



Allocation of funds

May 2016/08

Recurrent grants for 2015-16

Final allocations

This document summarises our final allocations to institutions of recurrent funding for the academic year 2015-16 and outlines the reasons for changes since the provisional allocations in March 2015.



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Recurrent grants for 2015-16: Final allocations

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education and sixth form colleges
Of interest to those responsible for	Finance, Planning
Reference	2016/08
Publication date	May 2016
Enquiries to	HEFCE institutional teams (contact details at www.hefce.ac.uk/contact/search/) or email recurrentgrant@hefce.ac.uk .

Executive summary

Purpose

1. This document summarises our final allocations to institutions of recurrent funding for the academic year 2015-16 and outlines the reasons for changes since the provisional allocations in March 2015.

Key points

2. We first announced provisional allocations of grant for the year in 'Recurrent grants for 2015-16' (HEFCE 2015/05). We announced updated allocations on our website in October 2015. This document shows, for each institution, the final allocations for 2015-16, and summarises the reasons for changes since the allocations announced in March 2015. For nearly all institutions, the allocations in this document are the same as those announced in October 2015. Further changes for individual institutions may still arise following data audit and reconciliation.

3. On 21 July 2015, the Secretary of State for Business, Innovation and Skills wrote to notify HEFCE of a required saving of £150 million to be made from the grant provided for teaching in the 2015-16 financial year (affecting both the 2014-15 and 2015-16 academic years). Consequently, our Board decided that for the 2015-16 academic year we would no longer provide two one-off transitional research allocations which we had previously announced, securing a saving of £52 million, nor the £37 million previously set aside for growth in student numbers in 2015-16. 'Reductions to grants for 2014-15 and 2015-16 academic years' (HEFCE Circular letter 19/2015) notified institutions of the changes to funding we would make arising from the £150 million saving for the 2015-16 financial year.

4. Following receipt of the grant letter of 4 March 2016 from the Department for Business, Innovation and Skills with the funding settlement for the 2016-17 financial year, no further changes to 2015-16 academic year budgets are required.

5. The overall budget for the 2015-16 academic year is £3,862 million, a reduction of £109 million (2.7 per cent) compared with the total announced in March 2015. Within this budget, recurrent funding has reduced by £37 million (1.2 per cent). The main reason for these changes is the £150 million reduction to our budget for the 2015-16 financial year.

Action required

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

Introduction

7. This publication updates the provisional grant allocations announced in ‘Recurrent grants for 2015-16’ (HEFCE 2015/05, www.hefce.ac.uk/pubs/year/2015/201505/) published in March 2015. Separately but concurrently, we announced 2015-16 funding for knowledge exchange (‘Knowledge exchange: Formula funding 2015-16’, HEFCE Circular letter 05/2015, www.hefce.ac.uk/pubs/year/2015/CL_052015/) and formula capital grants for teaching and research under the Capital Investment Framework (‘Formula Capital allocations for teaching and research 2015-16’, HEFCE Circular letter 09/2015, www.hefce.ac.uk/pubs/year/2015/CL_092015/).

8. The grant letter to HEFCE of 29 January 2015 from the Department for Business, Innovation and Skills (BIS) (www.hefce.ac.uk/funding/govletter) confirmed the funding available for the 2014-15 and 2015-16 financial years (April to March) and the policies and priorities that underpin our approach to recurrent grant. On 21 July 2015, the Secretary of State wrote to notify HEFCE of a required saving of £150 million to be made from the grant provided for teaching in the 2015-16 financial year. We notified institutions of the consequent changes to funding we would make in ‘Reductions to grants for 2014-15 and 2015-16 academic years’ (HEFCE Circular letter 19/2015, www.hefce.ac.uk/pubs/year/2015/CL_192015/). Institutions received details of their updated individual grant allocations on 28 October 2015.

9. The grant letter to HEFCE of 4 March 2016 from BIS (www.hefce.ac.uk/funding/govletter) confirmed the funding available for the 2016-17 financial year, which has a four-month overlap with the 2015-16 academic year. In light of that grant letter, we confirmed in ‘Funding for universities and colleges for 2014-15 to 2016-17: Board decisions’ (HEFCE Circular letter 03/2016, www.hefce.ac.uk/pubs/year/2016/CL_032016/) that no further change to 2015-16 academic year budgets (and thus to funding parameters such as grant rates or scaling factors) was necessary.

10. Unless otherwise stated, all years in this document relate to academic years – that is, 1 August to 31 July. There may be discrepancies between individual figures and totals in this document, due to rounding.

Revisions to allocations

11. HEFCE 2015/05 announced that the total grant we would provide for 2015-16 was £3,971 million. Following the changes to budgets announced in HEFCE Circular letter 19/2015, the revised total budget is £3,862 million. Table A summarises these budget changes.

Table A: HEFCE grant to be distributed in 2015-16 (£ millions)

Main elements of grant	Original budget (HEFCE 2015/05)	Revised budget	Difference
Institutional recurrent funding, made up of:			
Research	1,558	1,558	0
Teaching	1,418	1,381	-37
Knowledge exchange	160	160	0
Total institutional recurrent funding	3,137	3,100	-37
Non-consolidated transitional funding for research	52	0	-52
Funding for national facilities and initiatives	130	117	-13
Capital funding	603	596	-7
Postgraduate Support Scheme	50	50	0
Total funding to be distributed	3,971	3,862	-109

12. The reduction to recurrent teaching funding of £37 million related to funding we had set aside for allocation later in the year for additional student numbers.

13. As well as our recurrent grants for teaching and research, HEFCE 2015/05 showed the distribution between institutions of two one-off allocations of transitional research funding, totalling £52 million. These were also removed as part of the savings to be made in the 2015-16 financial year, although we were able to replace, in full, the original transitional allocations for the removal of science, technology, engineering and mathematics (STEM)¹ protection announced in March 2015 with one-off additional research capital funding. The distribution to institutions of capital grants is not included in this recurrent grant publication.

14. The changes to recurrent grant since HEFCE 2015/05 are summarised below. Annex A, available to download alongside this document as a separate file, comprises:

- Table 1, which summarises the revised 2015-16 recurrent funding allocations for each institution
- Table 2, which provides a comparison of 2014-15 and 2015-16 recurrent funding for research.

The headings in these tables are defined in Annex B.

15. Table 1 of HEFCE 2015/05 showed the distribution between institutions of 2015-16 recurrent grants for teaching and research totalling £2,917 million. Table B shows the revisions to these allocations. In addition to these teaching and research grant changes, this publication now incorporates the main allocation of funding for knowledge exchange, totalling £150,232,633, which was previously announced in HEFCE Circular letter 05/2015.

¹ For research (but not teaching) funding purposes, STEM includes medicine.

Table B: Changes to 2015-16 recurrent teaching and research grants (all figures in £s)

Element of grant	Change to 2015-16 grant
High-cost subject funding	363,291
Student opportunity funding	2,998,192
Other targeted allocations	2,937,778
Teaching funding (total change)	6,299,261
Research funding (total change)	609,445
Total changes to 2015-16 teaching and research grants	6,908,706

16. Changes to 2015-16 teaching and research grants since those announced in HEFCE 2015/05 can be summarised under the following main headings:

- changes to student opportunity funding, to allocate funding previously set aside to allow for changes to underlying data
- changes to the recurrent teaching supplement for old-regime students and other targeted allocations, following appeals
- other changes to teaching funding
- changes to research funding following data audit and reconciliation.

Changes to student opportunity funding

17. In March 2015, £3 million was set aside for allocation by October 2015, for finalising the student opportunity allocation, to allow for changes to underlying data. Since October 2015, changes to this allocation have also arisen from data audit and reconciliation.

Changes following appeals

18. In March 2015, £6 million was set aside for allocation by October 2015 for finalising certain targeted allocations. Appeals were received for the recurrent teaching supplement for old-regime students and the targeted allocation for very high-cost STEM subjects (physics, chemistry, chemical engineering and mineral, metallurgy and materials engineering). Changes arising from these appeals totalled approximately £3 million.

Other changes to teaching funding

19. Other changes to teaching funding since March 2015 arise from:

- the 2013-14 Completion Status Survey, affecting some targeted allocations that are informed by individualised student data
- outcomes of data audit and reconciliation and other data amendments
- transfers of provision and mergers between institutions
- updated data from the Medical and Dental Students Survey 2015, affecting the number of students counted towards high-cost subject funding
- other miscellaneous adjustments.

Changes to research funding

20. Updated data that informs the Research Degree Programme (RDP) supervision, charity support and business elements of research funding (including following data audit) results in some changes to these elements of research funding.

Funding not shown in Table 1

21. Table 1 of Annex A shows total allocations to institutions of £3,074 million. The difference between that figure and the available budget (as revised following the BIS grant letter of 21 July 2015) comprises:

- £10 million for the knowledge exchange supplement, which was announced in HEFCE Circular letter 05/2015 (and continues to be provided to the institutions concerned)
- £13 million for National Networks for Collaborative Outreach, which is not included in institutional recurrent grants
- £3 million uncommitted in teaching grant.

Conditions of grant

22. 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 our funding for higher education institutions (HEIs) are given in the Memorandum of Assurance and Accountability between HEFCE and institutions (HEFCE 2014/12, www.hefce.ac.uk/pubs/year/2014/201412/).

23. In July 2015 we sent each institution its funding agreement for 2015-16, which specified particular conditions attached to our funding. For HEIs, the funding agreement forms part 2 of the Memorandum of Assurance and Accountability. We do not have a memorandum of assurance and accountability with further education and sixth form colleges (FECs) because they are accountable respectively to the Skills Funding Agency and the Education Funding Agency, not to HEFCE. Our annual funding agreement with the FECs that we fund directly therefore incorporates those sections of our Memorandum of Assurance and Accountability with HEIs that are relevant to them.

Audit of funding and student number data

24. Data collected from institutions informs our allocations and monitoring of student numbers, recurrent funding, and some non-recurrent allocations relating to specific initiatives. We and our agents also use data from institutions to provide public information about institutions and their courses, including through the Key Information Set. We will continue to audit this data selectively in this and future funding exercises, through audit visits and other processes. We will also use data which institutions provide to the Higher Education Statistics Agency (HESA), the Skills Funding Agency, and other organisations, 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.

25. If we find, either through reconciliations with HESA, Skills Funding Agency or other organisations' data, or any data audit, that erroneous data has 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).

26. 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 the accuracy of public information that we provide, 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 website, at www.hefce.ac.uk/reg/guidance/audit/.

Further information

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

Annex A: Tables 1 and 2

Table 1: Recurrent grants for academic year 2015-16

Table 2: Recurrent research funding for 2015-16 and comparison with 2014-15

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

Annex B: Descriptions of columns in Tables 1 and 2

Table 1: Recurrent grants for academic year 2015-16

1. **High-cost subject funding** shows our main allocation for students in high-cost subjects.
2. **Student opportunity allocation** shows funding 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 (£68 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 (£279 million).
 - c. The student numbers at each provider and the proportions who are in receipt of Disabled Students' Allowance (£20 million).
3. **Other targeted allocations** comprise funding for:
 - a. The supplement for old-regime students (£91 million).
 - b. Part-time undergraduates (£8 million).
 - c. Accelerated full-time undergraduate provision (£2 million).
 - d. Intensive postgraduate provision (£35 million).
 - e. Institution-specific high-cost distinctive provision (£65 million).
 - f. Very high-cost STEM subjects (£23 million).
 - g. Erasmus+ and overseas study programmes (£25 million).
 - h. Students attending courses in London (£64 million).
 - i. Clinical consultants' pay (£17 million).
 - j. Senior academic general practitioners' pay (£1 million).
 - k. NHS pensions scheme compensation (£5 million).
4. **Total teaching funding** is the sum of the previous three columns.
5. **Total research funding** comprises:
 - a. Mainstream quality-related research (QR) (£1,017 million).
 - b. London weighting on mainstream QR (£33 million).
 - c. QR Research degree programme (RDP) supervision fund (£240 million).
 - d. QR charity support fund (£198 million).
 - e. QR business research element (£64 million).
 - f. QR funding for National Research Libraries (£7 million).

6. **Knowledge exchange funding** shows the main formula allocation for knowledge exchange, excluding the £10 million supplement.

7. **Total recurrent grant 2015-16** is the sum of the previous three columns.

Table 2: Recurrent research funding for 2015-16 and comparison with 2014-15

8. **2015-16 Mainstream QR including London weighting** comprises:

a. Mainstream QR funding allocated for each unit of assessment (UOA) on the basis of research active staff and the quality of research, based on the outcomes of the Research Excellence Framework (REF) 2014, and the relative costs of research in different subjects. Calculations are carried out separately for the different elements of research outputs, impact and environment assessed in REF 2014 (£1,017 million).

b. London weighting on mainstream QR, calculated as 12 per cent for institutions in inner London and 8 per cent for institutions in outer London of their mainstream QR allocation (£33 million).

9. **2015-16 QR RDP supervision funding** shows funding allocated to reflect postgraduate research student numbers, quality weightings for each institution and UOA derived from REF 2014 results and subject-based cost weights.

10. **2015-16 QR charity support funding** shows funding distributed in proportion to institutions' research income from charities in 2012-13 and 2013-14.

11. **2015-16 QR business research funding** shows funding distributed in proportion to institutions' research income from business and industry in 2012-13 and 2013-14.

12. **2015-16 QR for National Research Libraries** shows funding to support five research libraries which we designated as being of national importance on the basis of a review in 2007.

13. **2015-16 Total recurrent research funding** is the sum of the previous five columns.

14. **2014-15 Total recurrent research funding** shows the total recurrent research funding for 2014-15.

15. **Difference in recurrent research funding** shows the difference between '2014-15 Total recurrent research funding' and '2015-16 Total recurrent research funding'.

16. **Percentage difference in recurrent research funding** shows the percentage difference between '2014-15 Total recurrent research funding' and '2015-16 Total recurrent research funding'.

List of abbreviations

BIS	Department for Business, Innovation and Skills
FECs	Further education and sixth form colleges
HEI	Higher education institution
HESA	Higher Education Statistics Agency
QR	Quality-related research
RDP	Research degree programme
REF	Research Excellence Framework
STEM	Science, technology, engineering and mathematics. For research funding purposes, STEM subjects also include medicine.
UOA	Unit of assessment