

November 2005/44

Core funding/operations

Report on data for teaching funds

This report is for information only

This document presents the underlying data on which our allocations of funds for teaching in 2005-06 were based. It is a retrospective look at the teaching funds and student numbers in the 2004-05 academic year. It gives details of the student full-time equivalents in each price group, the assumed resource (HEFCE grant plus assumed fee income), and the standard resource for 2004-05 using the current (2005-06) teaching method.

Public resources for teaching and student numbers in HEFCE-funded institutions: 2004-05

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To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of Northern Ireland universities
Of interest to those responsible for	Finance, Planning, Funding, Data
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Executive summary

Purpose

1. This document presents the underlying data on which our allocations of funds for teaching in 2005-06 were based.

Key points

2. The report is a retrospective look at the teaching funds and student numbers in the 2004-05 academic year. It gives details of the student full-time equivalents in each price group, the assumed resource (HEFCE grant plus assumed fee income), and the standard resource for 2004-05 using the current (2005-06) teaching method.
3. A time series is included, comparing resources in the HEFCE teaching model for higher education institutions, to show how the values in this document fit with those in institutions' individual grant tables.

Action required

4. No action is required.

Background

5. This document outlines the method we used to allocate our teaching funds for the 2005-06 academic year. It presents the underlying data on which the funding allocations were based.

6. The information given in this report is based on:

- the funding premiums which apply in 2005-06
- the student numbers collected in December 2004
- the 2005-06 assumptions on student fees at 2004-05 equivalent prices.

7. The report presents the resource allocated and the student numbers recruited in the 2004-05 academic year. It applies the current model to the students actually recruited in 2004-05. It differs from the 2005-06 individual grant tables in that the student fee assumptions for 2005-06 are applied but at 2004-05 levels, and only transfers occurring before the end of the 2004-05 academic year are included.

The funding method for teaching

8. During 2003 we reviewed the funding method for teaching. The results of this consultation were announced in HEFCE 2004/24 'Funding method for teaching from 2004-05'.

9. A full description of the funding method for teaching is given in 'Funding higher education in England: How HEFCE allocates its funds' (HEFCE 2005/34). Details of the grant allocations are in the following documents:

- 'Recurrent grants for 2004-05' (March) – HEFCE 2004/12
- 'Recurrent grants for 2004-05: final allocations' (October) – HEFCE 2004/38
- 'Recurrent grants for 2005-06' (March) – HEFCE 2005/13
- 'Recurrent grants for 2005-06: final allocations' (October) – HEFCE 2005/43

10. Two broad principles underlie the method:

- a. That similar activities should be funded at similar rates, with variations from these based on previously determined factors.
- b. That institutions seeking to increase their student numbers should do so through allocations agreed by HEFCE of additional funded places.

11. We calculate a standard level of teaching resource for each institution, based on its profile of students. This covers both our grant and assumed income from tuition fees. Students expressed as full-time equivalents (FTEs) are weighted according to their assignment to one of four price groups for higher education institutions (HEIs), or three price groups for further education colleges (FECs). These price groups reflect the relative costs of provision in different subjects. A mapping of cost centres and learndirect

codes to price groups is given in Table 1 of Annex A (see separate download). This shows the mappings used in HEFCE 2004/31 'HESES04: Higher Education Students Early Statistics Survey 2004-05' and HEFCE 2004/32 'HEIFES04: Higher Education in Further Education: Students Survey 2004-05'. Changes to price group attributions for funding purposes are subsequently made in the funding model. For 2005-06 we carried out a review of media studies, and sports science and leisure studies. The price group assignment outcomes of these reviews are shown in Tables 2 and 3 respectively.

12. Further weights, or premiums, are applied for part-time students, for students on foundation degrees and for students on long courses. For detailed definitions of part-time, long courses and price groups see HESES04 and HEIFES04.

13. A number of institutional factors are also reflected through weights applied to student numbers. These are to recognise: the additional costs of provision in London; and the extra costs of some specialist institutions, old and historic buildings, and small institutions. Eligible FECs only receive premiums for part-time students, students on foundation degrees, students on long courses and the London institutional premium. A list of institutions receiving the London premium is given in Table 4. Table 5 shows the institution-specific, small, and old and historic buildings premiums where they apply.

14. Details of both the student and institutional premiums are given in Annex A.

15. For each institution we compare the calculated level of standard resource with the actual level of our funding and an assumed income from student fees (assumed resource). Where the difference from the standard resource is no more than 5 per cent, our core funding will roll forward from one year to the next, and this will continue so long as institutions remain within the ± 5 per cent tolerance band. For other institutions, we adjust grant or student numbers so that they move to within the tolerance band. This process is known as migration.

16. All institutions are eligible to receive funds for widening participation, irrespective of their position with respect to the tolerance band. Although these additional funds are part of our grants for teaching they are excluded from this report as they are not included in our calculations of standard and assumed resource.

Teaching grant 2004-05

17. The table below shows the relationship between the 2003-04 adjusted baseline teaching grant published in last year's report (HEFCE 2004/41) and the 2004-05 adjusted baseline teaching grant.

Development of the 2004-05 grant for teaching

	Figures in £ millions
2003-04 Adjusted mainstream teaching grant (HEFCE 2004/41)	3,124.6
Uplift to 2003-04 adjusted mainstream teaching grant (including R&DS round 2)	93.7
2003-04 Rewarding and Developing Staff (R&DS) allocation	170.1
2003-04 R&DS adjustment for HE in FE development fund	5.4
2004-05 Teachers' Pension Scheme (TPS) compensation	49.0
2004-05 TPS transfer to the Learning and Skills Council (LSC) for FE in HEIs	-1.3
2004-05 TPS transfer from the LSC (for directly funded FECs)	3.5
2004-05 TPS transfer from the LSC (for indirectly funded FECs)	2.4
2004-05 TPS transfer to the Teacher Training Agency (TTA)	-2.4
2004-05 TPS transfer to the NHS	-3.8
2004-05 Miscellaneous grant adjustments	1.0
Adjustment for widening access and improving retention allocations	2.0
Reinstatement of 2003-04 contract range holdback for migration ITT structural diversification	0.2
Additional funding for medical intakes	1.8
Additional funding for phased additional student numbers (HEFCE 99/56, 00/39, 01/54 and 2002/39)	21.1
Additional funding for new foundation degrees	42.5
Additional funding for social work (Circular letter 24/2003)	22.7
2003-04 Migration adjustments	1.8
	3.2
<hr/>	
2004-05 Baseline teaching grant	3,537.2
2004-05 Grant adjustments	-32.1
2003-04 ERASMUS/SOCRATES fee compensation	-1.6
2004-05 ERASMUS/SOCRATES fee compensation	1.7
Mainstreaming of 2004-05 minority subject allocations	3.0
2004-05 Miscellaneous grant adjustments	-0.9
Adjustments and transfers between March and September	-1.4
Transfer of funds for postgraduate research students*	-48.3
<hr/>	
2004-05 Adjusted baseline teaching grant	3,457.7

* This transfer of funding for postgraduate research (PGR) students actually took place for 2005-06. However, to give a more accurate representation of institutions' position in the tolerance band, the funding has been removed in 2004-05 for the purposes of this modelling. (If the funding was not removed institutions would appear to be (more) over-resourced.)

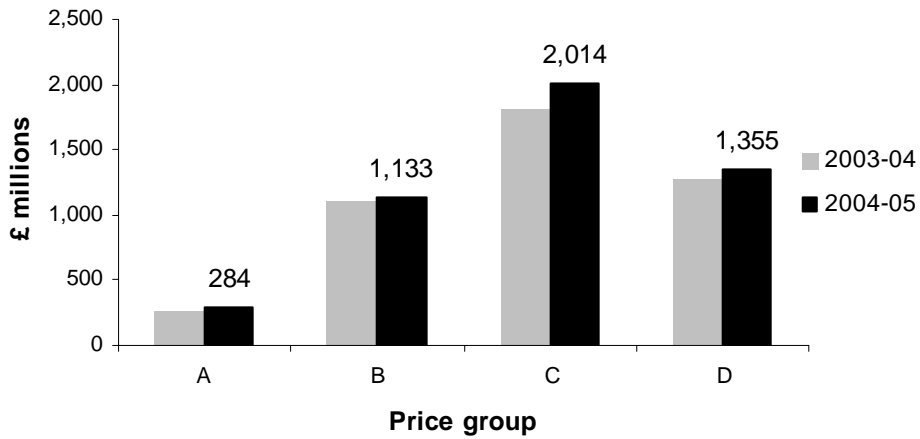
Distribution of students and resources

18. Figure 1 shows the distribution of standard resources across the four price groups. It also shows the change in this distribution since the previous year. The

disproportionate increase in price group C resources is due in part to the outcomes of the media studies and sports science reviews.

19. Figures 2 and 3 show the distribution of student FTEs across the price groups by level and mode of study. Postgraduate research (PGR) students have been removed as they are no longer counted in the teaching funding method.

Figure 1 Standard resource* by price group



* Note that the resource figures are not comparable because they include PGR resource in 2003-04.

Figure 2 HE student FTEs by price group and level of study

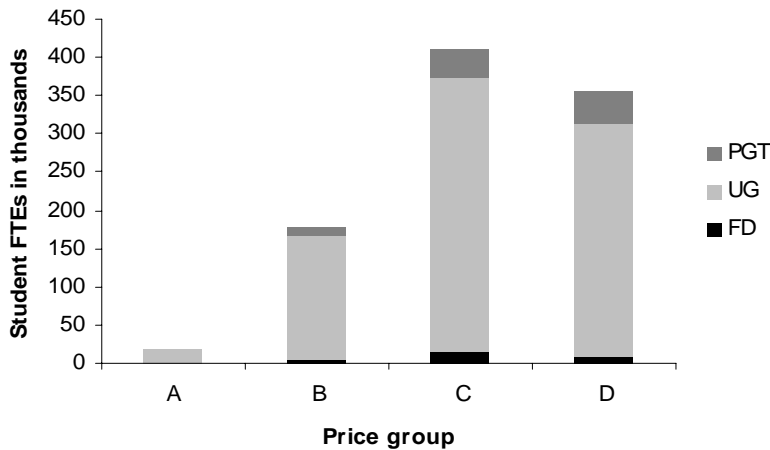
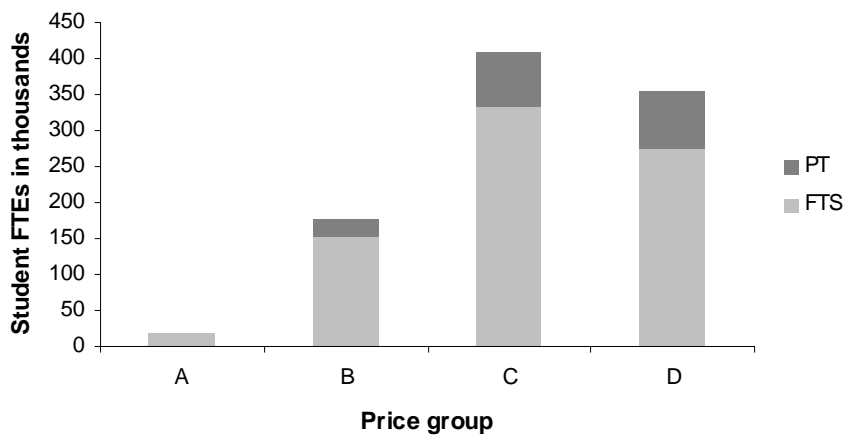


Figure 3 HE student FTEs by price group and mode of study



20. The tables below show the distributions for funding purposes of directly funded student FTEs across price groups, mode and level for HEIs and FECs. There are few postgraduate taught (PGT) students at FECs and a greater proportion of students at FECs are part-time.

Student FTEs in English HEIs by price group, mode and level

Mode	FTS			PT			Total	
	Level	FD	UG (excluding FD)	PGT	FD	UG (excluding FD)		PGT
Price group								
A		0	17,363	868	0	54	1,070	19,356
B		3,075	140,274	6,738	788	17,554	5,256	173,685
C		7,778	293,650	17,780	3,714	50,158	16,247	389,328
D		2,974	244,925	20,668	3,994	49,616	22,971	345,148
HEI total		13,827	696,213	46,055	8,495	117,383	45,544	927,517

Student FTEs in English FECs by price group, mode and level

Mode	FTS			PT			Total	
	Level	FD	UG (excluding FD)	PGT	FD	UG (excluding FD)		PGT
Price group								
B		400	1,676	13	188	2,837	45	5,159
C		2,294	11,633	65	779	5,249	216	20,235
D		1,032	6,022	46	636	3,473	449	11,658
FEC total		3,726	19,331	124	1,603	11,560	709	37,052

Key

FTS Full-time and sandwich, sandwich year-out counted as 0.5 FTE

PT Part-time

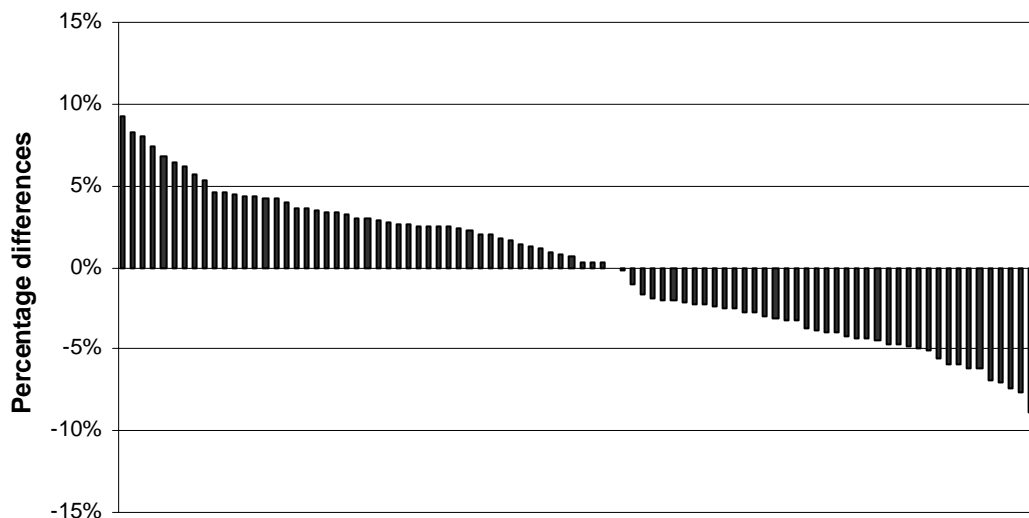
FD Foundation degree

UG Undergraduate

PGT Postgraduate taught

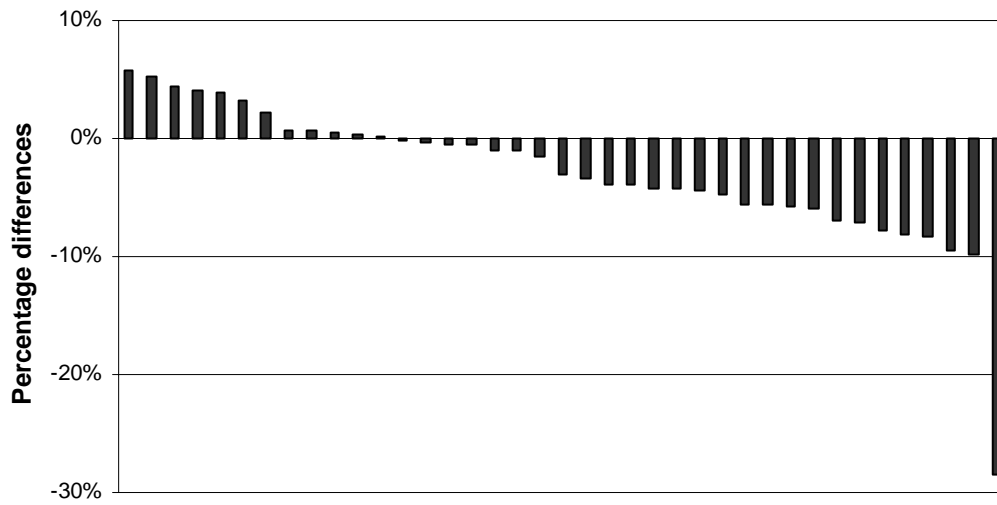
21. Figures 4, 5 and 6 show the differences between assumed resource and standard resource for each institution expressed as a percentage of standard resource. Each bar represents an institution. Those institutions that are above +5 per cent will be expected to migrate to within the tolerance band by increasing their student numbers. Those institutions that are below -5 per cent are migrating to the tolerance band over three years through an increase in funding and/or a decrease in student numbers. Only FECs that have percentage differences between +20 per cent and -20 per cent have been shown in Figure 6. There are two FECs above +20 per cent and seven FECs below -20 per cent. The distribution of the differences for FECs is very wide, which is largely due to the small numbers of HE students in many FECs.

Figure 4 Distribution of percentage differences* for universities and general HE colleges



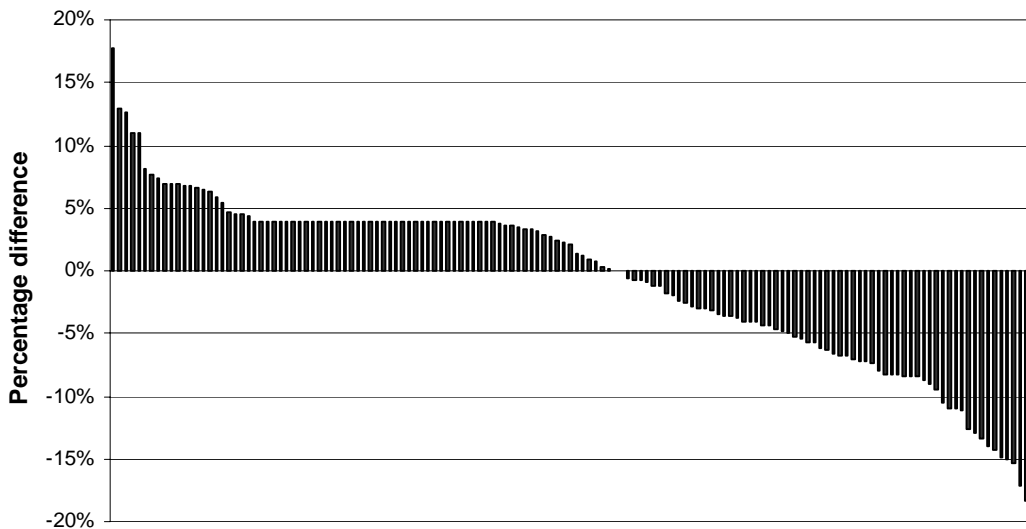
* The difference between assumed resource and standard resource, expressed as a percentage of standard resource.

Figure 5 Distribution of percentage differences* for specialist institutions



* The difference between assumed resource and standard resource, expressed as a percentage of standard resource.

Figure 6 Distribution of percentage differences* for further education colleges



* The difference between assumed resource and standard resource, expressed as a percentage of standard resource.

22. Of the 129 HEIs, 85 have remained in the ± 5 per cent tolerance band compared to the previous year. Nine HEIs that were outside the band in the previous year have moved within it and 13 others have moved towards it. Seven HEIs have moved (further) above the tolerance band. Another 15 HEIs have moved (further) below the band, generally because of changes to the funding method for 2005-06.

23. Many FECs are at the same position in the tolerance band (see Figure 6). This is because they had a grant adjustment in 2004-05 which moved them to their upper contract range limit. Changes to the funding method in 2005-06 meant that these institutions all moved just under the +5 per cent limit.

24. The tables below show the basic level of standard resource (per student FTE) for each price group reflecting the base price and price group weightings. The first table is a time series for 1997-98 to 2002-03 (before the 2003 review of teaching funding), and the second table is for 2003-04 to 2005-06. The units of resource shown for 2002-03 and 2003-04 are not directly comparable because the latter is inflated by transfers of previously separate streams of funding into the teaching grant, increases in assumed income from tuition fees, and changes in the way activity is assigned to price groups. A full-time student who does not attract any premiums, in an institution that does not attract any premiums, will be funded at the base price. The unit of standard resource (second column of the second table) is the total standard resource divided by the total student FTEs and therefore includes all the student-related and institutional premiums as well as price group weightings. This is calculated for each price group.

Basic levels of standard resource per student FTE, from 1997-98 to 2002-03

Price group	1997-98 (£) HEFCE 98/36	1998-99 (£) HEFCE 99/53	1999-2000 (£) HEFCE 00/45	2000-01 (£) HEFCE 01/51	2001-02 (£) HEFCE 2002/42	2002-03 (£) HEFCE 2003/52	Price group weighting
A	11,624	11,741	12,119	12,290	12,636	12,956	4.5
B	5,166	5,218	5,386	5,462	5,616	5,758	2
C	3,875	3,914	4,040	4,097	4,212	4,319	1.5
D (base price)	2,583	2,609	2,693	2,731	2,808	2,879	1

Basic levels of standard resource per student FTE, from 2003-04 to 2005-06

Price group	Unit of standard resource 2004-05 (£)	2003-04 (£) HEFCE 2004/41	2004-05 (£)*	2005-06 (£) HEFCE 2005/13	Price group weighting
A	14,693	12,872	14,084	14,432	4
B	6,335	5,471	5,986	6,134	1.7
C	4,917	4,183	4,577	4,690	1.3
D (base price)	3,798	3,218	3,521	3,608	1

* The base price in 2004-05 is not exactly the same as that given in last year's report in this series (HEFCE 2004/41). This is because:

- a. The 2004-05 base price in HEFCE 2004/41 was based on student data from HESSES and HEIFES collected in December 2003 rather than December 2004.
- b. The base price given here reflects changes to the funding method and fee assumptions that have occurred since HEFCE 2004/41 was published.

25. The data on student numbers in 2004-05, details of the premiums awarded to each institution, and a comparison of resources are given in Annex B. The Institute of Cancer Research has been excluded from the first two sets of tables as it only returned PGR students for HESES04.

Annex A

Details of the premiums

1. The student premiums used in the funding method are as follows:
 - a. 25 per cent of subject weighted FTEs for home and EC funded students on long courses in price groups B, C and D.
 - b. 10 per cent of unweighted FTEs for home and EC funded part-time students.
 - c. 10 per cent of unweighted FTEs for students on foundation degrees.

2. The price group weighting is taken into account in the long course premium but not in the part-time or foundation degree premiums, which are 10 per cent of the group D price. Clinical courses are assumed to be long, and this is reflected in the price group weighting rather than by giving the long course premium to all price group A students. For this reason the data on course length in price group A are not published.

3. The institutional-related premiums used are:
 - a. 8 per cent of subject weighted FTEs for institutions in inner London and 5 per cent for those in outer London (see Table 4).
 - b. Variable percentage (generally 10 per cent) of subject weighted FTEs for specialist institutions. The premiums for specialist institutions are described in HEFCE 00/51 'Funding of specialist higher education institutions'. Some of these premiums have been recalculated following the changes to the funding method implemented for 2004-05. This premium is restricted to HEIs (see Table 5).
 - c. Variable percentage of unweighted FTEs for small institutions. This premium was announced in the electronic publication EP 09/98 and is restricted to HEIs (see Table 5).
 - d. Variable percentage of unweighted FTEs for institutions with old and historic buildings. This premium is described in HEFCE 98/72 'Premium for old and historic buildings' and is restricted to HEIs (see Table 5).