

August 2008/28

**Core funding/operations  
Consultation**

This consultation proposes changes to the teaching funding method to improve our support for teaching enhancement and widening participation.

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Responses should be made online by  
Tuesday 11 November 2008

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# Future support for teaching enhancement and widening participation

**Consultation on changes to the teaching  
funding method**

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# Future support for teaching enhancement and widening participation

## Consultation on changes to the teaching funding method

<b>To</b>	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
<b>Of interest to those responsible for</b>	Senior management, Finance
<b>Reference</b>	2008/28
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### Executive summary

#### Purpose

1. This consultation proposes changes to the teaching funding method to improve HEFCE's support for teaching enhancement and widening participation.

#### Key points

2. We propose to:
- a. Combine the funding for improving retention, learning, teaching and assessment strategies and teaching informed and enriched by research, to create a new targeted allocation to support **teaching enhancement and student success**.
  - b. Increase the funding for widening access by transferring £30 million from the funding for improving retention.
  - c. Make changes to the weightings used in the formula for calculating the funding for widening access in order to recognise the costs of working with schools and colleges in the most disadvantaged areas.

**Action required**

3. Responses to the consultation should be made by **Tuesday 11 November 2008** using the online form which can be accessed on the HEFCE web-site, [www.hefce.ac.uk](http://www.hefce.ac.uk), alongside this document under Publications.

## Introduction

4. This consultation focuses on additional changes to the teaching funding method. It builds on changes to the method already agreed, including the creation of a new system of targeted allocations. Information on this can be read on the HEFCE web-site under Learning & teaching/Funding/Teaching funding method review.

5. The consultation considers two key priorities:

- a. We wish to encourage a more strategic approach to teaching enhancement and student success. We propose to do this by combining our support for improving retention with our support for the Teaching Quality Enhancement Fund (TQEF). This new approach recognises that improving retention is fundamentally a part of learning and teaching enhancement, and that work in these two areas contributes to the success of all students.
- b. We wish to increase our funding for widening access to recognise the costs involved in working with schools and colleges.

## A strategic approach to enhancement

6. The TQEF has been distributed to institutions for 10 years, with 2008-09 the final year of this. In 2005 our evaluation of the fund concluded that ‘on balance we think that earmarked funding should continue for another three years. However, we think that it would be highly unlikely that a strong case could be made for continued earmarking after that time’.<sup>1</sup>

7. In 2006 we announced that, from 2009-10, we intend to incorporate the funding into mainstream teaching funding in a way that supports continuous improvement. We are aware that TQEF has been a key driver in ensuring a strategic approach to enhancing learning and teaching. Indeed, institutions continue to develop the learning, teaching and assessment (LTA) strategies that were required as part of TQEF. To some extent, then, we could consider that LTA strategies are embedded in institutional practice, and that we could therefore add this funding to our mainstream funding for teaching.

8. However, the enhancement of learning and teaching remains one of our key strategic aims, so it seems sensible that we retain an influencing mechanism in this area. From 2009-10, we therefore propose to combine the funding previously associated with TQEF with that previously associated with the improving retention allocation. The new funding stream would be known as the Teaching Enhancement and Student Success (TESS) targeted allocation.

9. This new allocation demonstrates a more strategic approach to the overall enhancement of learning and teaching. It acknowledges that funding for improving retention is used to support the learning of all students and that improving retention is often achieved through enhancing the student experience. By distributing this funding through a targeted allocation, we continue to affirm that supporting institutions in enhancing the student experience remains a key priority for HEFCE. However, by adding this funding to the block grant, we increase institutional flexibility in resource distribution and reduce the monitoring burden for institutions.

10. The new allocation locates improving retention as a key aspect of learning and teaching more broadly. It also signals a way of seeing retention as one aspect of a wider approach to student success. We want to minimise withdrawals, while also acknowledging that not every withdrawal is a ‘failure’; we wish to maximise retention while acknowledging that success involves more than survival rates. We are aware that retention and success involve a range of factors, not all of them in the control of higher education institutions (HEIs), but we believe that the quality of the learning and teaching experience is a key ingredient.

### Consultation question 1

Do you agree with our proposal to create a new targeted allocation to support teaching enhancement and student success?

<sup>1</sup> ‘Summative evaluation of the Teaching Quality Enhancement Fund: a report to HEFCE by The Higher Education Consultancy Group and CHEMS Consulting’ (November 2005) can be read on the HEFCE web-site under Publications/Research & evaluation.

## Changes to funding for widening access

11. Institutions face increasing demands for links with schools and colleges, including primary schools, as part of their continuing commitment to widening participation, and are developing deeper, longer-term relationships. This can involve HEIs in shared governance, curriculum collaboration and support for learners, for example through mentoring schemes and the provision of information advice and guidance. It is increasingly clear that early interventions at critical transition points (such as the move to secondary school, or choices at ages 14 and 16) are required to change the progression prospects of many young people. Higher education (HE) providers can make a unique contribution to school and college improvement plans, making HE one of the options available to all.

12. These links with schools and colleges are already supported through Aimhigher as well as from the institutions' own resources. However, we are aware that new expectations of how institutions work with schools and colleges will lead to additional costs. This has led us to consider how our funding for widening participation should be allocated.

13. Funding for widening participation currently consists of three elements: widening access; improving retention; and support for disabled students. From 2009-10, we propose to re-balance this funding by transferring £30 million from improving retention to widening access. We hope this will encourage the continuing commitment of institutions in developing and deepening their links with schools and colleges.

14. We also propose to make some changes to the weightings used in the funding formula to recognise the costs of working with schools and colleges in the most disadvantaged areas. The funding method allocates entrants to area-based quintiles of disadvantage based on young participation rates (for young full-time entrants) and the proportion of HE-qualified adults (for mature and part-time

entrants), and allocates funding based on the two most disadvantaged quintiles covering 40 per cent of the population. Currently the entrants from the most disadvantaged quintile attract funding at twice the rate of entrants from the second most disadvantaged quintile (entrants from other quintiles do not attract funding). We propose that entrants from the most disadvantaged quintiles would attract funding at four times the rate of those from the second most disadvantaged quintile. We believe this is a better representation of the costs involved in working with those from the most disadvantaged areas and brings the quintile weights into line with the participation-based component of the funding for the Aimhigher programme.

15. This increase would take widening access funding to £127.9 million (from £97.9 million) at 2008-09 rates. The funding for improving retention would reduce correspondingly from £252.7 million to £222.7 million, at 2008-09 rates. This maintains the overall level of investment in widening participation. In 2006-07 we substantially increased funding for part-time widening access with an additional £40 million<sup>2</sup>. The proposed increase to the widening access allocation would be pro-rated to the full-time and part-time widening access streams after taking into account the additional £40 million added to the part-time stream in 2006-07 (that is, the £30 million would effectively be applied at 2005-06 full-time and part-time widening access funding proportions). In 2009-10 we will also increase the part-time targeted allocation by £30 million following our consultation on the withdrawal of funding for equivalent and lower qualifications.

### Consultation question 2

Do you agree with our proposal to increase the funding for widening access to support the increased costs of working with schools and colleges?

<sup>2</sup> The additional £40 million was provided to recognise the additional costs of recruiting and supporting learners from under-represented groups. For more details see 'Extra £40 million for part-time students from disadvantaged backgrounds' (EP 04/2005) on the HEFCE web-site under Publications/Electronic publications/2005.

### Consultation question 3

Do you agree with our proposal to change the quintile weightings to recognise the costs of working with schools and colleges in the most disadvantaged area?

## Distributing the teaching enhancement and student success targeted allocation

16. In calculating the new targeted allocation, we propose to incorporate the main existing funding streams: improving retention; institutional learning and teaching strategies; and research-informed teaching. The formulae would no longer identify distinct support for staff and student volunteering, as we currently do in TQEF. Removing staff and student volunteering from the formulae would not in itself affect the sum available in the allocation. Although volunteering is important as an activity in its own right, we regard it as less of a priority for HEFCE funding than the other elements and see it as a separate activity not directly connected to teaching enhancement. It can also be supported in other ways: using credit, for example. We hope that many institutions would wish to continue to support volunteering from within the block grant.

17. HEIs and directly funded further education colleges would receive this allocation, subject to existing limits used in the formula. For example, the funding for the LTA strategies part of TQEF is available for HEIs and further education colleges with more than 100 full-time equivalent students, and funding for research-informed teaching is in part based inversely on quality-related research funding. The results of the 2008 Research Assessment Exercise (RAE 2008) will be used in calculating this element of the funding, so the current modelling should be viewed with extreme caution. Like the other targeted allocations, this funding stream would

be located within the block grant, but outside the mainstream teaching grant. It would be a variable targeted allocation, meaning that an institution's share of the funding might vary year-on-year to reflect changes at the institutional level in the student numbers used to calculate this funding.

18. In 2009-10, £263 million (using 2008-09 figures) would be associated with the new targeted allocation: £223 million from improving retention and £40 million from TQEF<sup>3</sup>. The funding would be allocated using the same approach currently used for improving retention and TQEF, and would reflect the broad balance between those two areas. The formula for teaching informed and enriched by research will be reviewed in light of the results of RAE 2008.

19. We expect that a new targeted allocation would enable institutions to invest strategically in enhancing learning and teaching, to improve retention and support student success. In turn, we expect that institutions would continue to develop their LTA strategies, but there would no longer be a requirement to submit action plans as there was with the TQEF. This reflects the fact that the funding would now be part of the block grant, and that the activity is generally embedded in institutional practice. In our interactions with institutions we would expect LTA strategies to figure in conversations about strategic priorities. We would also look at ways in which we would be able to demonstrate accountability for public funding invested in this new allocation.

### Consultation question 4

Do you agree that the new targeted allocation for teaching enhancement and student success should reflect support for learning, teaching and assessment strategies, retention, and teaching informed by research?

<sup>3</sup> As described in Circular Letter 18/2008, £15 million previously associated with TQEF will, from 2009-10, be used to increase our support for other HEFCE priorities, including growth and employer engagement.

### **Consultation question 5**

Do you agree that there is no need for formal monitoring, but that the learning, teaching and assessment strategies should form part of our discussions with institutions?

20. The new targeted allocation would be reviewed in three years' time. Our expectation is that enhancement activities would become fully embedded into institutional practice. If this is the case, we would then consider rolling the targeted allocation into the mainstream teaching grant.

### **Consultation question 6**

Do you agree that the new targeted allocation should be reviewed after three years, with a view to then rolling it into the mainstream teaching grant?

21. Modelling of how the proposed changes may affect institutions accompanies this consultation as Annex B. The modelling and an explanatory note can be seen on the HEFCE web-site, [www.hefce.ac.uk](http://www.hefce.ac.uk), alongside this document under Publications.

## **Responses to the consultation**

22. Responses to the consultation should be made by **Tuesday 11 November 2008** using the online response form which can be accessed on the HEFCE web-site alongside this document under Publications.



# Annex A

## Consultation questions

Responses to the consultation should be made by **Tuesday 11 November 2008** using the online response form which can be accessed on the HEFCE web-site alongside this document under Publications.

### Consultation question 1

Do you agree with our proposal to create a new targeted allocation to support teaching enhancement and student success?

### Consultation question 2

Do you agree with our proposal to increase the funding for widening access to support the increased costs of working with schools and colleges?

### Consultation question 3

Do you agree with our proposal to change the quintile weightings to recognise the costs of working with schools and colleges in the most disadvantaged area?

### Consultation question 4


Do you agree that the new targeted allocation for teaching enhancement and student success should reflect support for learning, teaching and assessment strategies, retention, and teaching informed by research?

### Consultation question 5

Do you agree that there is no need for formal monitoring, but that the learning, teaching and assessment strategies should form part of our discussions with institutions?

### Consultation question 6

Do you agree that the new targeted allocation should be reviewed after three years, with a view to then rolling it into the mainstream teaching grant?



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