

October 2010/30

Core funding/operations

Allocation of funds

This report is for information

This document shows the revised allocations of HEFCE recurrent grants for 2010-11 for the universities and colleges we fund directly. It also explains the changes made since the provisional allocations were announced in March (HEFCE 2010/08).

Recurrent grants for 2010-11

Revised allocations

Recurrent grants for 2010-11: Revised allocations

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of universities in Northern Ireland
Of interest to those responsible for	Finance, Planning
Reference	2010/30
Publication date	October 2010
Enquiries to	HEFCE higher education policy advisers or recurrentgrant@hefce.ac.uk

Executive summary

Purpose

1. This document gives our revised allocations of recurrent funding to institutions for the academic year 2010-11.

Key points

2. We have updated a number of the allocations given in 'Recurrent grants for 2010-11' (HEFCE 2010/08)¹. The main reasons for the changes are:

- a. Implementation of a pro rata saving on recurrent teaching grant.
- b. Additional funding to support new entrant places allocated through the University Modernisation Fund.
- c. Additional funding to support moving full-time undergraduate numbers into strategically important and vulnerable subjects.
- d. Revisions to funding for additional student numbers.
- e. Mergers and transfers of student numbers and funding between institutions.
- f. Changes to targeted allocations.
- g. Changes to grant following data reconciliations and audit.
- h. Changes to funding for moderation.

Total recurrent funding has increased by £18,000,403 to £6,495,189,955.

3. Our Financial Memorandum with institutions ('Model Financial Memorandum between HEFCE and institutions', HEFCE 2010/19) specifies the terms and conditions governing our grants.

4. Institutions supply data to inform funding allocations. We will continue to audit these data selectively, and will also use data from the Higher Education Statistics Agency and the Data Service

¹ All HEFCE publications can be read at www.hefce.ac.uk/pubs.

to verify them. If we find that the data were inaccurate, so that institutions have received higher allocations than they should have done, we will reduce their funding.

Action required

5. No action is required in response to this document.

Introduction

6. 'Recurrent grants for 2010-11' (HEFCE 2010/08)², issued in March 2010, announced provisional allocations of HEFCE funding for academic year 2010-11. This report contains revised allocations.

7. All references are to academic years, that is 1 August to 31 July, unless otherwise stated.

Revisions to allocations

8. Table 1 in HEFCE 2010/08 showed total grants for 2010-11 of £6,477,189,552. Table A shows the revisions to those allocations.

Table A Revisions to provisional allocations in Table 1

Headings from Table 1 of HEFCE 2010/08	HEFCE 2010/08 provisional allocations (£)	Revised allocations (£)	Change (£)
Teaching funds:			
Core funding	3,902,408,666	3,912,988,096	10,579,430
Mainstream additional funded places	33,046,592	39,306,281	6,259,689
University Modernisation Fund	n/a	44,471,492	44,471,492
Non-mainstream funded places	50,333,147	58,472,851	8,139,704
Widening participation	141,275,355	143,457,239	2,181,884
Teaching enhancement and student success	266,224,628	269,814,578	3,589,950
Other targeted allocations	236,326,509	236,584,850	258,341
Other recurrent teaching grants	74,010,361	70,122,292	-3,888,069
June 2010 pro rata saving	n/a	-51,986,828	-51,986,828
Total teaching funding	4,703,625,258	4,723,230,851	19,605,593
Total research funding	1,602,999,996	1,602,999,996	0
Higher Education Innovation Fund	150,098,185	150,098,185	0
Moderation funding	20,466,113	18,860,923	-1,605,190
Total recurrent grant 2010-11	6,477,189,552	6,495,189,955	18,000,403

9. Changes to 2010-11 grant since March can be summarised under the following main headings:

- a. Implementation of a pro rata saving on recurrent teaching grant.

² All HEFCE publications can be read at www.hefce.ac.uk/pubs.

- b. Additional funding to support new entrant places allocated through the University Modernisation Fund (UMF).
- c. Additional funding to support moving full-time undergraduate numbers into strategically important and vulnerable subjects (SIVS).
- d. Revisions to funding for mainstream additional student numbers (ASNs) and non-mainstream funded places.
- e. Institutional mergers and transfers.
- f. Changes to grant following data reconciliations and audit.
- g. Changes to the widening participation (WP) targeted allocation, teaching enhancement and student success (TESS) targeted allocation and other targeted allocations.
- h. Other miscellaneous adjustments.
- i. Changes to funding for moderation.

Implementation of a pro rata saving on recurrent teaching grant

10. On 24 May 2010, the Chancellor of the Exchequer announced £6.2 billion of in-year savings for financial year 2010-11 across Government, with a contribution from the Department for Business, Innovation and Skills of £836 million. The Secretary of State's letter of 24 June 2010 confirmed that higher education was required to contribute £200 million to this overall saving. This comprised:

- a £118 million reduction in funding available for the UMF
- a reduction of £82 million in baseline funding, of which £52 million is from recurrent teaching grant and £30 million from teaching capital.

Full details of these savings were provided in 'Higher education funding for academic years 2009-10 and 2010-11 including new student entrants' (HEFCE Circular letter 14/2010).

11. The £52 million reduction to recurrent teaching grant has been applied pro rata to all elements of recurrent teaching grant, after incorporating other changes to the allocations since March. The adjustment is 1.09³ per cent of total teaching funding.

12. The Secretary of State has not confirmed funding for the 2011-12 financial year. In order to announce funding for the 2010-11 academic year, which has a four-month overlap with the 2011-12 financial year, we have assumed that funding will be maintained in cash terms for 2011-12. If we receive information that suggests this assumption is no longer appropriate then we reserve the right to review all our allocations for the 2010-11 academic year. This would be with a view to managing any change in funding for institutions that might be necessary by 2011-12.

Additional funding to support new entrant places allocated through the UMF

13. The UMF was announced in the previous Government's Budget statement on 24 March 2010. The total funding available has since been reduced following the Chancellor of the Exchequer's

³ The figure of 1.09 per cent has been rounded to aid reading of this document. In our calculations we used an unrounded figure of 1.08868 per cent.

statement of 24 May on savings for the 2010-11 financial year. In total £130,654,899 has been allocated through this initiative with £44,471,492 allocated through mainstream teaching grant for 2010-11 and £86,183,407 allocated as efficiency project funding. Details of these allocations were announced on 24 June and can be found at www.hefce.ac.uk/news/hefce/2010/umf.htm.

Additional funding to support moving full-time undergraduate numbers into SIVS

14. In January 2010 we set aside £10 million for allocation in 2010-11 to support institutions that were shifting the balance of their provision towards SIVS. The total allocation under this initiative is £3,942,090. All eligible bids were funded because the total level of funding requested was less than the amount set aside for this initiative.

Revisions to funding for ASNs

15. The March grant announcement (HEFCE 2010/08) did not include funding for fully funded ASNs allocated in December 2009. We confirmed the details of these places with institutions in the July 2010 funding agreement (available at www.hefce.ac.uk/finance/recurrent/2010/notify). We have also allocated a small number of ASNs in 2010-11 and 2011-12 to support the development of foundation degrees for ministerial training at six HEIs, and allocated further ASNs for 2010-11 that are co-funded by employers.

16. The figures in Table A reflect both the allocation of ASNs and the transfers of funding from non-mainstream funded places to mainstream additional funded places that have resulted from the mainstreaming of funding for the four remaining 'model 2' Lifelong Learning Networks and for the Dance and Drama Awards.

17. We have identified and corrected an error in the algorithms used to calculate the partial completion weighting. The error affected six institutions and for four of them the change results in increased ASN funding.

18. There are six transfers of small amounts of employer co-funded provision between the institutions concerned. When we transfer provision from one institution to another, the amount of funding removed from the institution reducing its funding is not generally exactly the same as the amount added to the institution receiving the transfer, due to institution-specific weightings. As well as the transfers, two institutions have opted to return funding provided for some employer co-funded provision.

Institutional mergers and transfers

19. Annex A gives details of the mergers, any changes to funding routes, and the name changes that have been incorporated since our March grant announcement. The net funding implications arising from mergers and transfers of provision are not always neutral. For example, formula allocations for targeted allocations and the entitlement to migration funding can change.

20. This year we have established a new direct funding agreement with one further education college, Somerset College of Arts and Technology. One institutional merger will be effective from 2010-11, and one institution has changed its name.

Changes to grant following data reconciliations and audit

21. There have been a number of changes to grant for institutions as a result of 2007-08 and 2008-09 data audits and reconciliations between Higher Education Statistics Agency (HESA) data

and the Higher Education Students Early Statistics survey, and equivalent audit and reconciliation exercises for further education colleges.

Changes to WP, TESS and other targeted allocations

22. There have been some changes to WP and TESS targeted allocations due to changes to institutional data – either to assumed student numbers for 2010-11, or to underlying individualised data submitted to HESA or to the Data Service July individualised learner record. We have also increased the funding rates for WP and TESS to allocate the full amount set aside for these targeted allocations. Any change to underlying student numbers also affects other targeted allocations.

Other miscellaneous adjustments

23. There have been a small number of changes to underlying data affecting allocations of teaching funding, and other miscellaneous changes to funding. Generally these data changes and adjustments have been requested by institutions.

Changes to funding for moderation

24. To help maintain stability for institutions, we have continued our policy of phasing in changes by moderating the allocations. In order to deliver the required saving to teaching funding in 2010-11 we have revised the threshold for moderation from the threshold announced in March. Moderation is provided so that no institution sees a reduction in cash terms of more than 1.2 per cent compared with the equivalent, unmoderated figure for 2009-10. We will not provide moderation where it amounts to less than £100,000. The changes described in paragraphs 10 to 23 can affect the need for moderation funding for individual institutions.

Summary of changes to grant

25. The above changes to grant are summarised in Table A. The revised grant allocations for 2010-11 are given in Table 1 of Annex B. Table 2 of Annex B compares them with the allocations for 2009-10. The allocations for 2009-10 differ from those announced in 'Recurrent grants for 2009-10: Final allocations' (HEFCE 2009/42) because they include the £20.8 million reduction to recurrent teaching grant announced in June 2010. Annex A of HEFCE 2010/08 provides a full explanation of the column headings of these two tables, except the additional columns for UMF allocations and the June 2010 pro rata savings.

Conditions of grant

26. HEFCE grants are conditional on the funds being used for the activities specified in Section 65(2) of the Further and Higher Education Act 1992, and on institutions delivering teaching and research. The conditions that apply to funding for 2010-11 are set out in 'Model Financial Memorandum between HEFCE and institutions' (HEFCE 2010/19).

27. In July, we sent each institution its funding agreement for 2010-11, which forms Part 2 of our Financial Memorandum. For further education colleges whose higher education provision we fund directly, there is a single funding agreement that incorporates relevant parts of the Financial Memorandum. The funding agreement specifies further conditions of grant governing our funding, and sets targets relating to student numbers that we expect institutions to meet in return for our

funding for teaching. 'HEFCE grant adjustments 2010-11' (HEFCE 2010/22), describes how we will monitor whether institutions have met the targets in their funding agreement, and the action we will take if they do not.

Audit of funding data

28. Data collected from institutions inform our allocation of funds for teaching and research. We will continue to audit these data selectively in this and future funding exercises, through audit visits. We will also use data that institutions provide to HESA or the Data Service to verify the data institutions send directly to us. We will use the outcomes of these data audits and reconciliations to review funding allocations both for the year in question and all subsequent years. We reserve the right to review funding allocations for the most recent seven-year period.

29. If we find that erroneous data have resulted in institutions receiving incorrect funding allocations, then we will adjust their funding accordingly (subject to the appeals process and the availability of our funds).

30. We will continue to seek assurances from designated officers and audit committees about the management and quality assurance arrangements for data submitted to HESA, HEFCE and other funding bodies. This is imperative in order to improve the reliability of data which is crucial for the efficiency of our funding and to reduce the number of significant funding adjustments arising from data corrections.

Further information

31. Institutions requiring further information should contact their HEFCE higher education policy adviser (contact details for each institution are at www.hefce.ac.uk/aboutus/cop/contact) or e-mail recurrentgrant@hefce.ac.uk.

Annex A Mergers, name changes, and changes to funding routes

1. This annex lists the institutional mergers, changes to funding routes, and institutional name changes that we have incorporated since publishing our provisional allocations of recurrent grants for 2010-11 in March (HEFCE 2010/08).
2. Merton College (not directly funded by HEFCE) has merged with South Thames College with effect from 1 August 2009. The institution retains the name South Thames College.
3. Somerset College of Arts and Technology has chosen to be directly funded from 2010-11. Funding for this will be transferred from the University of Plymouth.
4. From 2010-11 Grantham College, previously indirectly funded through De Montfort University, will be indirectly funded through the University of Bedfordshire. Funding for this will be transferred from De Montfort University.
5. Thames Valley University will be known as The University of West London with effect from October 2010.

Annex B Tables

Table 1 Recurrent grant for academic year 2010-11

Table 2 Comparison with 2009-10 academic year recurrent grant

These tables can be downloaded as one Excel file from www.hefce.ac.uk/pubs, alongside this document.

List of abbreviations

ASNs	Additional student numbers
HEFCE	Higher Education Funding Council for England
HESA	Higher Education Statistics Agency
SIVS	Strategically important and vulnerable subjects
TESS	Teaching enhancement and student success
UMF	University Modernisation Fund
WP	Widening participation