

## HEIF 2011-15 consultation on a threshold allocation: Response form

Please download and complete this form to submit your consultation responses. Send to [heifconsultation@hefce.ac.uk](mailto:heifconsultation@hefce.ac.uk) by Friday 15 April 2011. Text boxes can be expanded to the required length.

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<b>Has this completed consultation template been approved for submission to HEFCE as the institutional response?</b>	
Yes	

**Consultation question 1:** Is our proposal of a threshold HEIF allocation a satisfactory and appropriate response to the need now to focus HEIF on the most effective KE performers?

### **Inappropriate**

GuildHE member institutions feel strongly that the threshold HEIF allocation is unsatisfactory, discriminating against smaller and specialist institutions despite more effective KE performance than many universities that are above the threshold and will continue to receive funding in the new period.

**The threshold (though not the methodology) therefore unfairly prioritises size and overall volume over performance.** The new allocation method moves money away from certain institutions – as well as localities and specialist sectors - in favour of others; it does not save money, or increase the value of national KE programmes. A number of HEIs who will receive funding under the new threshold-governed allocation have achieved a lower rate of return on HEIF investment than a number of smaller and specialist institutions who, with the proposed methodology and threshold, will not receive any funding at all in HEIF 2011-15.<sup>1</sup>

<sup>1</sup> See Appendix A, 'HEIF 4 – Impact of Funding by HEI (Tables 1 and 2)'. Using the 1:2:7 HEIF 2011-15 weightings, 13 GuildHE member institutions produce the same or better rate of return on investment than HEIs who are receiving substantial HEIF allocations and / or moderation. Growth of income is also important here: a few examples of HEIs who have excelled in a very challenging economic period include Bishop Grosseteste University College, which has increased its HEIF-eligible income by a rate of 23 times; University College Birmingham, which has increased its HEIF-eligible income from £525,000 to £1,323,000 in 3 years; and Newman University College, which has achieved a 150% rate of growth

If concentration of funding in order to achieve maximum economic effect is the ultimate aim of HEIF, then performance, not the size of the institution or the amount of its previous HEIF allocations, should determine who receives funding.

**The allocation threshold also has the potential to disproportionately affect economic growth in specific sectors and places.** Many smaller and specialist institutions work in places and/or sectors where their interactions with business are unique and they may be the only source of such support and expertise<sup>2</sup>. Many smaller towns and cities and their economic base are likely to lose out completely and given the focus of their institutions in certain areas of economic activity<sup>3</sup>, the loss of funding is likely to be disproportionately damaging to local, regional and national growth.

Every penny of HEIF funding is valued by small and specialist institutions and their partners, and its loss has a disproportionate effect on the activity these HEIs are able to offer to local economies, just as its presence in recent years has represented real value-for-money investment.<sup>4</sup> The new allocation method means that engagement with industry and communities will need to be scaled back during a period of austerity; the sharing of close-to-market, translational research with local and regional business will be jeopardised, with detrimental effects to communities as well as to their HEIs. This is exacerbated where either the specialisation of research and teaching activity and / or the lack of alternative HE providers means that an HEI losing HEIF is often the sole provider of incubation and investment.<sup>5</sup>

#### **Disadvantage to students and local enterprise**

A large amount of HEIF-funded activity has been focused on improving graduate employability, in particular providing incubation and support for graduate start-ups.<sup>6</sup> With

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in HEIF 4. In the report *Evaluation of the Effectiveness of the Role of HEFCE/OSI Third Stream Funding* (April 2009/15) the KTP income growth rate for the arts cluster, of which a number of GuildHE member institutions represent a substantial and growing body, was 35%, compared with an overall average of 12%.

<sup>2</sup> For example, Harper Adams University College's three flagship land-based innovation projects: the Open Fields Research / Knowledge Library, which was shortlisted for a *THES* 'Outstanding ICT Initiative of the Year'; Women in Rural Enterprise (WiRE), targeting a particularly underutilised group of entrepreneurs; and the National Care Farming Initiative (NCFI), supporting farming business and developments in public health. Writtle College uses HEIF to support work with national supermarkets on food preservation systems, central to issues of food security and world population growth. The University of Worcester uses its National Pollen and Airbiology Research Unit facilities to test prototypes with partners including Dyson. St Mary's University College has concentrated its HEIF-related activity on health enterprise activity, including the Centre for Bioethics and Emerging Technologies, the Endurance Performance Centre, and the Centre for Workplace Health, the latter which works with partners including the British Heart Foundation, Carphone Warehouse, Sainsbury's, Bovis Lend Lease, Age Concern, St Dominics Sixth Form College and Thompson Reuters.

<sup>3</sup> Food security and agriculture; teaching; health; and the creative industries.

<sup>4</sup> For example, University College Falmouth used HEIF-supported staff to secure a collaborative bid for the Academy for Innovation and Research economic regeneration project, which received £9m in EU/RDA capital and revenue funding in September 2010.

<sup>5</sup> See Falmouth, Worcester, Winchester, Cirencester, Shropshire and Cumbria, for example.

<sup>6</sup> Examples include the University of Winchester's Business Start-up Scheme, benefiting Hampshire in particular, York St John University's work on Bar Lane Studios, which provides practical support, skill development and facilities for individuals innovating in the creative industries, and Liverpool Institute of the Performing Arts' partnership with the NCGE, which includes translational research on the ways

the loss of HEIF funding, these programmes will be discontinued. Students attending institutions that have performed well under previous HEIF rounds, and are now experiencing a total loss of funding due to the introduction of a threshold, will not have access to programmes that directly target the translation of HE skills and knowledge to the workforce. Again this further jeopardises and penalises activity in specialist sectors and in specific locations in England.

#### **Access to moderation**

The effects of the threshold are further compounded by the availability of moderation funding only for those institutions continuing to receive HEIF funding. Small and specialist institutions will therefore receive no HEIF funding with no moderation of the effect. The capacity built up in past rounds (both staff and dedicated facilities) will be severely damaged by this decision. The percentage of income lost represented by the complete removal of HEIF is disproportionate amongst GuildHE HEIs, and frequently made worse because many of these institutions also fall below the threshold for moderation funding in HEFCE's main recurrent grant, meaning that they are likely to be doubly penalised for their size and mission.

**Consultation question 2:** Are there additional metrics available now that capture the breadth and benefits from KE activity, including activity primarily leading to non-monetised benefits, and that could be used to demonstrate the effectiveness of KE performance and could be collected in a fairly low-burden way?

**Yes**

#### **Comments** (maximum 500 words):

GuildHE's issue is not with the metrics, but with the introduction of a threshold that, at its current level of £250,000, disadvantages smaller institutions. We agree that HE-BCI, at present, offers the most comprehensive means of documenting HEIF activity and the impact of HEIF investment. It might be argued that data documenting social and community engagement should also be afforded numerical value; this would, in some ways, be a projected figure, but the total focus on additionality and income does eliminate areas of activity that are more difficult to capture in income, but are represented in the HE-BCI returns.

The overriding issue, however, is not with the metrics but with the combined effect of metrics, which preference the most recent HEIF-eligible income levels over a longer consideration period whereby growth of activity can also be traced, and the arbitrary threshold level. GuildHE would argue that the rate of income growth, proportionality, and some acknowledgement of social and/or specialist impact is also relevant to HEIF performance.

In terms of moderation, there should also be a consideration of the proportional loss of income incurred because of the complete removal of all HEIF funding. Given that moderation is available to those receiving an allocation that have underperformed in terms of rate of return on investment, it is only fair that those institutions who have

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in which performance graduates can contribute to, for example, workforce training and mental health support programmes.

performed better but are barred from an allocation as a result of size are afforded the opportunity to carry on with at least a proportion of their work. Institutions that are achieving equal levels of return, wherever they are on the scale of contribution, should be treated in the same way.

**Consultation question 3:** Do you have any other comments on any aspects of the policies, method and funding for HEIF 2011-15?

The new formula for administering HEIF 2011-15, as proposed, will have an extremely detrimental net effect in a number of areas that have been identified by government as central to economic growth. It will not be the case of a scale down, but of the total withdrawal of a large amount of this activity at HEIs that are also experiencing the loss of other funding streams – for instance, major reductions to the teaching grant, instability as a result of fee reform, the restructuring of relationships with the Departments of Health and Education, and the loss of QR funding for 2\* research.

GuildHE is also concerned about the effect of income streams up for renewal in the future<sup>7</sup>, and the combined effect of reductions representing a substantial and greater proportion of funding for GuildHE institutions, which we feel have not been sufficiently considered by government and HEFCE. Furthermore, it is important to recognise that HEIF also plays a significant role in securing this funding and supporting the subsequent delivery of regeneration programmes, which can offer significant return on investment but are not reflected in HE-BCI returns.

Overall, the lack of continuity or stability caused by major changes to the HE sector, and the lack of joined-up thinking, increases the cumulative impact of losses of income in places and sectors where HEIs have been growing and performing well.

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<sup>7</sup> In particular, the Workforce Developer Programme, which may not be funded beyond 2011. A number of GuildHE institutions credit-rated courses at HEFCE's behest in 2008. Given the teaching-intensive nature of many of our institutions, this represents a substantial amount of HEIF-related activity that is not recognised in the new allocation, and may lose support doubly if the WDP is removed as well.