

## Summary of responses - Stage three [consultation](#) on teaching funding

Number of respondents: 10

Key points:

- Responses were received from ten of HEFCW's funded institutions. No other responses were received.
- A number of responses thanked us for our work to develop the models included in the consultation.
- Some responses welcomed the new model or provided useful suggestions for amendments to the different variations of the model.
- Responses urged caution against HEFCW choosing a model which represented a significant shift of funding from undergraduate full-time to undergraduate part-time provision.
- Several responses suggested that HEFCW should delay implementation of the proposals and raise it as an issue for consideration by the new Commission for Tertiary Education and Research (CTER).
- At least two responses suggested that it could be possible to implement the new cost groups in the existing funding model to replace academic subject categories without causing disruption to the whole HE system before CTER.

### **Question 1: 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?**

**Comments:**

- Of the six responses which provided comments to this question, four were in favour of the method used to extract EYM data used in the models, one was against and the remaining response was ambiguous.
- The four responses in favour stated that the method used was reasonable and well understood. One response endorsed the approach of using finalised data rather than the current approach that uses HESES data in part.
- Another response suggested that EYM was the less burdensome option for providers.
- One response against the methodology suggested that the use of EYM would result in a two year delay for the funding of growth at institutions with growing numbers of part-time students, whereas a two-year delay in funding growth may be more easily absorbed in the full-time sector where there is greater predictability and control of numbers, and where fee income (received in-year) represents a much greater proportion of total income.
- The remaining response suggested that the logic behind the methodology was sound but there were challenges in the methodology relating to non-completion data.

**Question 2: 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?**

**Comments:**

- Responses to this question provided useful information on the potential impact on institutions of the five proposed funding models (using the mapped data and scenario modelling shared with institutions at the beginning of the consultation period).
- Several responses suggested that the proposals had the potential to cause significant disruption to the funding position of institutions across the Welsh sector and could unbalance the sustainability of some providers, at a time when institutions were already facing unprecedented financial challenges.
- One response suggested that it was not clear what benefit would be gained by addressing under-funding in one area by increasing under-funding in other areas. Additionally, whilst the proposals set out to address funding levels in line with TRAC(T) outcomes, they did not consider taught postgraduate activity; implementing the proposal would therefore contribute to financial instability in the sector, based only on a partial view of the teaching activities delivered across the sector.
- One response suggested that the proposals could lead to significant and unintended changes in the funding of full-time and part-time provision, which called into question the viability of the models under consideration. Implementation of the new credit-based model should be deferred until the establishment of the Commission for Tertiary Education and Research and re-visited at an early opportunity.
- One response indicated a preference for model D as Model A was considered to be unaffordable and Model C did not accurately respond to the priorities assigned to the funding.
- One response suggested that none of the models offered an acceptable compromise for addressing the historic and sustained under-funding of part-time provision. There was also a question over whether any of the models adhered to the principles outlined by HEFCW in previous consultations i.e. that the funding methodology should contribute to the actual costs of delivery of provision in Wales, be clear and easy to understand and facilitate lifelong learning and upskilling, including flexible and tailored models of provision.
- The same response indicated that Model B was not appropriate as it had been adjusted for affordability and did not fund cost group 5 subjects. Model C was not considered appropriate because it went against the principle of parity of funding between full-time and part-time funding by using different units of resource for the two groups. Model D was not considered to be appropriate because it used a scaled down unit of resource. Model E was also not considered suitable because it assumed a higher fee level for part-time study than the maximum loan allowance (£3625 compared to £2625), which could lead to a gap in income for providers and represent a barrier to learning for some people.
- Another response suggested that a shift in funding from full-time to part-time provision would represent a significant decrease in funding for higher cost

subjects at that university, which would reduce its ability to fund and deliver these subjects.

- The same response suggested that the redistribution of teaching funding to part-time undergraduate provision at the expense of full-time and higher cost subjects would completely negate the Diamond Review uplift given to the sector specifically for high-cost subject premiums 2 years ago, and would be seen as a failure to sustain the Diamond Review recommendations around high-cost subject funding. This institution also highlighted the difference in funding systems and funding levels in Wales compared to England, which could make Welsh institutions less competitive with others in the UK.
- Another response suggested that a substantial shift of funding from full-time to part-time provision could lead to increased competition within the part-time sector in Wales. This institution suggested that it would be sensible to delay implementation of the new model; this would allow time for the impact of the Covid-19 pandemic to be fully understood.
- Another response was in support of the new credit-based model in principle but suggested that more time was needed to understand the impact of the proposals and any transition funding needed to ensure that a balance remained to allow institutions to deliver on Welsh Government priorities.
- Another response supported the new method but advised that a shift in funding from full-time to part-time provision could make existing full-time provision unsustainable and present a challenge to any potential growth in full-time numbers.

**Question 3: 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?**

**Comments:**

- One institution suggested that we should consider splitting the part-time modelling out of the wider model and deal with this funding stream separately, so as to maintain the overall full time funding envelope. Bringing the two streams together could cause imbalance in the overall system.
- Another response suggested that the assumed fee level used in the model for part-time provision was inappropriate as providers were typically setting higher fees for their part-time courses and there was a risk that adopting the proposed models would result in over-compensating the under-funding in respect of part-time provision.
- The same response suggested that as all areas were currently demonstrated to be under-funded, the under-funding could be addressed only as and when additional funding became available using a phased approach that avoided destabilising individual providers to the extent that the models would entail.
- Another response suggested that a possible interim arrangement could be to use the new cost groups in the existing teaching funding credit-based model for part-time undergraduate provision, to allow a partial implementation of the principles which were agreed through the previous consultation process. This would give

HEFCW better flexibility to manage its budget and preserve funding for full-time undergraduate provision.

- Another response suggested that Model C, as a more moderate option, could be the basis for a set of refined models that explored further options. The response also suggested that Model A could also be explored with relative units of resource in order to maintain a cost neutral outcome but with funding distributed over all current areas.
- One response suggested that no amendments were needed if Model D was used in the final funding method.
- One response suggested that HEFCW should consider additional models that enabled a stepped approach to uplifting funding for part-time, or an increase to per capita funding for part-time provision in order to address some of the core baseline costs in PT provision.
- Another response suggested that given the potential impact on a number of Welsh institutions, it would be better not to implement the methodology at this time, certainly until the new Commission is able to have effective conversations with institutions and the Welsh Government about the under-funding in Wales or to further investigate alternative options. The response suggested that where the sector was currently constrained by its limited teaching funding it did not seem appropriate to significantly move funds from one priority area to another.
- One response queried whether a value of 75% for intensity of study in calculating assumed tuition fees was appropriate or whether the intensity should be lower than 75% to reflect what students are actually studying rather than the maximum part-time intensity.
- The same response queried whether there should be different rates in the model to differentiate between distance/online delivery and in-person teaching, particularly given rising energy costs.

**Question 4: Are there any unintended consequences arising from our proposal to implement the model to our current timetable?**

**Comments:**

- One response suggested that given the current cost pressures in institutions, implementing a model that would materially undermine the financial stability of providers in the sector would be of concern. The work to date has demonstrated that, under HEFCW's current funding level, providing sustainable levels of funding to the sector is not achievable, and implementation should be paused, pending a review under CTER of how this affordability issue can be addressed without further destabilising providers. This should be carried out alongside a review of regulated fee levels and should incorporate taught postgraduate teaching activities.
- Another institution advised that it could not support any model that led to significant funding adjustments across the sector, and in the proposed timescale as it would be too destabilising, and the movement of funding from full-time to part-time provision within a fixed total amount would inevitably bring into question the ongoing viability of some provision.

- The same institution suggested that if any of the models were to be implemented in their current form then additional transitional funding would be required to manage the impact of the loss of funding for full-time provision and allow for the teaching-out of provision that would become unviable as a result.
- Another response suggested that there was a risk that the proposed new method could encourage or drive unintended behaviours in the sector, which could in turn present issues regarding the viability of provision that could be classified as unfunded (including Welsh Government priority subjects in the lower cost groups). The response also suggested that other unintended consequences could be institutional behaviour in relation to full or part-time provision, a review of HECoS code allocation and regional impacts due to institutional funding changes.
- One response encouraged us to consider any unintended consequences arising as a result of our decision to use EYM data rather than HESES data going forward.
- The same response suggested that we should consider what changes could be made to the funding methodology in advance of the establishment of CTER to best support a vibrant and sustainable HE sector in Wales.
- Another response suggested that implementing the new credit-based model to our timescale would only serve to present further financial challenges to institutions and other options should be explored first with implementation at a later date.
- A further response agreed with this and suggested that there would likely be further changes to the funding methodology once CTER was established and it would be better for all changes to be made at once.
- One response advised that unintended consequences could be the potential destabilisation of the HE sector (for part-time in particular), as the impact of the Covid-19 pandemic on student demand for HE is not fully understood.

**Question 5: How will the new credit-based method support your institution to contribute to the delivery of Welsh Government's [Programme for government](#)?**

**Comments:**

- Two responses suggested that the reduction in income as a result of the new methodology would not support institutions to contribute to the delivery of Welsh Government's Programme for government. Significant cuts to services would be needed in order for some institutions to remain sustainable.
- One response suggested that the current proposal for implementation would undermine the financial sustainability of the institution's research base in several key research areas. This could impact on the university's ability to contribute to the objectives in the innovation strategy for Wales. The response argued that the current proposal highlighted that it was not possible to fully fund existing activity, let alone provide for properly funded growth of Welsh Government priority areas.
- One response suggested that there could be a risk to the provision of Welsh medium delivery and WIMD progression in areas that may become unfunded in the future.

- The same response indicated there could also be a potential benefit to part-time provision.
- One response suggested that the new method could allow FE providers to continue to develop and grow their HE provision.
- One response suggested that by bringing improved fairness to funding for PT UG study, more people across Wales will continue to have the opportunity to benefit from higher education who would not otherwise have been able to. Achieving the Welsh Government's priorities requires that people have access to flexible PT HE. Investment in this kind of provision, and action to reach parity of funding between PT and FT, would enable providers to deliver high-quality, relevant, and flexible study opportunities to more people.
- Another response suggested that the ability for HEFCW to flex funding to prioritise areas that would economic development and sustainability should enhance the contribution to the Programme for government.
- One response suggested that the new credit-based method would not act as a driver of behaviour to contribute to the Programme for government, however it would support institutions to continue their HE delivery.
- Another response suggested that the new credit-based method would allow providers to continue their programmes of widening access to HE. However, reduced funding for full time may restrict growth in this area which would in turn impact on institutional sustainability.
- The remaining response indicated no impact.

**Question 6: 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?**

**Comments:**

- One response suggested that the proposed model as it stands could have a potentially significant adverse impact on areas with relatively buoyant Welsh medium provision (psychology, sport science, natural sciences) so the impact of any additional funding made available through, for example, a Welsh Medium premium, would likely be negligible in this wider context.
- One response suggested that there may be a risk to the provision of Welsh medium delivery in areas that may become unfunded in the future.
- The remaining responses did not identify any further issues relating to funding for Welsh Medium provision.
- Responses also indicated that institutions would await the outcomes of the London Economics review of the additional costs of Welsh Medium study before commenting further.

**Question 7: 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?**

**Comments:**

- One response suggested that there may be a risk to the provision of Welsh medium delivery in areas that may become unfunded in the future.
- The remaining responses generally indicated a neutral effect (neither positive nor negative) on opportunities for persons to use the Welsh language and/or treating the Welsh language no less favourably than the English language.
- Responses also indicated that institutions would await the outcomes of the London Economics review of the additional costs of Welsh Medium study before commenting further.

**Question 8: 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?**

**Comments:**

- One response suggested that a methodology which could leave institutions in a financially poorer position would have a negative impact on their ability to invest in innovative ways to respond to these areas.
- One response advised that achieving a position whereby the perceived disparity of costs between PT and FT HE provision were more fairly met would help meet the Welsh Government's goals as set out in the Programme for Government, the Employability and Skills Plan, and the Economic Resilience and Reconstruction Mission. The response argued that part-time HE is a crucial enabler of a wellbeing economy, and of the mission of the Well-being of Future Generations (Wales) Act 2015, and allows people to stretch themselves and to reach their potential. A sustainable funding model would allow providers to plan and design provision in a more long-term, sustainable, and collaborative way.
- One response suggested that implementing the proposals (considering the additional burden this would provide during the transition, especially with the current timescales in place) would be difficult and could add to already stretched workloads, and provide a negative impact on staff wellbeing.
- The remaining six responses did not identify any impacts as a result of the proposals, though two responses indicated a further impact assessment would need to be done once the final model had been selected.