

March 2014/05

Core funding/operations

Allocation of funds and student numbers

This document summarises our provisional allocations of recurrent funding for teaching, research and knowledge exchange, and our student number control allocations, for institutions for the academic year 2014-15.

This report is for information

Recurrent grants and student number controls for 2014-15

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Recurrent grant and student number controls for 2014-15

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges
Of interest to those responsible for	Finance, planning
Reference	2014/05
Publication date	March 2014
Enquiries to	HEFCE institutional teams (contact details at www.hefce.ac.uk/contact/contactsforinstitutions/) or e-mail recurrentgrant@hefce.ac.uk .

Executive summary

Purpose

1. This document summarises our provisional allocations of recurrent funding for teaching, research and knowledge exchange, and our student number control (SNC) allocations, for institutions for the academic year 2014-15.

Key points

2. The overall budget we have set for the 2014-15 academic year is £3,883 million. This budget reflects the third year of the progressive shift of HEFCE grant to the student support budget, to meet the cost of increased tuition fee loans under the Government's new finance arrangements for higher education. While HEFCE teaching grant is being reduced, the overall resource rate for teaching is set to increase as a result of these higher tuition fee loans. The total HEFCE grant comprises:

- £1,582 million for recurrent teaching grant
- £1,558 million for recurrent research grant
- £160 million for knowledge exchange
- £583 million for national facilities and initiatives and capital funding.

3. In addition, we will distribute £50 million on behalf of the Department for Business, Innovation and Skills (BIS) for the National Scholarship Programme.

4. HEFCE will invest to ensure a high-quality student learning experience. Our funding will support Home and European Union (EU) students in all years of study. We are continuing to provide funding for students who entered under the previous fee and funding regime ('old-regime' students) while we increasingly focus funding for students under the new fee and funding regime ('new-regime' students) on areas where costs incurred by universities and colleges cannot be met entirely by tuition fees, or where it is in the public interest that vulnerable provision receives additional support, particularly high-cost and strategically important subjects, student opportunity, and small and specialist institutions.

5. There are some significant changes to HEFCE teaching grant compared with last year, following government reforms to the finance arrangements for higher education, and to the way in which student numbers are controlled. The most significant change to teaching grant for most institutions relates to the continued phasing-out of teaching grant for old-regime students and the phasing-in of funding for new-regime students in high-cost subjects. The overall impact on each institution will vary because of the additional tuition fees they will receive.

6. The allocations of teaching grant that we are announcing are provisional, and the main allocations for old- and new-regime students will be recalculated to reflect actual student numbers in the year. We are continuing the three-stage process to calculate and review these allocations, so that they eventually reflect actual numbers of old- and new-regime students in the year. This iterative process will apply to any allocation that is initially informed by forecast student numbers for 2014-15. Final allocations for 2014-15 will be confirmed in the light of the end-of-year individualised student data for 2014-15.

7. Recurrent funding for research and knowledge exchange is stable. The budgets for each of the separate elements within the total for research remain unchanged in cash terms since 2013-14. The allocations for each institution for knowledge exchange (provided through Higher Education Innovation Funding) will be the same cash figures as for 2013-14.

8. Our grant letter of 10 February 2014 from BIS gave only indicative funding figures for the 2015-16 financial year. In order to announce funding for the 2014-15 academic year, which has a four-month overlap with the 2015-16 financial year, we have assumed that our allocation for the 2015-16 financial year is as indicated in the BIS grant letter. If we receive information regarding our grant for the 2015-16 financial year which suggests this assumption is no longer appropriate, we reserve the right to review our funding allocations for the 2014-15 academic year. We would do this to smooth any change in funding for institutions that might be necessary by 2015-16.

The student number control

9. There are some significant changes to the SNC policy for 2014-15 following announcements in our grant letter of 10 February 2014 from BIS, the Government's Autumn Statement for 2013, and our consultation 'Student number controls: Consultation on arrangements for 2014-15 onwards' (HEFCE 2013/10), published in May 2013. In particular:

a. The Government has made 30,000 additional places available for 2014-15 compared to its previous spending review assumptions for 2013-14, and has announced that the SNC will be removed from HEFCE-funded providers from 2015-16.

b. We have increased SNC allocations for institutions that recruited strongly (above their SNC allocation, but disregarding recruitment above the top of their flexibility range) in 2013-14 and reduced allocations for those that significantly under-recruited.

c. All institutions have increased flexibility to recruit above their SNC in 2014-15, by either 6 per cent of the (non-medical or dental) student numbers in the previous year who count against the SNC or are exempt from it, or 15 students, whichever is the higher. We have also provided additional flexibility to ensure institutions with a reduction to their SNC due to under-recruitment have an opportunity to recover their position.

d. The exemptions list has been expanded, to include certain combinations of qualification types where grades are considered, for SNC purposes only, to be equivalent

to ABB at A-level or higher. The combination of qualification types involves A-levels with certain BTECs, OCR or Cambridge Pre-U qualifications.

10. Excess recruitment may result in additional student support costs for the Government, which it may meet by reducing the grant it pays to HEFCE. To reduce this risk, HEFCE will reduce the grant it pays to any institution that exceeds its student number control allocation by more than the flexibility allows. Over-recruitment in any given year will have an impact on the student support budget not just in that year but in future years as students continue their studies. The arrangements in the event of over-recruitment are therefore designed to lead to grant reductions for up to three years (depending on the average length of courses and student continuation rates at institutions), reflecting the longer-term cost implications arising from over-recruitment in any given year. Because there will be no SNC for 2015-16, there is no opportunity to offset over-recruitment in 2014-15 by recruiting below an SNC allocation for 2015-16.

Action required

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

Elements of grant

12. This publication announces 2014-15 provisional recurrent grant and 2014-15 student number control allocations for HEFCE-funded providers. It does not apply directly to higher education (HE) providers that we do not fund. Unless otherwise stated, all years in this document relate to academic years – that is, 1 August to 31 July. There may be differences between individual figures and totals in this document, due to rounding.

13. The total HEFCE grant to be distributed in 2014-15 is £3,883 million. We are also distributing £50 million on behalf of the Department for Business, Innovation and Skills (BIS) for the National Scholarship Programme. ‘Guide to funding and student number controls 2013-14 and 2014-15: How HEFCE allocates its funds and controls student numbers’ (HEFCE 2014/06) explains how we calculate allocations for individual institutions.

14. The total HEFCE grant of £3,883 million is broken down between our main strategic themes (taken from ‘HEFCE business plan 2011-2015: Principles, priorities and practices’, HEFCE 2011/34) and between recurrent grant and non-recurrent elements (capital grants and funding for national facilities and initiatives), as shown in Table A.

Table A: HEFCE grant to be distributed in 2014-15

Main strategic themes	Recurrent grant (£M)	Non-recurrent grant (£M)	Total (£M)
Learning and teaching	1,582	162	1,744
<i>Of which, student opportunity</i>	366	3	369
Research	1,558	280	1,838
Knowledge exchange	160	0	160
Information, investment and partnership	0	141	141
Total	3,300	583	3,883

15. Table B shows the disaggregation of our recurrent funding for 2014-15 between different elements of grant.

Table B: 2014-15 Budgets for elements of recurrent grant

	£ millions
Recurrent funding for teaching	
Allocations subject to three-stage recalculation process	
Funding for old-regime students	
Phase-out of mainstream teaching grant	499
Phase-out of employer co-funding	1
Sub-total funding for old-regime students	500
Funding for new-regime students in high-cost subjects	
New-regime students in high-cost subjects	468
New-regime students attending courses in London	54
Sub-total funding for new-regime students	522
Sub-total allocations subject to three-stage recalculation process	1,022

		£ millions
Allocations not subject to three-stage recalculation process		
Student opportunity funding		
Widening access for people from disadvantaged backgrounds:	Full-time	46
	Part-time	21
Widening access and improving provision for disabled students		15
Widening access: collaborative outreach network		9
Improving retention:	Full-time	212
	Part-time	63
Sub-total student opportunity		366
Other recurrent teaching allocations		
Part-time undergraduates		17
Accelerated full-time undergraduate provision		2
Intensive postgraduate provision		35
Institution-specific high-cost distinctive provision		66
Very high-cost STEM subjects		23
Erasmus and overseas study programmes		28
Clinical consultants' pay		17
Senior academic general practitioners' pay		1
NHS pensions scheme compensation		5
Sub-total other targeted allocations and recurrent teaching grants		194
Sub-total allocations not subject to three-stage recalculation process		560
Total teaching		1,582
Recurrent funding for research		
Mainstream QR including London weighting		1,050
QR RDP supervision fund		240
QR charity support fund		198
QR business research element		64
QR funding for National Research Libraries		6
Total research		1,558
Knowledge exchange		160
Total recurrent grant		3,300

16. The distribution of recurrent funding to institutions announced in this publication totals £3,278 million. The difference to the total in Table B comprises:

- a. £10 million for knowledge exchange, which is provided as a supplementary allocation for each of 2013-14 and 2014-15, as announced at www.hefce.ac.uk/whatwedo/kes/heif/.
- b. £9 million for student opportunity to be allocated to support a collaborative outreach network.

c. £3 million for student opportunity set aside for allocation by October 2014 to allow for changes to underlying data.

17. We provide funding for student opportunity to contribute towards institutions' costs in supporting students to achieve successful outcomes, and to address the needs of students facing particular hardship. It incorporates funding that was previously allocated for the Access to Learning Fund.

18. This publication is concerned with the distribution between institutions of recurrent grant and student number control allocations for 2014-15. Annex A, comprising two tables, is available to download alongside this document as a separate file.

a. Table 1 summarises the initial funding allocations for each institution.

b. Table 2 provides a comparison of student number control allocations for each institution for 2013-14 and 2014-15.

The headings within these tables are defined in Annex B.

19. The HEFCE Board agreed the allocations of recurrent funding announced in this document on 13 March 2014. Institutions received details of their individual grant allocations on 24 March 2014.

20. The allocations announced in this document are highly provisional: in particular, most of the recurrent teaching grant allocations will be recalculated as we receive more up-to-date student number information for 2014-15. Institutions should also note that the grant letter received by HEFCE from BIS of 10 February 2014 gave only indicative recurrent funding figures for the 2015-16 financial year. In order to announce funding for the 2014-15 academic year, which has a four-month overlap with the 2015-16 financial year, we have assumed that our allocation for the 2015-16 financial year is as indicated. If we receive information that suggests this assumption is no longer appropriate, we reserve the right to review our recurrent teaching and special funding allocations for 2014-15. We would do this to smooth any change in funding for institutions which might be necessary by 2015-16.

Recurrent funding outcomes for institutions

21. For most institutions, the most significant change to HEFCE funding in 2014-15 results from the continued phasing-out of teaching grant relating to old-regime students, coupled with the phasing-in of funding for new-regime students in high-cost subjects. Institutions will see changes as a result of our use of updated student data to inform allocations: for targeted allocations, this may depend on changes in an institution's student numbers relative to the sector as a whole.

22. The changes to HEFCE teaching grant will affect institutions in different ways. The speed of transition for individual institutions to the new finance arrangements depends on the average length of their courses: those with shorter average course lengths move more quickly to the new funding environment. The overall impact on each institution will vary because of the additional tuition fees they will receive.

23. Our funding for research and for knowledge exchange is stable. However, updated data that inform the research degree programme supervision, charities and business elements of research funding will result in some redistribution of their fixed budgets between institutions.

Non-recurrent grant (funding for national facilities and initiatives, and capital funding)

24. We aim to provide as much as possible of our funding for learning and teaching, research and knowledge exchange through recurrent grant allocations to institutions. Further allocations, in the form of funding for national facilities and initiatives, and capital funding, are provided for specific purposes and to promote change that cannot easily be achieved through other routes.

Capital funding

25. Capital funding totals £440 million and is mostly allocated by formula. This total includes £160 million for the third year of the UK Research Partnership Investment Fund, £106 million for the Research Capital Investment Fund and £129 million for the Teaching Capital Investment Fund. The balance of £45 million includes elements for Jisc, the Catalyst Fund and the Revolving Green Fund. Capital is provided on a financial year basis. In 2014-15, the funding for teaching and research capital investment will follow the same allocation process as in 2013-14. The BIS grant letter also provides an indicative capital funding allocation for 2015-16 of £603 million, with a particular increase in teaching capital funding.

Funding for national facilities and initiatives

26. We allocate a small proportion of our total funding to support national facilities and initiatives, which promote specific policies or contribute towards additional costs for institutions that are not recognised through our recurrent funding methods. This funding totals £143 million for the 2014-15 academic year. This amount includes continuing investment in the Catalyst Fund (www.hefce.ac.uk/whatwedo/invest/funds/cf) and new funding to support the development of a national outreach network.

27. The distribution of funding for national facilities and initiatives, and capital funding is not shown in this publication.

2014-15 funding agreement requirements

28. As last year, there are only three funding agreement requirements affecting student numbers for 2014-15:

- a. The **student number control** (SNC), applying to all institutions.
- b. The **medical intake target**, representing the maximum intake to full-time undergraduate courses that lead to first registration as a doctor.
- c. The **dental intake target**, representing the maximum intake to full-time undergraduate courses that lead to first registration as a dentist.

The student number control

29. To control expenditure on student support and avoid unplanned costs, the Government wishes to limit the overall number of students that can be recruited. We therefore allocate an SNC to each institution, specifying how many Home and EU students it can recruit who may be a call on student support. Some flexibility to recruit above the SNC is permitted, but if an institution exceeds its SNC allocation by more than a specified amount (recruiting above the top of its flexibility range) we reduce the grant we pay it to reflect the additional student support costs per annum associated with the excess numbers.

30. In general terms, the SNC applies to certain categories of student who may count towards HEFCE funding allocations, and who are starting full-time undergraduate study or a postgraduate initial teacher training qualification. Some students starting such courses are exempt from the SNC, on the basis of the high grades they achieved in their entry qualifications, or for some other reason. There are no restrictions on how many exempt students institutions may recruit. A small number of institutions, all of which are specialist institutions in the performing and creative arts, have chosen to retain an SNC to which most exemptions do not apply. This is because they recruit primarily on the basis of audition or portfolio, rather than qualification.

31. There are some significant changes to the SNC policy for 2014-15 following announcements in our grant letter of 10 February 2014 from BIS, the Government's Autumn Statement for 2013 and our consultation 'Student number controls: Consultation on arrangements for 2014-15 onwards' (HEFCE 2013/10), published in May 2013.

32. The Government has made 30,000 additional places available for 2014-15 compared to its previous spending review assumptions for 2013-14, and announced that SNCs will be removed altogether from HEFCE-funded providers from 2015-16.

33. The exemptions list has been expanded for 2014-15, to include certain combinations of qualification types where grades are considered, for SNC purposes only, to be equivalent to ABB at A-level or higher. The combination of qualification types involves A-levels with certain BTECs, OCR or Cambridge Pre-U qualifications. Students with high grades in these entry qualifications do not count against the SNC allocation for 2014-15.

34. We have distributed the overall 30,000 increase in places available in a way which minimises bureaucracy for institutions (so avoiding a bidding exercise), and gives providers significant scope to grow if they have the demand from students. Our approach has been to adjust SNC allocations on the basis set out last year in 'Student number controls: Outcomes of consultation on arrangements for 2014-15 onwards' (HEFCE 2013/20), increasing allocations for those that recruited strongly (above their SNC allocation, but disregarding recruitment above the top of their flexibility range) in 2013-14 and reducing allocations for those that significantly under-recruited.

35. In addition, we are providing significantly greater flexibility to institutions. The flexibility above the SNC allocation has increased from 3 per cent to 6 per cent, in each case this being as a percentage of the (non-medical/dental) student numbers in the previous year who count against the SNC or are exempt from it. For those with small SNC allocations, the minimum flexibility has increased from 5 to 15 students. We have also ensured that institutions that have had a reduction to their SNC allocation as a result of significant under-recruitment in 2013-14 have an opportunity to recover their position.

36. In general, this approach means:

a. For institutions that recruited above their 2013-14 SNC allocation, we have increased their 2014-15 SNC allocation reflecting their actual recruitment up to the top of, but not above, their 2013-14 flexibility range. In addition, they now have further flexibility to recruit above their 2014-15 SNC by 6 per cent or 15 students, whichever is higher.

b. For institutions that significantly under-recruited in 2013-14, we have reduced their SNC to reflect the extent to which their recruitment came below the bottom of their 2013-14 flexibility range. These institutions also have flexibility to recruit above their 2014-15 SNC

by the higher of 6 per cent or 15 students, but we have provided additional flexibility where necessary so that the top of their 2014-15 flexibility range is no lower than their 2013-14 SNC baseline. This approach was adopted following responses to the 2013 consultation on SNC arrangements.

c. For all other institutions, the 2014-15 SNC allocations are set at their 2013-14 SNC baseline, and they have flexibility to recruit above it by 6 per cent or 15 students, whichever is higher.

37. For certain individual institutions, adjustments have also been made to SNC allocations to reflect, for example, transfers of student numbers and to provide fair-access protection.

38. Overall, the 2014-15 SNC allocations, including flexibility, allow for over 30,000 more students than were actually recruited in 2013-14. As in previous years, there is an over-allocation against the Government's student number assumptions, which reduces the risk of shortfalls against those assumptions. However, given the strong overall recruitment by the sector in 2013-14, and the increase in applications for 2014-15, the over-allocation is not as great as last year.

39. We wrote to institutions on 14 March 2014 to confirm their student number control allocation for 2014-15, incorporating the outcome of any appeal. The allocations for all institutions are shown in Table 2 (Annex A). Further changes to the allocations for individual institutions may be incorporated later in the year, for example to reflect any requests for transfers of provision between institutions.

40. Most exemptions from the SNC are based on sets of particular entry qualifications and grades. They are exempt solely for the purpose of operating a workable SNC, to limit the risk that excess recruitment across the sector might lead to unplanned student support costs. The exemptions list in no way provides an exhaustive assessment of students' prior attainment. We do not expect institutions to use it to inform decisions about the quality of students' qualifications, the admission of individual applicants, or eligibility for their own scholarship, bursary or fee waiver schemes. The list is not intended to influence the determination of individual applicants' suitability for admission, where the autonomy of institutions is always paramount.

41. More information about the student number control is available on our web-site at www.hefce.ac.uk/whatwedo/lt/howfund/studentgrades/.

Over-recruitment in 2014-15

42. Excess recruitment may result in additional student support costs for the Government, which it might meet by reducing the grant it pays to HEFCE. To reduce the risk of this, HEFCE will reduce the grant it pays to any institution that recruits above the top of its SNC flexibility range. Over-recruitment in any given year will have an impact on the student support budget not just in that year but in future years as students continue their studies. The arrangements in the event of over-recruitment are therefore designed to lead to grant reductions for up to three years (depending on the average length of courses and student continuation rates at institutions), reflecting the longer-term cost implications arising from over-recruitment in any given year. This means that, in the event of over-recruitment in 2014-15, any grant reduction will apply for 2014-15 and may also be applied in respect of subsequent years as we think appropriate to reflect our assessment of the continuation of the excess numbers into later years of study. We expect the rate per annum at which grant will be reduced for each excess student recruited to be

confirmed in our next grant letter from BIS for 2015-16. However, BIS has indicated in our grant letter of 10 February 2014 that its approach will be similar to that applying in 2013-14 – that is:

- a. For institutions that charge average fees after fee waivers of up to £6,000, a rate of £5,000.
- b. For institutions that charge average fees after fee waivers (according to an Access Agreement with the Office for Fair Access) of more than £6,000, a rate of £1,000 less than that average fee.

43. We will give institutions an opportunity to appeal for mitigation before finalising any such grant adjustment. We will not count students recruited in excess of the 2014-15 SNC flexibility range towards our funding of new-regime students in high-cost subjects.

44. In previous years, institutions have had an opportunity to avoid grant reductions in respect of the years following the initial instance of over-recruitment, to the extent that they recruit below their SNC in those following years. This is known as ‘offsetting’. However, as there will be no SNC for 2015-16, there is no opportunity to offset over-recruitment in 2014-15 by recruiting below an SNC allocation for 2015-16 and grant reductions are therefore likely to apply.

Additional requirements on institutions that over-recruited in previous years

45. The policy of offsetting is available to institutions for 2014-15, while the SNC remains. Offsetting is an exceptional arrangement whereby we may agree not to pursue some grant adjustments if there is balancing under-recruitment in a later year. Where institutions over-recruited in 2013-14, we will apply a further grant reduction in 2014-15, unless institutions recruit sufficiently below the SNC allocation in 2014-15. In 2014-15, we will also apply grant reductions to institutions which over-recruited in 2012-13 and did not offset sufficiently in 2013-14. Again, this grant reduction can be avoided by offsetting in 2014-15.

Medical and dental intake targets

46. The medical and dental intake targets are maxima, and apply to all Home, EU and overseas students starting full-time undergraduate (including graduate-entry) programmes that lead on successful completion to first registration as a doctor or dentist respectively. We will not count students recruited in excess of the medical or dental intake targets towards our funding of new-regime students in high-cost subjects: this will apply to all years of study relating to the excess numbers recruited. Institutions should ensure they do not exceed their intake targets: we may take further action against those that continue to do so. In particular, our grant letter from BIS of 10 February 2014 asks the Council ‘to impose further sanctions on institutions that continue to over-recruit, including reductions to grant that reflect the cost to Government of providing student support for the excess numbers recruited’.

Conditions of grant

47. Our grants to institutions are conditional on the funds being used for the eligible activities set out in Section 65(2) of the Further and Higher Education Act 1992. The conditions of grant that apply to funding are given in a Financial Memorandum between HEFCE and higher education institutions (HEIs). We have recently consulted on changes to this. The Financial Memorandum applying up to 2013-14 was published in HEFCE 2010/19 and will be replaced with a new document, the Memorandum of Assurance and Accountability, from 1 August 2014.

Any reference to the Financial Memorandum in our March 2014 grant announcement includes the document that will replace it.

48. In July we will send higher and further education institutions their funding agreement for 2014-15. This will specify particular conditions attached to our funding, including the student number control allocation and the medical and dental intake targets. For HEIs, the funding agreement forms part 2 of the Financial Memorandum. We are also working with BIS and sector bodies on the development of a new Agreement on Institutional Designation, which will cover access to student support for those HEIs and further education colleges in receipt of HEFCE funding and sit alongside the HEFCE Financial Memorandum with HEIs and the funding agreement with all institutions that we fund.

49. The Secretary of State expects institutions not to charge qualifying persons on qualifying courses more than a prescribed amount in tuition fees. Qualifying courses and persons have the meaning prescribed in the Student Fees (Qualifying Courses and Persons) (England) Regulations 2007, as amended¹:

a. The prescribed amounts for 2014-15 for **students starting their full-time courses before 1 September 2012** reflect provisions in the Higher Education Act 2004 and are subject to overall limits set out in the Student Fees (Amounts) (England) Regulations 2004² as amended by Regulation 3 of the Student Fees (Basic and Higher Amounts) (Approved Plans) (England) (Amendment) Regulations 2012³. For these courses, the basic amount is £1,380 (£680 where regulation 5 of the Student Fees (Amounts) (England) Regulations 2004 applies) and the higher amount is £3,465 (£1,725 where regulation 5 of the Student Fees (Amounts) (England) Regulations 2004 applies).

b. For **students starting full-time courses on or after 1 September 2012**, the prescribed amounts are subject to overall limits that are set out in the Higher Education (Basic Amount) (England) Regulations 2010⁴ and the Higher Education (Higher Amount) (England) Regulations 2010⁵, as amended by Regulations 4 and 5 of the Student Fees (Basic and Higher Amounts) (Approved Plans) (England) (Amendment) Regulations 2012 and by Regulations 10 and 11 of the Education (Fees and Student Support) (Amendment) Regulations 2013⁶. For these courses, the basic amount is £6,000 and the higher amount is £9,000, except where any of the following exceptions apply:

i. The basic amount is £3,000 and the higher amount is £4,500 for the final academic year of a course where that academic year is normally required to be completed after less than 15 weeks' attendance.

ii. The basic amount is £900 and the higher amount is £1,350 for:

¹ Statutory Instrument 2007/778, as amended, at the time of writing, by Statutory Instruments 2007/2263, 2008/1640 and 2011/87; all Statutory Instruments are available at www.legislation.gov.uk.

² Statutory Instrument 2004/1932.

³ Statutory Instrument 2012/433.

⁴ Statutory Instrument 2010/3021.

⁵ Statutory Instrument 2010/3020.

⁶ Statutory Instrument 2013/3106.

- 1) An Erasmus year.
 - 2) An academic year of a course provided in conjunction with an overseas institution which is not an Erasmus year.
- iii. The basic amount is £1,200 and the higher amount is £1,800 for an academic year of a sandwich course (which is not an Erasmus year):
- 1) Either during which any periods of full-time study are in aggregate less than 10 weeks.
 - 2) Or if in respect of that academic year and any previous academic years of the course the aggregate of any one or more periods of attendance which are not periods of full-time study at the institution (disregarding intervening vacations) exceeds 30 weeks.

c. For **students starting part-time courses on or after 1 September 2012** the basic and higher amounts for these courses for the 2014-15 academic year, £4,500 and £6,750 respectively, are set out in the Higher Education (Basic Amount) (England) Regulations 2010 and the Higher Education (Higher Amount) (England) Regulations 2010, as amended by Regulations 4 and 5 of the Student Fees (Basic and Higher Amounts) (Approved Plans) (England) (Amendment) Regulations 2012.

50. HEFCE's grant letter from BIS of 10 February 2014 specified (in Annex 3) a condition of grant requiring compliance with tuition fee regulations and the terms of any access agreement in force as agreed with the Director for Fair Access, and setting out the action that may be taken for any breaches of that condition. This condition of grant will be incorporated within institutions' funding agreements for 2014-15, to be issued in July 2014.

51. We will write to institutions in April about submissions required as a condition of the funding we provide for student opportunity.

52. The additional funding for very high-cost STEM subjects (science, technology, engineering and mathematics) within teaching grant is also subject to separate conditions of grant. These are described in 'Non-mainstream allocations to support very high-cost STEM subjects: Recalculation of allocations using most recent data' (HEFCE Circular letter 02/2013).

53. Higher education institutions are required to comply with the Concordat to Support Research Integrity published by Universities UK in July 2012 (available at www.universitiesuk.ac.uk/highereducation/Pages/Theconcordattosupportresearchintegrity.aspx). Institutions in receipt of research grant from us are also required to provide assurance of their compliance with the Concordat through the annual assurance return to HEFCE and following any guidance that we may provide.

54. Funding for QR RDP supervision is subject to a separate condition of grant. We require all HEIs to comply with chapter B11 of the Quality Assurance Agency for Higher Education's UK Quality Code for Higher Education on PGR programmes⁷ with respect to those departments that attract QR RDP supervision grant.

⁷ Chapter B11 of the UK Quality Code for Higher Education is available from www.qaa.ac.uk/Publications/InformationAndGuidance/Pages/quality-code-B11.aspx

55. If an institution has no HEFCE-fundable students, all its recurrent and capital funding for teaching will be held back. This includes funding for student opportunity and other targeted allocations.
56. Institutions should note the guidance on pay in our 2014 grant letter from BIS. This stated:
We are concerned about the substantial upward drift of salaries of some top management. We want to see leaders in the sector exercise much greater restraint here as part of continuing to hold down increases in pay generally.
57. Our Financial Memorandum and funding agreement with institutions contain sections on providing information. These information requirements are part of the terms and conditions attached to the funding for 2014-15. Details are contained in '2014-15 Recurrent grant tables for higher education institutions: guidance' and the equivalent document for further education colleges, which were provided to institutions on 24 March 2014.
58. In counting the number of students to be included within an institution's SNC allocation, and for its reporting obligations relating to students under the Financial Memorandum and funding agreement, students registered at the institution's connected undertakings must be included with the students registered at the institution, unless those connected undertakings are subject to a separate funding agreement directly with HEFCE. Connected undertakings were defined in the 2013-14 funding agreements with institutions and in the 2013 Higher Education Students Early Statistics (HESES) and Higher Education in Further Education: Students (HEIFES) surveys.
59. All institutions are required to provide data, according to the specification and timetable given by HEFCE or its agents, that will allow HEFCE or its agents to publish a Key Information Set (KIS) for each relevant course. Each institution is also required to place prominently on each of its relevant course web pages the 'KIS widget' which shows a summary of the KIS for the course and incorporates a link to the full KIS published by HEFCE or its agents.
60. As part of the funding agreement, each institution agrees that non-statutory bodies which perform a function for the higher education sector, specifically UCAS and the Student Loans Company, may provide to HEFCE such information (including financial information) relating to students at, offers and acceptances by, and applications to the institution as we may require for the purposes of the exercise of any of our functions under the Education Acts. These functions include the allocation and monitoring of funding and student numbers, and the provision of advice to the Secretary of State. We will notify institutions in advance of any data request we may make to these other bodies.

Audit of funding and student number data

61. Data collected from institutions inform our allocations of student numbers, recurrent funds for teaching and research, and some non-recurrent allocations relating to specific initiatives. We will continue to audit these data selectively in this and future funding exercises, through audit visits. We will also use data which institutions provide to the Higher Education Statistics Agency (HESA), the Data Service, and other data sources, to verify the data sent directly to us. We will use the outcomes of these data audits and reconciliations to review funding and student number allocations for the year in question and all subsequent years. We reserve the right to review allocations for the most recent seven-year period.

62. If we find, either through reconciliations with HESA, the Data Service's Individualised Learner Record or any other source of data, or through any data audit, that erroneous data have resulted in institutions receiving incorrect allocations, we will adjust their allocations accordingly (subject, where appropriate, to any appeals process and the availability of our funds).

63. We will seek assurances from accountable officers and audit committees about arrangements for the management and quality assurance of data submitted by HEIs to HESA, HEFCE and other bodies. This is to improve the reliability of data, which is crucial for the efficiency of our funding and student number allocations and to reduce the number of significant adjustments arising from data corrections. Further guidance for audit committees on data assurance can be found on the HEFCE web-site, at www.hefce.ac.uk/whatwedo/reg/assurance/guidance/auditarrangements/.

Further information

64. Institutions requiring further information should contact their HEFCE higher education policy adviser. Contact details are available from www.hefce.ac.uk/contact/contactsforinstitutions/.

Annex A: Tables 1 and 2

Table 1: Recurrent grant for academic year 2014-15

Table 2: Student number control allocations for 2014-15 and comparison with 2013-14

Tables 1 and 2 are available to download as separate Excel files alongside this document at www.hefce.ac.uk/pubs.

Annex B: Descriptions of columns in Tables 1 and 2

Table 1: Recurrent grant for academic year 2014-15

1. **Funding for old-regime students (mainstream)** shows subject-based funding for old-regime students previously funded through our mainstream teaching grant who commenced their studies before 1 September 2012.
2. **Funding for old-regime students (co-funded)** shows subject-based funding for old-regime employer co-funded students who commenced their studies before 1 September 2012.
3. **High-cost funding for new-regime students** shows subject-based funding for new-regime students in high-cost subjects (price groups A to C1 for undergraduates, price groups A to C2 for taught postgraduates).
4. **Student opportunity funding** shows the allocation to support the additional costs for institutions that reflect:
 - a. The recruitment and retention of students from geographical areas with traditionally low educational achievement or higher education participation rates, who have the potential to succeed in higher education (£66 million).
 - b. The recruitment and retention of students who have the potential to succeed in higher education but are likely to need more support than others to enable them to complete their studies (£272 million).
 - c. The student numbers at each provider and the proportions that are in receipt of Disabled Students' Allowance (£15 million).
5. **Other targeted allocations** comprise funding for:
 - a. Part-time undergraduates (£17 million).
 - b. Accelerated full-time undergraduate provision (£2 million).
 - c. Intensive postgraduate taught provision (£35 million).
 - d. Institution-specific high-cost distinctive provision (£66 million).
 - e. Very high-cost STEM subjects (£23 million).
 - f. Erasmus and overseas study programmes (£28 million).
 - g. New-regime students attending courses in London (£54 million).
6. **Other recurrent teaching grants** comprise funding for:
 - a. Clinical academic consultants' pay (£17 million).
 - b. Senior academic GPs' pay (£1 million).
 - c. NHS pensions scheme contribution (£5 million).
7. **Total teaching funding** is the sum of the previous six columns.
8. **Total research funding** comprises:
 - a. Mainstream quality-related research (QR) (£1,018 million).
 - b. London weighting on mainstream QR (£32 million).

- c. QR Research degree programme (RDP) supervision funds (£240 million).
 - d. QR charity support fund (£198 million).
 - e. QR business research element (£64 million).
 - f. QR funding for National Research Libraries (£6 million).
9. **Knowledge exchange funding** supports knowledge exchange activities in higher education institutions and strengthens links with businesses, public services, communities and the wider public in order to increase economic and social impact.
10. **Total recurrent grant 2014-15** is the sum of the previous three columns.

Table 2: Student number control allocations for 2014-15 and comparison with 2013-14

11. **2013-14 Student number control allocation** shows the final student number control (SNC) allocation set for 2013-14.
12. **2013-14 Top of the flexibility range** shows the upper limit of the flexibility range for 2013-14.
13. **Change due to 2013-14 recruitment** shows the adjustments made to reflect institutions' recruitment in 2013-14, whereby we have increased allocations for those that recruited strongly (above their SNC allocation, but disregarding recruitment above the top of their flexibility range) in 2013-14 and reduced allocations for those that significantly under-recruited.
14. **Other adjustments for 2014-15** shows other adjustments that we have made in calculating SNC allocations for 2014-15. These include:
- a. Transfers between institutions.
 - b. Fair-access protection for the most selective institutions. Fair-access protection ensures that SNC allocations do not fall below a certain level. It helps to ensure that the most selective institutions are able to continue to provide fair access to highly qualified students whose entry qualifications are not included in our list of exemptions.
 - c. Numbers for colleges that are new to HEFCE funding from 2014-15.
 - d. Adjustments made in response to appeals.
15. **2014-15 Student number control allocation** shows the allocation for 2014-15 as confirmed to institutions on 14 March 2014. It is the sum of '2013-14 Student number control allocation', 'Change due to 2013-14 recruitment' and 'Other adjustments for 2014-15'.
16. **Top of the flexibility range** shows the flexibility available to institutions to recruit above their SNC allocation without incurring a grant reduction from HEFCE.
17. **Maximum recruitment to avoid further grant adjustments**, where applicable. If institutions recruit above this level they may incur further grant adjustments as a result of previous over-recruitment.
18. **Percentage change between the top of the flexibility ranges** shows the year-on-year change between the upper limit of the flexibility ranges for 2013-14 and 2014-15.

List of abbreviations

BIS	Department for Business, Innovation and Skills
BTEC	Business and Technology Education Council
EU	European Union
FTE	Full-time equivalent
GP	General practitioner
HE	Higher education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HEIFES	Higher Education in Further Education: Students survey
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics survey
OCR	Oxford, Cambridge and RSA (Royal Society of Arts) Examinations
PGR	Postgraduate research
QR	Quality-related research
RDP	Research degree programme
STEM subjects	Science, technology, engineering and mathematics