

Cylchlythyr | Circular

HEFCW review of teaching funding: Stage three consultation

Date: 02 November 2022
Reference: W22/39HE
To: Heads of higher education institutions in Wales
Principals of directly-funded further education institutions in Wales
Response by: Confirmation of data contacts to hestats@hefcw.ac.uk by **5pm on Tuesday 8 November 2022**
Consultation response to nicola.hunt@hefcw.ac.uk by **5pm on Friday 9 December 2022**
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This circular provides a consultation on the impact of proposed changes to our teaching funding methodology, as part of stage three of our review of teaching funding.

If you require this document in an alternative accessible format, please email info@hefcw.ac.uk.



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Introduction

1. This circular provides a consultation on the impact of proposed changes to our teaching funding methodology, as part of stage three of our review of teaching funding.

Background

2. Our current review of teaching funding commenced in 2020/21. Stage one of the review focused on proposed changes to our methodologies in the 2022/23 academic year and the outcomes of our stage one consultation were published via circular [W22/10HE](#).
3. Stage two of the review commenced in 2021/22 and focused on proposed changes to our funding methods for implementation in the 2023/24 academic year. Stage two took the form of a consultation with institutions, supported by a sector workshop, institutional engagement and an extensive set of data analysis and modelling work. The outcomes of our stage two consultation were published on 12 October 2022, via circular [W22/36HE](#).

Data modelling

4. There was a clear message in the responses to the stage two consultation that institutions wish to see the financial impact of our proposals. We stated in the stage two outcomes circular that we would model scenarios for institutions based on the funding available for the academic year 2022/23 and that we were planning to provide institutions with mapped data and scenario modelling.
5. We will share data and credit-based models with HEFCW funded institutions, using the cost group mapping published in the stage two outcomes circular. The data used in the model will be based on end of year monitoring ([EYM](#)) data but mapped to the new cost groups instead of academic subject categories (ASCs). Details of the data extraction will be provided with the data. The data and model outcomes for each provider will be shared with that provider only, at an individualised level (enrolments and modules) and in summary for full-time and part-time undergraduate provision. We will also share sector level outcomes of each model and percentage comparisons for all providers against the current funding allocations. The data and models will be shared with providers via the secure download system and will not be published. We will initially share data taken from the 2020/21 HESA student record data in this format, and when available, we will also share 2021/22 data. The 2021/22 data are likely to be taken from the Information Reporting Interface Service (IRIS) system in order that the extraction can be done in a timely manner to inform this consultation.
6. The modelling will be based on applying a unit of funding to the credit values in each cost group, recruited for the latest year, and will not be based on three years of recruited data and two years of funded credits data as proposed in the credit-based model. This is because a full set of data is not available to do this and also to have a starting point where funded numbers are equivalent to recruited

numbers in eligible categories (mode of study/level of study/cost group). This would then be in line with how funding was calculated for 2022/23 for both the part-time undergraduate credit based funding, which included 100% growth, and the higher cost subjects premium funding for full-time undergraduate which funded all EYM credit recruitment in the relevant ASCs. Several models will be made available, to show the effect of varying some of the parameters and details will be included in the secure download.

7. We expect to share the first tranche of data with institutions during w/c 7 November. Funded institutions are asked to email hestats@hefcw.ac.uk by **5pm** on **Tuesday 8 November** with details of a nominated contact to receive the data.
8. We are intending to hold a workshop for funded institutions in November 2022 to allow representatives to discuss the data and modelling which will be supplied to institutions. We will contact institutions with information about the workshop in due course.
9. The purpose of this consultation is to seek feedback from HEFCW funded institutions on the potential impact of our proposals, recognising that the scenario modelling will not accurately reflect the final funding allocations for 2023/24 if the new credit based model were to be applied. This is because our budget information for the financial year 2023-24 and later years is not yet known and therefore we are unable to confirm the units of funding to be used in the model, or any adjustments or interim solutions which may need to be applied to the model to reflect the available budget.
10. At present, based on sector level modelling, and including full-time undergraduate and part-time undergraduate provision, we would not be able to fully fund provision in all cost groups in all modes and levels in the credit-based model, using the existing, available, budget levels. The outcomes of this consultation will be considered by HEFCW's Council at its meeting in January 2023, at which point we will have more information available about our indicative budget for AY 2023/24 and the extent to which we can implement the new credit based funding method in that year.
11. We would like to confirm that we will be using EYM data in the calculations for credit based teaching funding allocated for 2023/24, as indicated in the Higher Education Students Early Statistics (HESES) consultation circular ([W22/33HE](#)). This will be regardless of whether the new funding method is implemented in 2023/24.

Review of additional costs of Welsh medium provision

12. As part of stage one of our teaching funding review, we commissioned an independent review of the additional costs of Welsh medium study and awarded the contract to [LE Wales](#). The final report was submitted to HEFCW in October 2022 and the outcomes will be considered by the Council at its meeting in January 2023. We will aim to publish the report and any resulting decisions regarding funding for Welsh Medium provision alongside the outcomes of the stage three consultation.

Consultation

13. As well as this being an opportunity for institutions to provide general feedback on the scenario modelling, we are seeking views from HEFCW funded institutions on the following consultation questions. Responses should be sent to nicola.hunt@hefcw.ac.uk by **5pm on Friday 9 December**.

Q1: Do you have any comments on the extraction of EYM data used in the models, for example, relating to the method of estimating non-completed credits for modules where the outcome is not yet known?

Q2: Do you have any comments on the credit-based models that include potential adjustments to the proposed credit based model as an interim measure, and the effect these have on the allocations?

Q3: Are there other adjustments that could be made to the proposed credit-based model that you think we should consider in making our decision about implementing the model?

Q4: Are there any unintended consequences arising from our proposal to implement the model to our current timetable?

Q5: How will the new credit-based method support your institution to contribute to the delivery of Welsh Government's [Programme for government](#)?

Q6: Are there specific issues relating to funding for Welsh Medium provision, which you have not raised previously, that we should take account of when considering the outcomes of the review of the additional costs of Welsh Medium study and the implications for funding?

Q7: Will our proposals have any effect (either positive or adverse), on opportunities for persons to use the Welsh language and/or treating the Welsh language no less favourably than the English language. If so, how could the proposals be amended to ensure positive effects (or increased positive effects) on these areas?

Q8: Do these proposals have any positive or negative impacts or unintended consequences in terms of equality and diversity and the Well-being of Future Generation (Wales) Act's seven wellbeing goals, Sustainable Development Principle and five ways of working?

Commission for Tertiary Education and Research

14. On 8 September 2022, the [Tertiary Education and Research \(Wales\) Bill](#) became an Act. The Act outlines arrangements to establish the new Commission for Tertiary Education and Research (CTER), which will replace HEFCW, and will be responsible for regulating and funding most post-16 provision in Wales currently within the Welsh Government.

15. It is anticipated that CTER will be operational, and HEFCW will be dissolved, by April 2024. We have confirmed to the Welsh Government that we are proceeding with aspects of our work which we consider to be critical for a smooth and effective transition to CTER, which includes our review of teaching funding.
16. Our [remit letter](#) from the Welsh Government for the 2022-23 financial year states that we should assume that HEFCW “can continue to operate and develop its funding and regulatory processes in line with its current powers and processes”.

Further information

17. For further information on the teaching funding review contact Nicola Hunt (029 2085 9735; nicola.hunt@hefcw.ac.uk).
18. For information on the scenario modelling and data used to inform the credit-based method, contact Hannah Falvey (hestats@hefcw.ac.uk).

Assessing the impact of our policies

19. We have carried out an impact assessment screening to help safeguard against discrimination and promote equality. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales (including taking account of the outcomes of the review of the additional cost of Welsh Medium study) and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. Contact equality@hefcw.ac.uk for more information about impact assessments.