

November 2006/47

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 2006-07 were based. It is a retrospective look at the teaching funds and student numbers in the 2005-06 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 2005-06 using the current (2006-07) teaching method.

Public resources for teaching and student numbers in HEFCE-funded institutions: 2005-06

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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 2006-07 were based.

Key points

2. The report is a retrospective look at the teaching funds and student numbers in the 2005-06 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 2005-06 using the current (2006-07) 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 2006-07 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 2006-07
- the student numbers collected in December 2005
- the 2006-07 assumptions on student fees at 2005-06 equivalent prices.

7. The report presents the resource allocated and the student numbers recruited in the 2005-06 academic year. It applies the current model to the students actually recruited in 2005-06. It differs from the 2006-07 individual grant tables in that the student fee assumptions for 2006-07 are applied but at 2005-06 levels, and only transfers occurring before the end of the 2005-06 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 2006/17). Details of the grant allocations are in the following documents:

- 'Recurrent grants for 2005-06' (March) – HEFCE 2005/13
- 'Recurrent grants for 2005-06: final allocations' (October) – HEFCE 2005/43
- 'Recurrent grants for 2006-07' (March) – HEFCE 2006/08
- 'Recurrent grants for 2006-07: final allocations' (October) – HEFCE 2006/43.

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 2005/39 'HESES05: Higher Education Students Early Statistics Survey 2005-06' and HEFCE 2005/40 'HEIFES05: Higher Education in Further Education: Students Survey 2005-06'. 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.

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 HESES05 and HEIFES05.

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 3. Table 4 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 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.

Teaching grant 2005-06

17. The following table shows the relationship between the 2004-05 adjusted mainstream teaching grant published in last year's report (HEFCE 2005/44) and the 2005-06 adjusted mainstream teaching grant.

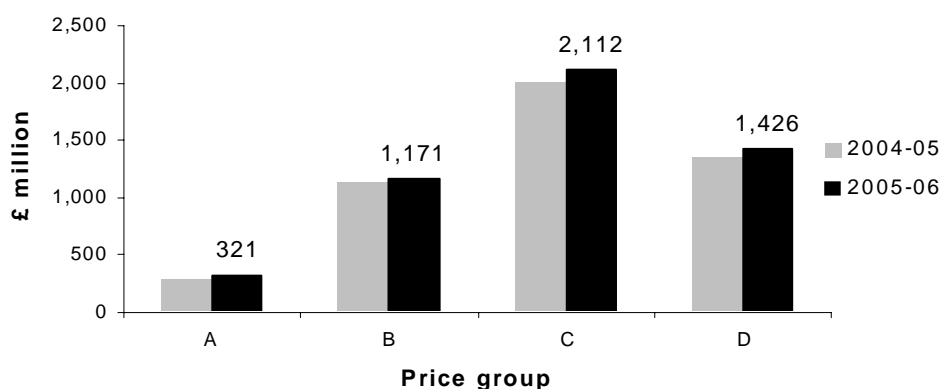
Development of the 2005-06 mainstream grant for teaching

	£ millions
2004-05 Adjusted mainstream teaching grant (HEFCE 2005/44)	3,457.7
Uplift to 2004-05 adjusted mainstream teaching grant (including rewarding and developing staff (R&DS) increase)	96.8
Adjustment for part-time postgraduate improving retention allocations	5.7
Mainstreaming of inherited leases	4.2
Pre-migration miscellaneous grant adjustments 2005-06	-3.4
Additional funding for medical and dental intakes	20.3
Additional funding for phased additional student numbers (ASNs)	58.2
Additional funding for new ASNs	5.2
Adjustment due to teaching model changes	2.4
2004-05 Migration adjustments	2.1
2005-06 Baseline teaching grant	3,649.2
2005-06 Grant adjustments	-9.5
Post-migration miscellaneous grant adjustments 2005-06	1.5
2005-06 ERASMUS/SOCRATES fee compensation	-1.7
Mainstreaming of 2005-06 golden hellos	8.2
Mainstreaming of 2005-06 promising researcher fellowship scheme	5.0
Adjustments and transfers between March and September	-0.3
2005-06 Adjusted mainstream teaching grant	3,652.4

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

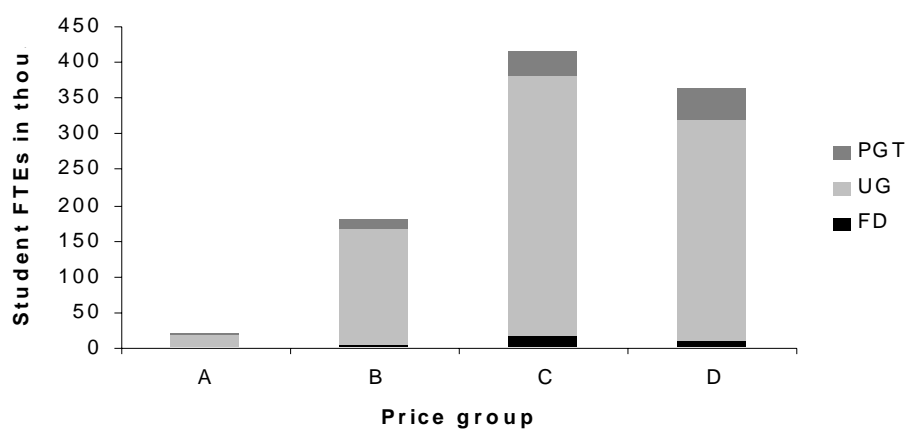
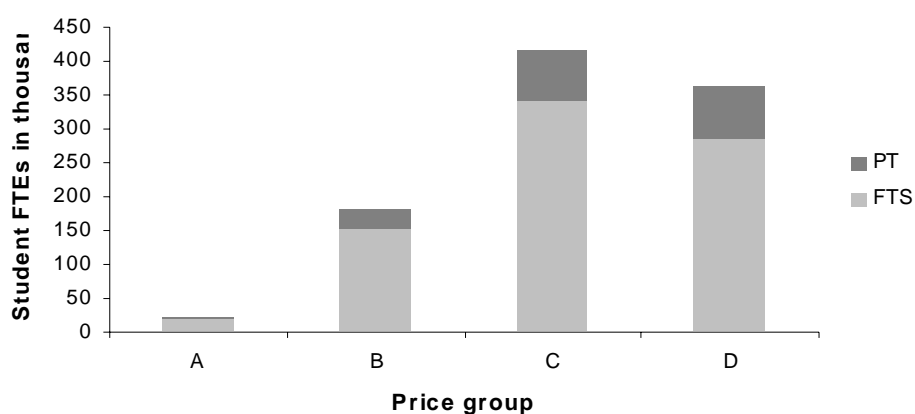


Figure 3 HE student FTEs by price group and mode of study



20. The following tables 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	19,095	919	0	52	1,134	21,200
B	3,860	141,662	6,458	1,022	16,929	4,701	174,632
C	10,370	301,190	17,670	4,291	47,119	16,646	397,285
D	3,978	253,644	21,166	4,054	47,407	22,679	352,928
HEI total	18,207	715,592	46,213	9,367	111,508	45,160	946,046

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

Mode	FTS			PT			Total
Level Price group	FD	UG (excluding FD)	PGT	FD	UG (excluding FD)	PGT	
B	362	1,513	9	234	2,603	17	4,738
C	3,379	9,837	65	681	4,384	252	18,597
D	1,758	5,259	21	853	3,031	337	11,259
FEC total	5,499	16,610	95	1,767	10,018	605	34,594

Key

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

PT Part-time

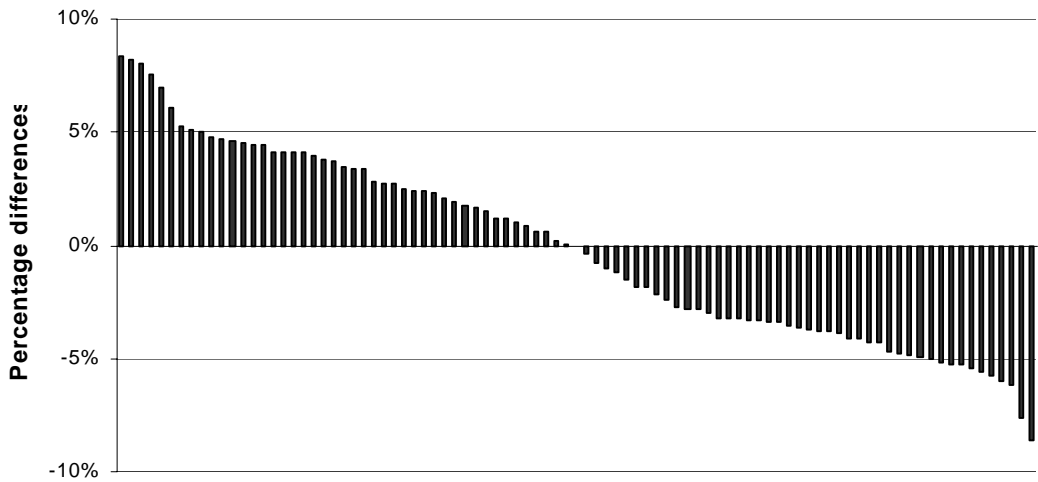
FD Foundation degree

UG Undergraduate

PGT Postgraduate taught

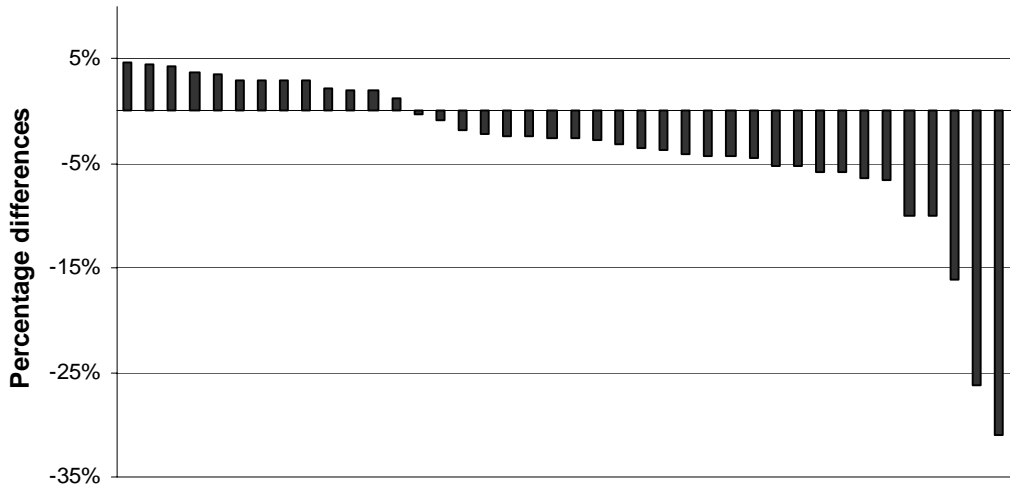
21. Figures 4, 5 and 6 show the differences between assumed resource and standard resource for each institution expressed as a percentage of standard resource. Each bar represents an institution. Those institutions with a difference above +5 per cent will be expected to migrate to within the tolerance 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



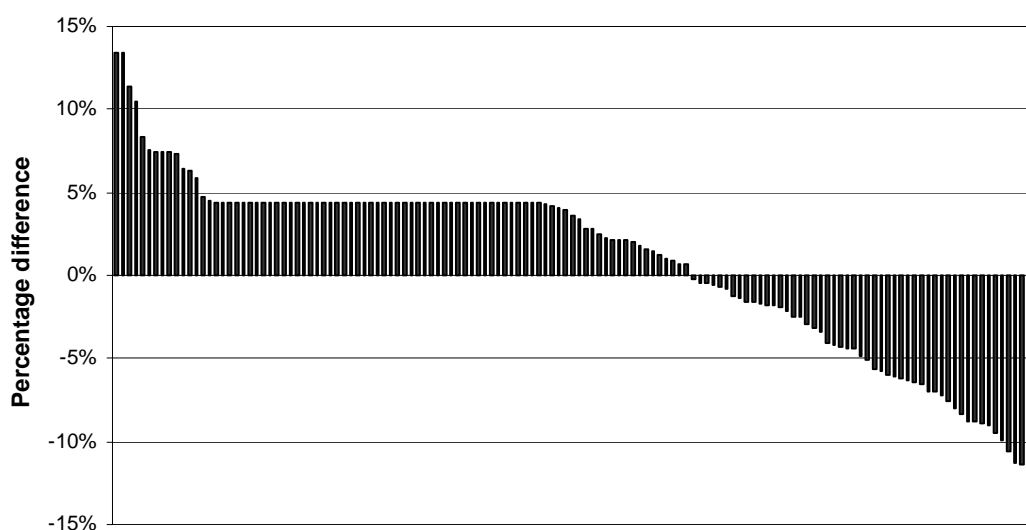
* The difference between assumed resource and standard resource, expressed as a percentage of standard resource.

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 130 HEIs, 88 have remained in the ± 5 per cent tolerance band compared to the previous year. Eleven HEIs that were outside the band in the previous year have moved within it and 14 others have moved towards it. Five HEIs have moved (further) above the tolerance band and 12 HEIs have moved (further) below the band. The two specialist institutions that show a percentage difference below -25 per cent in Figure 5 had an increase to their institution-specific premium in 2006-07 which has caused them to move below the tolerance band here.

23. Many FECs are at the same position (4.4 per cent) in the tolerance band (see Figure 6). This is because they had a grant adjustment in 2005-06 which moved them to their upper contract range limit. Changes to the funding method in 2006-07 meant that these institutions all moved just under the +5 per cent limit.

24. The following tables 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 2006-07. 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 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 2006-07

Price group	Unit of standard resource 2005-06 (£)	2003-04 (£) HEFCE 2004/41	2004-05 (£) HEFCE 2005/44	2005-06 (£)*	2006-07 (£) HEFCE 2006/08	Price group weighting
A	15,129	12,872	14,084	14,520	14,884	4
B	6,527	5,471	5,986	6,171	6,326	1.7
C	5,079	4,183	4,577	4,719	4,837	1.3
D (base price)	3,915	3,218	3,521	3,630	3,721	1

* The base price in 2005-06 is not exactly the same as that given in last year's report in this series (HEFCE 2005/44). This is because:

- a. The 2005-06 base price in HEFCE 2005/44 was based on student data from HESES and HEIFES collected in December 2004 rather than December 2005.
- b. The base price given here reflects changes to the funding method and fee assumptions that have occurred since HEFCE 2005/44 was published.

26. The data on student numbers in 2005-06, details of the premiums awarded to each institution, 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).