation strategies and action plans 2004-05 to 2006-07

27. We proposed in the consultation on widening participation funding that we would call for revised widening participation action plans in 2003 so that institutions would be able to account for changes to their allocations following changes to the methodology. However, after the consultation we made the commitment that no institution would receive less widening participation funding in 2003-04 than it did in 2002-03, and therefore we would not expect institutions to reduce their activities or targets. It would also present a considerable burden for institutions to revise their action plans in 2003 when we will be calling for revised widening participation strategies and action plans in 2004. Therefore we will ask institutions to account for any additional activities planned following increases to their widening participation allocation, through their annual operating statements. The call for annual operating statements will be issued in April. We will then issue a call for revised widening participation strategies and action plans in autumn 2003, for submission in July 2004.

Aimhigher: P4P funding

28. We and the LSC have agreed to provide a minimum of £10 million each year for three years for Aimhigher: P4P. In our grant letter for 2003-04 there was additional funding set aside for Aimhigher: P4P, which is conditional upon links between Aimhigher: P4P and Excellence Challenge being developed under the Aimhigher brand. The grant letter also confirmed a continuation of funding for summer schools – £4 million per year for three years – and the availability of funds that were originally provided for aspiration funding for further widening participation work. Both will be rolled in with Aimhigher: P4P in subsequent years.

Higher education summer schools

29. We indicated in HEFCE 2002/49 (LSC 02/23) that HE summer schools would be funded within Aimhigher: P4P from 2004 onwards. We have provided funding for regional co-ordinators to assist in development of summer schools and to put in place administrative systems, and will expect them to take over running the scheme fully from 2004. Funding for this work has now been confirmed, as set out in paragraph 28; this will allow the current level of activity to be maintained.

30. We also plan to develop a small national summer schools scheme to enable young people to apply for specialist summer schools provision, as part of a national scheme of work for Aimhigher: P4P. Further information is in paragraph 34.

31. Last year we sought views on whether to apply for European Social Fund (ESF) funding for 2003 to 2006, on behalf of the English higher education sector (HEFCE 2002/50). A large proportion of consultation responses expressed interest in using ESF funding to match HE summer schools activity. Subject to Treasury approval, we therefore propose to invite expressions of interest in ESF funding from Aimhigher: P4P partnerships to match ESF funding against regional summer school activity (in summers 2004, 2005 and 2006). We expect to publish more information and a full analysis of the consultation responses by the end of April 2003. Any queries about ESF should be referred to Fiona Reid (f.reid@hefce.ac.uk).

Aspiration funding

32. In 2001 we allocated £6 million per year for three years to help fund aspiration-raising work in institutions where recruitment from state schools was less than 80 per cent. This funding will cease after 2003-04, by which time the institutions that have benefited from the funding will have matched it and embedded the activity.

33. We will add £6 million to the Aimhigher: P4P initiative from 2004-05, to help fund additional outreach work.

National development work

34. We are adding funds for national Aimhigher: P4P activity because a range of activities cut across the regions, and do not fit smoothly into the Aimhigher: P4P regional partnerships. In particular, we will develop a national scheme to enable young people to apply for specialist summer schools provision that is only available outside their region. We also expect that good work in regional partnerships will have the potential to be rolled out nationally. There is a range of other opportunities, including working more closely with other groups (for example, Regional Development Agencies), and extending our summer schools programme to make links with industry. This development funding will also allow us to undertake further work on the added value of other proposed national schemes.

35. We will provide further information to the Aimhigher: P4P regional partnerships once we have agreed their strategic plans, and following discussion with the LSC and the

Aimhigher: P4P National Steering Group about how best to deploy these funds. We are aware that partnerships may find the sudden additional allocation of funds difficult to manage within a short timescale, and will work with them to ensure the best way to allocate funds. In particular we will need to consider the closer integration of Aimhigher: P4P and Excellence Challenge prior to them coming under the joint branding of Aimhigher. We therefore believe that the best approach to the deployment of these funds is to review the existing regional Aimhigher: P4P plans and then prioritise the development and extension of links between Excellence Challenge and Aimhigher: P4P.

36. We will keep under review whether to apply for ESF to match work funded under the national Aimhigher: P4P scheme.

Summary of responses to the consultation

1. Institutions were invited to respond to the four issues summarised in paragraph 56 of 'Funding for widening participation in higher education' (HEFCE 02/22). This annex analyses the general comments that were made on widening participation funding, followed by comments received on the four specific issues.

2. A total of 143 responses were received:

- 105 from higher education institutions (percentage response rates are approximate)
 - 41 old universities – 95 per cent response rate
 - 30 new universities – 86 per cent response rate
 - 15 general colleges – 88 per cent response rate
 - 19 specialist institutions – 58 per cent response rate
- 21 from further education institutions
- 12 from HE-related organisations – Council for Industry and Higher Education, Engineering Professors' Council, Greater Manchester Consortium for HE in FE, LTSN Maths, Stats & OR Network, NATFHE (the university and college lecturers' union), NUS, Russell Group, Standing Conference of Principals, Universities Association for Continuing Education, Universities UK, Widening Participation South West, and York Higher Education Collaboration Project and York Progression Partnership
- 5 from other organisations – Fair Enough Project, LG01 Ltd, Headmasters' and Headmistresses' Conference and the Girls' Schools Association, Arts and the Learning City, and Skill: the National Bureau for Students with Disabilities.

This represents an overall HE response rate of 80 per cent.

General comments

3. Many institutions expressed support for our general policy move towards rationalisation of the various strands of funding for widening participation. Many institutions were also pleased that aspiration funding was to end, as it was seen as inequitable. However, some respondents were concerned that institutions may lose funding for some of their outreach work as a result of the separation of retention (postcode premium funding) and outreach (Aimhigher: P4P funding) work. Of particular concern to HEIs was outreach work that may not be encompassed by Aimhigher: P4P such as national (rather than regional) recruitment, and individual links between HEIs and schools or colleges. HEIs were concerned that it is not always possible to separate outreach and retention work, and that by having two funding strands important work may be lost. Some institutions commented that widening participation initiatives could have benefits across the whole student cohort and did not just capture disadvantaged students.

4. Some institutions identified a potential conflict between on the one hand expecting institutions to collaborate in negotiating targets for the Aimhigher: P4P region, and on the other hand setting individual targets for each HEI. Concern was also expressed by a few institutions that the consultation did not go far enough to include part-time or lifelong learning, but concentrated too much on the typical young full-time student. Some institutions were concerned that disability and ethnicity were not properly addressed. There were also comments that setting targets and linking strategies and action plans to grant would encourage chasing of short-term targets at the expense of long-term widening participation aims. One institution suggested that capital investment was needed to improve facilities in order to improve recruitment and retention. Some respondents argued that widening participation did need an incentive.

5. Part-time and mature students continue to be funded in the new widening participation allocation and are an important part of our widening participation policy, as are ethnic minorities and students with disabilities. We are working on refining the funding method for part-time students. We are considering options on how to revise our capital allocations in order to take account of widening participation costs.

Responses to specific issues

a. Should we alter the method of distributing the widening participation funding currently allocated by reference to postcode, to reflect the previous educational achievement and age of students? Or, should we adopt a method of distributing the widening participation funding that takes into account both previous educational achievement and geodemographics?

6. The majority of respondents (76 per cent of all categories; 75 per cent of HEIs: 63 per cent of old universities; 73 per cent of new universities; 89 per cent of specialist institutions; and 93 per cent of general colleges) wished to alter the method of distributing the widening participation allocation funding (postcode premium) and supported one of the methods suggested by us in the consultation (either previous educational achievement and age of students, or previous educational experience and geodemographics). Of these, there was most support (54 per cent of all categories; 57 per cent of HEIs; 77 per cent of old universities; 59 per cent of new universities; 41 per cent of specialist institutions; and 36 per cent of general colleges) for the method combining previous educational experience and geodemographics. Many institutions thought there was a strong link between previous educational achievement and social disadvantage and a subsequent link between previous educational achievement and risk of dropping out.

7. There was limited support for keeping the postcode premium funding method (11 per cent of all categories and 11 per cent of HEIs; this represents 22 per cent of old universities; 10 per cent of new universities; 0 per cent of general colleges and 0 per cent of specialist institutions, that responded). Among this support there was recognition that the postcode method was inaccurate, and that further work would need to be done to improve it. We have assumed that the group that wish to keep the postcode premium would prefer the hybrid

option to previous educational achievement and age, and this would support the case for taking the hybrid funding method forward.

8. Some institutions suggested methods of distributing funding through alternative proxies for disadvantage. Of those who commented, the most popular suggestion was to use a financial indicator, such as the number of students who had part or all of their fees paid following the LEA means-test (this may not be suitable for capturing part-time students who decide not to take the LEA means-test for student loans). This was seen to be the most accurate indication of social disadvantage. Another suggestion was to use a school indicator (for example, the GCSE performance indicators published by the DfES). We have previously looked at using data from the HESA record (which indicated whether students made some contribution to their tuition fee), but this data was not fit for this purpose. We will continue to investigate alternative sources of financial data. We are currently in discussion with UCAS regarding information on schools.

9. A large number of institutions expressed general dissatisfaction with the postcode premium and considered it a blunt instrument. Many institutions stated that it was particularly inaccurate in rural areas and in London, where the social mix across postcode areas was more diverse. The postcode premium was not considered by many to be an accurate proxy for social disadvantage. For example, one institution commented that it had had large numbers of students from socio-economic groups IIIM, IV and V, for whom it received no postcode premium funding. Many in this group thought that there was a less accurate relationship between postcode and drop-out, than between previous educational achievement and age and drop-out.

10. However, the majority of institutions that supported a move away from funding solely by reference to postcode, did wish to keep a geodemographic element in the funding method. Previous educational achievement and age alone were not considered to be a suitable proxy for social disadvantage, and some sort of neighbourhood indicator of disadvantage was considered necessary. Some institutions also suggested that to change the whole funding method at once might result in too great a change in the amount of funding given to each institution in the transitional year, and that this might result in the disruption of institutions' ability to provide services related to widening participation funding.

11. There were some opponents to using previous educational achievement as part of the funding method. A number of institutions were concerned that previous educational achievement was no more accurate a proxy for social disadvantage than postcode, as it would encompass all middle-class under-achievers and not over-achievers from disadvantaged backgrounds or schools. Also, if previous educational achievement resulted in institutions receiving extra funding for students from non-widening participation backgrounds who were under-achievers, this would result in the wrong type of students attracting funds. Although it is open to question whether these students need less support to complete their studies than disadvantaged students with the same grades.

12. Some HEIs argued that to distribute funding according to previous educational achievement would reward those institutions who recruited the most academically unsuitable

students, and that this is not in the sector's interests. Some institutions thought it inappropriate to change from one imperfect funding method to another, and that the postcode premium had the benefit that people were familiar with it and knew roughly what level of income to expect from it.

13. The prior educational attainment and age elements of the widening participation allocation are designed to recognise the actual costs of retaining students who are less well prepared for HE, and therefore reduce the disincentive to recruit such students. Funds are only available to HEIs if students complete the year and so the funding method is not intended to incentivise the recruitment of students who are unlikely to complete at least a year of study. Institutions have to decide who has the ability to benefit from their programmes, and what level of support they need in order to do this.

14. A few HEIs recognised the potential extra data burden that previous educational achievement would place on institutions and the fact that the amount and nature of the detail (qualifications type/grade and so on) used in this funding method might depend on the practicalities of the data return. Many institutions were supportive of using that previous educational achievement within the funding method but were aware of the complexity of entry qualifications. There was a consensus that careful modelling would be needed to determine which qualifications, and at what level, funding should be based on. Some favoured non-A-level qualifications, others low A-level grades and all non-A-level qualifications; others were keen to make sure that A-levels were not left out of the equation (see Annex B).

15. Some institutions were concerned that the consultation had not made clear what was meant by age in relation to the funding method. Some institutions were confused by what we meant by age, and thought that students over 30 would not attract funding. This will not be the case; all students over 21 will attract funding. Many institutions recognised age as a key indicator of increased support costs, although a few institutions considered age of student to be no indicator of increased cost of support.

16. Many institutions stated that the funding method should be transparent so that institutions are able to identify those areas, or schools and colleges, where participation is low so that they can appropriately target their resources. We have developed the POLAR system which is available to institutions, which graphically shows low participation areas so that they might be targeted by outreach activity.

b. Should additional funding be provided only to those institutions with the highest proportion of students most at risk of dropping out?

17. The majority of respondents (82 per cent of all categories, 84 per cent of HEIs; 95 per cent of old universities; 87 per cent of general colleges; 74 per cent of specialist institutions; and 60 per cent of new universities) were against providing additional funding only to those institutions with the highest proportion of students at risk of dropping out. Most institutions considered it necessary to provide all HEIs with some widening participation money and agreed that there was a basic cost involved in running support services aimed at improving

retention, regardless of the proportion of students at risk within the institution. Most institutions who commented supported the view that the funding should follow those students most at-risk, and therefore all HEIs who had students which met the at risk criteria (that is, the widening participation funding criteria) should receive widening participation money.

18. There was a dominant view within the sector that to grant money to only a few institutions would disincentivise those institutions not receiving funds from taking part in widening participation activities. Some institutions voiced concern that, if there was funding for only the top quartiles, institutions might chase at-risk students in order to achieve that funding. There was also concern about the difficulties of planning for institutions that might be at or near the cut-off point between those who received funding and those who did not. Some HEIs expressed the view that there was a risk of polarisation of the sector between widening participation funded and research-led institutions. This would potentially result in widening participation institutions where certain students were channelled, or accepted, with a potentially cumulative effect.

19. A few HEIs suggested that there might be a minimum level of widening participation funding per institution. Some respondents suggested that the widening participation money should be weighted by quartile.

20. Some HEIs did want the funds to be distributed only to the top half or quarter, as they saw the costs for these institutions as being far greater than for institutions who did not have a large at-risk element in their student cohort.

c. Should we provide funding for students who complete part of their studies, but not a full year of programme? (This would need to be based on additional data returns from HEIs showing the modules completed by students.)

21. A large majority of HEIs (71 per cent of all categories; 70 per cent of HEIs; 87 per cent of new universities; 87 per cent of general colleges; 68 per cent of specialist institutions; 46 per cent of old universities) responded positively, in principle, to providing funding for students who complete part of their studies, but not a full year of programme. Many institutions considered it important to recognise the numbers of students who now follow irregular patterns of study and the resulting burden of cost on the HEI. Some respondents also commented that institutions were right to take a justifiable risk on the success of such students. However, many HEIs recognised the extra data burden that would be required of the institutions, and so agreement in principle was often mitigated by the need for any method of funding to be practical and cost-effective. Some respondents suggested that only a very few institutions who already had reporting mechanisms in place would benefit, and therefore whether to claim additional funding for part-completions should be at the discretion of the individual HEI.

22. Only a minority of respondents recognised that, as the funding of part-completions would be delivered through the existing core grant, it would in effect be a redistribution of funds and might reduce the size of the unit of resource.

23. Many institutions were concerned that there was a risk that by funding part-completions, we would potentially be rewarding institutions for failure (in other words, not succeeding in retaining students) and discourage institutions from taking steps to improve retention and student support. There was concern that this could lead to irresponsible admissions practices: institutions could be tempted to admit unsuitable or unprepared students, without due consideration to their ability to complete, in the knowledge that they would receive funding for them.

24. The concept and use of modules varies widely across the sector, and there was disagreement about the ideal method of measuring part-completions. Suggestions for measurement included: completed semesters, enrolled at census dates, completion of modules or credits (although opinion differed on what would constitute 'completion' of a module). A number of respondents suggested that further work and research was necessary to look at the detail of any such funding method and that a degree of consensus would need to be reached as to what measure of part-completion could be used. Institutions referred, both positively and negatively, to the system used to fund module completion in further education.

25. As the responses to funding part-completions raised a lot of issues, we will consult on this again in the teaching funding method review which is expected in autumn 2003.

d. Should we make submission of widening participation strategies and action plans a condition of grant?

26. The majority of respondents (62 per cent of all categories; 60 per cent of HEIs; 80 per cent of general colleges; 68 per cent of specialist institutions; 63 per cent of new universities; 46 per cent of old universities) were in favour of making submission of widening participation strategies and action plans a condition of grant. There was a generally held view that the condition of grant was not dissimilar in practice to the current requirement to submit widening participation strategies and action plans as part of the annual operating statement (AOS). However, there was a polarisation of opinion among HEIs as to the implications of imposing such a condition. The majority of institutions who commented stated that to make it a condition of grant would add weight to the widening participation agenda. Among this group was a common view that, as a condition of grant, it would also act as a disincentive for HEIs to disengage from the widening participation arena (especially for those institutions who may not receive large sums of money from widening participation funding).

27. A significant minority of institutions expressed concern that to make widening participation strategies and action plans a condition of grant was both unnecessary – as they are already included in the AOS – and might change their relationship with us.

28. Widening participation strategies are long term and therefore very different in nature from annual operating statements, which are short term (reporting on the previous year's activity and looking forward one year). It is important that all institutions are engaged with widening participation, and the fact that strategies are now a condition of grant reflects this.

Weightings for widening participation allocation

1. Table 2 shows the weightings used for the pre-application costs in 2003-04. Further information on allocation by reference to postcode can be found on our web-site:

www.hefce.ac.uk under 'Good practice/Classification of students based on postcode'.

Table 2 **Weightings for widening participation allocation – pre-application costs**

Quartile	Participation rate	Weighting
1	Below 50% of average participation	6
2	50 to 75% of average participation	2
3	75 to 100% of average participation	1
4	Above average participation	0

2. The weightings to determine the funding allocation for the post-application costs make use of non-continuation rates set out in our performance indicators (for further information see HEFCE 2002/52). Table 3 shows the non-continuation rate from first year to second year of entrants to full-time first degree courses in 1999-2000, by the various risk categories.

Table 3 **Non-continuation rate from first year to second year of entrants to full-time first degree courses in 1999-2000, by risk category (post-application costs)**

Risk category		Included entry qualifications	Number of students	Percentage not continuing
Young	Low risk Weight = 0	A-levels or Highers with at least 17 points; degree or higher	103,300	4.1
	Medium risk Weight = 1	A-levels or Highers 10 to 16 points; foundation courses; Baccalaureate	52,500	8.8
	High risk Weight = 1.5	Less than 10 A-level or Highers points; access course; BTEC; GNVQ level 3; HE below degree level; none, others, unknown	63,400	13.5
Mature	Low risk Weight = 0	A-levels or Highers with at least 27 points; degree or higher	3,700	10.3
	Medium risk Weight = 1.5	A-levels or Highers with less than 27 points; HE below degree level; foundation courses; access course	37,800	14.8
	High risk Weight = 2.5	BTEC; GNVQ level 3; Baccalaureate; none, others, unknown	19,000	19.3

List of abbreviations

AOS	Annual operating statement
DfES	Department for Education and Skills
FE	Further education
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
LEA	Local education authority
LSC	Learning and Skills Council
LTSN	Learning and Teaching Support Network
P4P	Aimhigher: Partnerships for Progression
UCAS	Universities & Colleges Admissions Service