

November 2007/33

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 2007-08 were based. It is a retrospective look at the teaching funds and mainstream student numbers in the 2006-07 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 2006-07 using the current (2007-08) teaching method.

Public resources for teaching and student numbers in HEFCE-funded institutions: 2006-07

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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 2007-08 were based.

Key points

2. The report is a retrospective look at the teaching funds and mainstream student numbers in the 2006-07 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 2006-07 using the current (2007-08) teaching method.

3. We have included a time series, 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 2007-08 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 2007-08
- the student numbers collected in December 2006
- the 2007-08 assumptions on student fees at 2006-07 equivalent prices.

7. The report presents the resource allocated and the student numbers recruited in the 2006-07 academic year. It applies the current funding model to the students actually recruited in 2006-07. It differs from the 2007-08 individual grant tables in that the student fee assumptions for 2007-08 are applied but at 2006-07 levels, and only transfers occurring before the end of the 2006-07 academic year are included.

The funding method for teaching

8. A full description of the funding method for teaching is given in 'Funding higher education in England: How HEFCE allocates its funds' (HEFCE 2007/20). Details of the grant allocations are in the following documents:

- 'Recurrent grants for 2006-07' (March) – HEFCE 2006/08
- 'Recurrent grants for 2006-07: final allocations' (October) – HEFCE 2006/43
- 'Recurrent grants for 2007-08' (March) – HEFCE 2007/06
- 'Recurrent grants for 2007-08: final allocations' (October) – HEFCE 2007/32.

9. 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 of additional funded places agreed by HEFCE.

10. 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 2006/36 'HESES06: Higher Education Students Early Statistics Survey 2006-07' and HEFCE 2006/37 'HEIFES06: Higher Education in Further Education: Students Survey 2006-07'. The media studies price group can be

split across price groups B, C and D for funding purposes. These splits are carried out in the funding model and the assignments are shown in Table 2.

11. 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 HESES06 and HEIFES06.

12. 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 3. Table 4 shows the institution-specific, small, and old and historic buildings premiums where they apply.

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

14. 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.

15. All institutions are eligible to receive funds for widening participation, irrespective of their position with regards 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.

16. This publication also excludes funding and student numbers that have been allocated outside the mainstream tolerance-banded part of our method. These include some ('Model 2') Lifelong Learning Networks, higher level skills pathfinders, co-funded employer engagement allocations and other initiatives. These non-mainstream allocations are not included in our calculations of standard and assumed resource.

Teaching grant 2006-07

17. Table A shows the relationship between the 2005-06 adjusted mainstream teaching grant published in last year's report (HEFCE 2006/47) and the 2006-07 adjusted mainstream teaching grant.

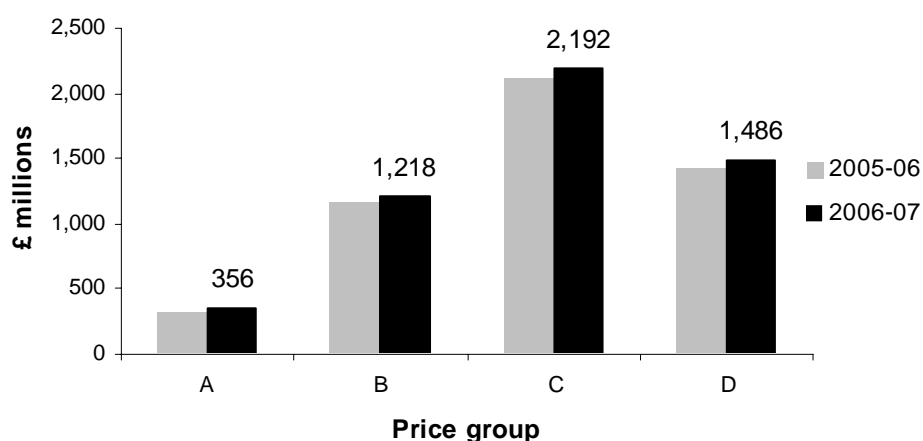
Table A Development of the 2006-07 mainstream grant for teaching

| | Figures in £ millions |
|--|--------------------------|
| 2005-06 Adjusted mainstream teaching grant (HEFCE 2006/47) | 3,652.4 |
| Uplift to 2005-06 adjusted mainstream teaching grant | 92.4 |
| 2006-07 ERASMUS/SOCRATES fee compensation | 1.8 |
| Pre-migration miscellaneous grant adjustments 2006-07 | 4.1 |
| Additional funding for medical and dental intakes | 17.9 |
| Funding for mainstream additional student numbers (ASNs) | 78.1 |
| 2006-07 Migration adjustments | 2.5 |
| 2006-07 Baseline teaching grant | 3,849.2 |
| 2006-07 Grant adjustments | -14.9 |
| 2006-07 ERASMUS/SOCRATES fee compensation | -1.8 |
| Adjustments and transfers between March and September | -1.8 |
| 2006-07 Adjusted baseline teaching grant | 3,830.8 |

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.

Figure 1 Standard resource by price group



19. Figures 2 and 3 show the distribution of student FTEs across the price groups by level and mode of study.

Figure 2 Higher education (HE) student FTEs by price group and level of study

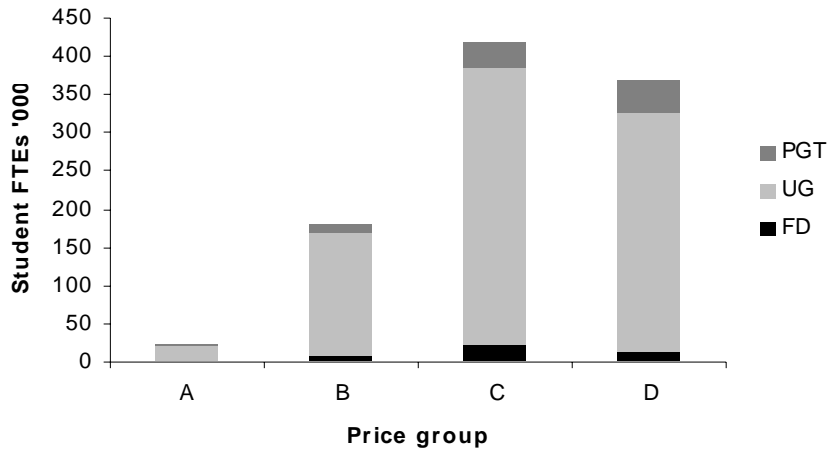
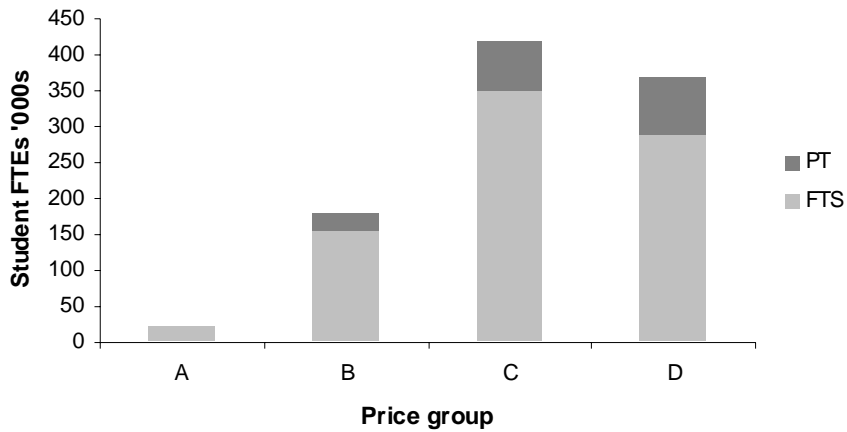


Figure 3 HE student FTEs by price group and mode of study



20. Tables B and C 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.

Table B 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 | 20,626 | 994 | 0 | 57 | 1,197 | 22,874 |
| B | 4,435 | 142,129 | 6,616 | 1,626 | 16,645 | 4,921 | 176,372 |
| C | 12,959 | 302,476 | 18,620 | 5,295 | 43,208 | 16,235 | 398,794 |
| D | 4,322 | 257,509 | 20,588 | 5,451 | 48,079 | 22,011 | 357,959 |
| HEI total | 21,717 | 722,740 | 46,818 | 12,373 | 107,989 | 44,364 | 956,000 |

Table C 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 | 550 | 1,368 | 3 | 481 | 2,361 | 41 | 4,803 |
| C | 4,686 | 10,256 | 111 | 907 | 4,342 | 302 | 20,604 |
| D | 2,183 | 4,742 | 51 | 1,185 | 2,574 | 278 | 11,014 |
| FEC total | 7,419 | 16,367 | 165 | 2,573 | 9,277 | 621 | 36,421 |

Key

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

PT Part-time

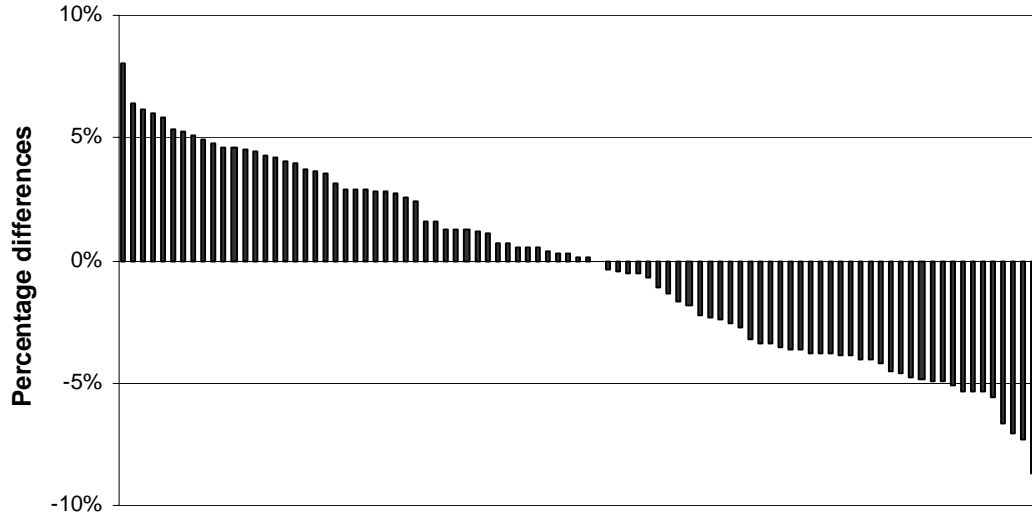
FD Foundation degree

UG Undergraduate

PGT Postgraduate taught

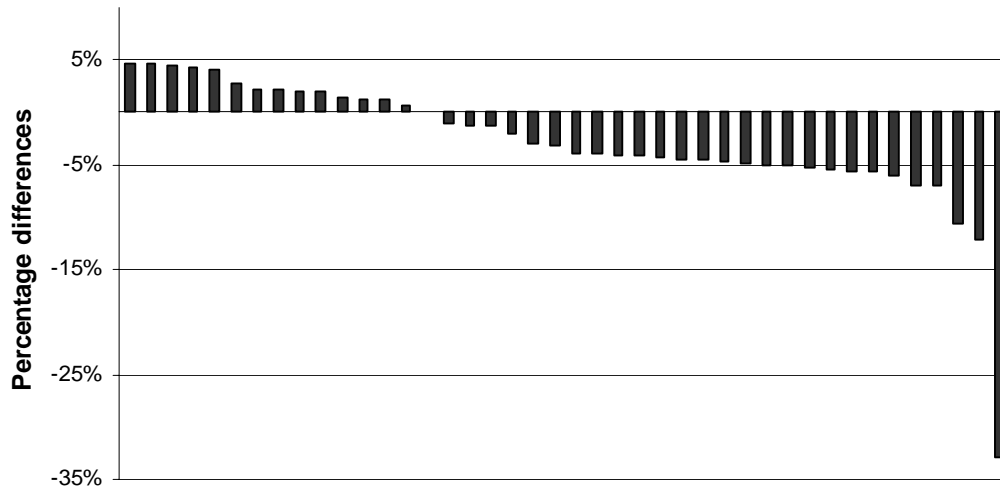
21. Figures 4, 5 and 6 show the differences between assumed resource and standard resource for each institution expressed as a percentage of standard resource. Each bar represents an institution. Those institutions with a difference above +5 per cent will be expected to migrate to within the tolerance band by increasing their student numbers. Those institutions which have a difference 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 +15 per cent and -15 per cent have been shown in Figure 6. There is one FEC that has a percentage difference above +15 per cent and six FECs that have differences below -15 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



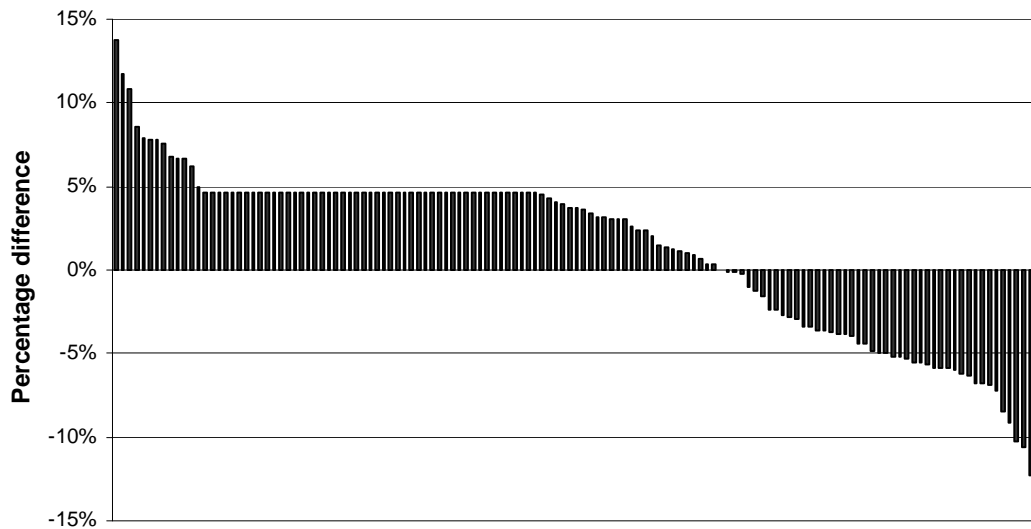
* The difference between assumed resource and standard resource, expressed as a percentage of standard resource.

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 132 HEIs, 94 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 11 others have moved towards it. Four HEIs have moved (further) above the tolerance band and 14 HEIs have moved (further) below the band.

23. Many FECs are at the same position (4.6 per cent) in the tolerance band (see Figure 6). This is because they had a grant adjustment in 2006-07 which moved them to their upper contract range limit. Changes to the funding method in 2007-08 meant that these institutions all moved just under the +5 per cent limit.

24. Tables D and E 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 2007-08. 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.

25. 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 Table E) 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.

Table D 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 |

Table E Basic levels of standard resource per student FTE, from 2003-04 to 2007-08

| Price group | Unit of standard resource 2006-07 (£) | 2003-04 (£) HEFCE 2004/41 | 2004-05 (£) HEFCE 2005/44 | 2005-06 (£) HEFCE 2006/47 | 2006-07 (£)* | 2007-08 (£) HEFCE 2007/06 | Price group weighting |
|----------------|---|------------------------------------|------------------------------------|------------------------------------|-----------------|------------------------------------|-----------------------|
| A | 15,545 | 12,872 | 14,084 | 14,520 | 14,936 | 15,332 | 4 |
| B | 6,725 | 5,471 | 5,986 | 6,171 | 6,348 | 6,516 | 1.7 |
| C | 5,227 | 4,183 | 4,577 | 4,719 | 4,854 | 4,983 | 1.3 |
| D (base price) | 4,028 | 3,218 | 3,521 | 3,630 | 3,734 | 3,833 | 1 |

* The base price in 2006-07 is not exactly the same as that given in last year's report in this series (HEFCE 2006/47). This is because:

- a. The 2006-07 base price in HEFCE 2006/47 was based on student data from HESES and HEIFES collected in December 2005 rather than December 2006.
- b. The base price given here reflects changes to the funding method and fee assumptions that have occurred since HEFCE 2006/47 was published.

26. The data on student numbers in 2006-07, details of the premiums awarded to each HEI, and a comparison of resources are given in Annex B (see separate download).

Annex A
Details of the premiums (see separate download for accompanying tables)

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 3).
 - 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 4).
 - 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 4).
 - 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 4).