



Department for Business, Innovation & Skills

Business Critical Models – July 2015

Background

The Macpherson review of Quality Assurance of Government models which reported in March 2013, recommended that departments consider making a list of Business Critical models publicly available.

In response to this, and to provide transparency about the most important models used by the Department for Business, Innovation and Skills, a list of ‘Business Critical’ models by the Department is given below:

Higher Education Student finance expenditure model

The model is used to estimate Government outlay on maintenance grants and other student allowances, maintenance loans and fee loans. It is used to inform policy decisions on student support (e.g. at the time of Spending Reviews and White Papers) and is updated regularly throughout the year for financial management purposes.

Higher Education Student Number Projections Model

The model is used to estimate the number of students at HEFCE-funded institutions. It is used to inform policy decisions on student numbers and entrant controls through policy simulation and forecasting and outputs from the model feed into the student expenditure forecasting model.

Higher Education Income Contingent Student Loan Repayment Model

The model is used to estimate the losses on income contingent repayment (ICR) loans issued to students in England. The model provides a valuation of the current ICR loan book (the stock charge) and enables budgeting to be carried out for loans yet to be issued (the RAB charge).

Higher Education Income Contingent student loan sale model

The model is a micro simulation model of student loan borrowers in 2002-2005 that meet the criteria for inclusion in the loan sale. For each student cohort (grouped by statutory repayment due dates) the model generates forecasts of earnings, employment and repayments for a sample of graduates.

Models that Allocate Higher Education Funding

The models are used to allocate and monitor allocations of the HEFCE recurrent and capital grants for Teaching and Research totalling approximately £4 billion.

24+ Advanced Learning Loans Model

The 24+ Advanced Learning Loans model estimates the proportion of money lent out that will not be repaid (known as the RAB charge) on 24+ Advanced Learning Loans.

Adult Skills and 16-18 Apprenticeship Allocation Calculations

The model calculates the distribution of funding year and financial year budgets for Adult Skills and 16-18 Apprenticeships to circa 1,000 providers.

Advanced Manufacturing Supply Chain Initiative Value for Money Model

The model forms part of the Advanced Manufacturing Supply Chain Initiative (AMSCI) competition process. It is one step in the wider AMSCI appraisal process and provides a value for money (VfM) assessment of individual project bids.

Advanced Propulsion Centre VfM Appraisal Model

The model forms part of the Advance Propulsion Centre (automotive industrial strategy) competition process. It is one step in the wider APC appraisal process and provides a value for money (VfM) assessment of individual project bids.

Repayable Launch Investment Levy Model

The spreadsheet models the mechanism defined in the repayment clauses of a specific launch investment contract in order to determine the payments that would be appropriate under various scenarios.

Aerospace Delivery Model

The model forecasts the number of deliveries of civilian passenger aircraft over a 20 year period. It is used in conjunction with the market share model to support the appraisal process for Repayable Launch Investment (RLI) applications.

Market Share Model

The model is used in conjunction with the Aerospace Delivery Model to forecast the number of deliveries of new aircraft under consideration for Repayable Launch Investment (RLI).

Growth Deals – LEP Award Model

This model underpins the awards of the Local Growth Fund (LGF), which are made through Growth Deals to Local Enterprise Partnerships. It uses a range of variables, including an assessment of the strength of their proposals.

Structural Funds Allocation Model

The model provides revised notional 2014-20 Structural Funds allocations in response to any administrative boundary changes in the future.

Managed Closure VfM Model

The model is used by the Special Situations team to assess the Value for Money (VfM) of HMG support for proposed managed closure cases. It forms one part of a wider assessment process. It is a base model that can be customised to specific cases as needed; each version is subject to detailed quality assurance. Further information on specific model variants cannot be shared for reasons of commercial sensitivity.

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