



Allocation of funds

May 2016/09

Recurrent grants for 2016-17

This document summarises our provisional allocations to institutions of recurrent funding for the academic year 2016-17.

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Recurrent grants for 2016-17

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	2016/09
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 provisional allocations to institutions of recurrent funding for the academic year 2016-17.

Key points

2. The overall grant we will distribute for the 2016-17 academic year is £3,674 million, comprising:

- £1,578 million for recurrent research grant
- £1,360 million for recurrent teaching grant
- £160 million for knowledge exchange
- £98 million for national facilities and initiatives
- £478 million for capital funding.

3. The Board agreed these 2016-17 academic year budgets, assuming that the indicative funding available for the 2017-18 financial year will be confirmed. As usual, any future changes to the grant made available to us by Government could affect the funding we are able to distribute to institutions in the 2016-17 academic year, and this may include revising allocations after they have already been announced. Accordingly, institutions should plan their budgets prudently.

4. We are increasing by £20 million the 2016-17 budget for mainstream quality-related research (QR) and its London weighting to a total of £1,070 million. The other separate streams within recurrent research funding are maintained in cash terms at the same level as for 2015-16.

5. We are maintaining in real terms the total teaching grant budgets for our main high-cost subject allocation and for the targeted allocation for very high-cost STEM subjects (physics; chemistry; chemical engineering; and mineral, metallurgy and materials engineering).

6. We are introducing a stream of funding for a geographically focused national collaborative outreach programme that will target those places where students have the educational attainment or potential to succeed in higher education but where there is evidence that entry rates are below expectations. 'National collaborative outreach programme: Invitation to submit

proposals for funding' (HEFCE 2016/06) invites proposals from consortia of institutions and others working together to widen access in areas that we have identified.

7. We are doubling the funding to improve provision for disabled students in 2016-17 to £40 million. The increase is to support institutions to meet the rapid rise in the number of students reporting mental health problems and to transition towards an inclusive social model of support for disabled students. The distribution of this funding better reflects the actual numbers of disabled students at each institution by no longer assigning institutions to quartile groups for weighting purposes.

8. We have reviewed allocations to support specialist institutions with world-leading teaching.

9. The amount of recurrent teaching grant continues to decline, predominantly as a result of the continuing phase-out of funding for old-regime students (those students who started their studies before 1 September 2012). The supplement for old-regime students declines by £54 million from £91 million in 2015-16 to £37 million in 2016-17.

Action required

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

Elements of grant

11. This publication announces provisional recurrent grants for teaching, research and knowledge exchange. Formula capital grants for teaching and research under the Capital Investment Framework were announced separately in HEFCE Circular Letter 04/2016. This publication 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.

12. The grant letter to HEFCE of 4 March 2016 from the Department for Business, Innovation and Skills (BIS) (<http://www.hefce.ac.uk/funding/govletter/>) confirmed the funding available for the 2016-17 financial year (April to March), and provided confirmation of research funding for the 2017-18 financial year and indicative teaching funding for the same year. The letter also identified the policies and priorities that should underpin our approach to funding.

13. In the light of the grant letter, the Board has agreed 2016-17 academic year budgets, assuming that the indicative grant for the 2017-18 financial year will be confirmed, and has also taken into account the Government announcements made in the Autumn Statement and Spending Review on 25 November 2015 about overall changes to be expected by the end of the spending review period. Any future changes to the grant made available to us by Government could affect the funding we are able to distribute to institutions in the 2016-17 academic year, and this may include revising allocations after they have already been announced. Accordingly, institutions should plan their budgets prudently.

14. 'Guide to funding 2016-17: How HEFCE allocates its funds' (HEFCE 2016/07) explains how we calculate allocations for individual institutions. The total grant we are distributing in 2016-17 is £3,674 million and this is broken down as shown in Table A.

Table A: HEFCE grant to be distributed in 2016-17

Main elements of grant	Total (£M)
Institutional recurrent funding, made up of:	
Research	1,578
Teaching	1,360
Knowledge exchange (HEIF)	160
Total institutional recurrent funding	3,098
Funding for national facilities and initiatives	98
Capital funding	478
Total funding to be distributed	3,674

15. Table B shows the disaggregation of our recurrent funding for 2016-17 between different elements of grant.

Table B: 2016-17 Budgets for elements of recurrent grant

	Total (£M)
Recurrent funding for teaching	
High-cost subject funding	672
Targeted teaching allocations	
Widening access for students from disadvantaged backgrounds: full-time	37
Widening access for students from disadvantaged backgrounds: part-time	17
National collaborative outreach programme	30
Improving provision for disabled students	40
Improving retention: full-time	215
Improving retention: part-time	63
Students attending courses in London	64
Part-time undergraduates	8
Accelerated full-time undergraduate provision	2
Intensive postgraduate provision	35
Specialist institutions	64
Very high-cost STEM ¹ subjects	24
Erasmus+ and overseas study programmes	28
Clinical consultants' pay	17
Senior academic general practitioners' pay	1
NHS pensions scheme compensation	5
Supplement for old-regime students	37
Sub-total: targeted allocations	687
Total recurrent teaching	1,360
Recurrent funding for research	
Mainstream quality-related research (QR) including London weighting	1,070
QR research degree programme (RDP) supervision	240
QR charity support fund	198
QR business research element	64
QR funding for National Research Libraries	7
Total recurrent research	1,578
Knowledge exchange (HEIF)	160
Total recurrent grant	3,098

16. The distribution of recurrent funding to institutions announced in this publication totals £3,054 million. The difference to the total £3,098 million in Table B comprises:

¹ STEM comprises science, technology, engineering and mathematics. For research (but not teaching) funding purposes it also includes medicine.

- £10 million for the knowledge exchange supplement for the top performing institutions
- £30 million set aside for the national collaborative outreach programme for which institutions will be able to bid as part of a consortium to widen access in those particular geographical areas where participation in higher education is particularly low
- £3 million set aside for some targeted allocations for distribution by October 2016 to allow for changes to underlying data.

17. This publication is concerned with the distribution between institutions of recurrent grants for teaching, research and knowledge exchange. Table 1 at Annex A summarises the provisional funding allocations for each institution, and is available to download alongside this document as a separate file. The headings within this table are defined in Annex B.

18. The HEFCE Board agreed the allocations of funding announced in this document in April 2016. Institutions received details of their individual grant allocations on 19 April 2016.

Developments to the funding method for teaching

19. We have introduced a new stream of funding for a geographically focused, national collaborative outreach programme that will target those places where students have the educational attainment or potential to succeed in higher education but where there is evidence that entry rates are below expectations (see 'National collaborative outreach programme: Invitation to submit proposals for funding', HEFCE 2016/06). The funding for this will be £30 million for 2016-17, rising to £60 million from 2017-18, with the total split by English county. We will allocate the total for each county in response to proposals from local consortia of institutions and others working together to conduct intensive outreach in these areas in order to address these gaps. Formula-based allocations to institutions for widening access for students from disadvantaged backgrounds also continue in 2016-17, but with a reduced overall budget of £54 million.

20. Funding for improving provision for disabled students has doubled in 2016-17 to £40 million. The increase is to support institutions to meet the rapid rise in the number of students reporting mental health problems and to transition towards an inclusive social model of support for disabled students. The distribution of this funding better reflects the actual numbers of disabled students at each institution, by no longer assigning institutions to quartile groups based on their proportions of disabled students as a means of determining funding weights.

21. We have reviewed the allocations to support specialist institutions with world-leading teaching, in the light of submissions made in response to 'Institution-specific funding: Circular letter outcomes and invitation to make a submission', HEFCE Circular letter 2015/10. We are making formula-based allocations for 2016-17 to those institutions that demonstrated that they met the criteria for funding, and are providing transitional funding to institutions that:

- received an institution-specific allocation in 2015-16 amounting to at least 10 per cent of their recurrent grant, but which have not secured a formula allocation for 2016-17
- have secured a formula allocation for 2016-17 that is less than their institution-specific allocation for 2015-16.

22. We are continuing to provide a supplementary funding allocation for 2016-17 to reflect old-regime students still studying at institutions. This allocation is planned to continue in 2017-18 and is subject, like all other allocations, to affordability in the light of future government funding decisions. The allocation recognises the differences between rates of funding used in our funding method for new-regime² students, and the rates previously provided for old-regime students. The allocations are as previously notified to institutions indicatively following review last year. We intend to consult institutions later this year on the development of our teaching funding methods from the 2017-18 academic year.

Presentational changes

23. From the 2016-17 academic year, we will no longer have an overarching allocation for student opportunity. Instead we are showing the different elements within it (relating to widening access for students from disadvantaged backgrounds, improving provision for disabled students, and improving retention) as targeted allocations, which are all presented under a single column in Annex A. This change is reflected throughout our 2016-17 funding announcement.

24. High-cost subject funding is now separated into two allocations: a main subject-based allocation and a supplement for postgraduate taught students. In previous years, these two elements were combined and were reflected in the rates for high-cost subject funding.

The funding method for research

25. Funding for research continues to be informed by the results of the 2014 Research Excellence Framework (REF), published in December 2014 (www.ref.ac.uk/pubs/201401/). REF 2014 demonstrated the world-leading quality of research conducted in UK higher education institutions (HEIs) and highlighted the wide-ranging and significant benefits that UK research brings to the economy and society.

26. The underlying policy intent for our research funding in our annual grant letter from BIS remains as before, 'to continue the selective funding of world-leading and internationally excellent research with impact wherever it is found; to provide selective support for the next generation of researchers; and to recognise research funding leveraged from external sources such as the charitable and business sectors'.

27. For 2016-17, we are increasing by £20 million the funding for mainstream QR and its London weighting, and maintaining in cash terms the amounts for other streams within recurrent research funding. There are no changes to research funding methods for 2016-17. We intend to consult institutions later this year on the development of our research funding methods from the 2017-18 academic year.

Recurrent funding outcomes for institutions

28. The additional £20 million for mainstream QR funding and its London weighting provides an increase for institutions of approximately 1.9 per cent. Institutions may also see changes to their share of the QR allocations for research degree programme (RDP) supervision funding and the charities and business elements, to reflect changes, relative to the sector as a whole, to their postgraduate research student numbers and research income data.

² New-regime students are those who started on or after 1 September 2012.

29. Within teaching grant, the continuing transition from the old to the new fee and funding regime still affects teaching grants for institutions with longer courses. The overall reduction to the supplement we are providing for old-regime students between 2015-16 and 2016-17 is £54 million, but this reduction now applies primarily to a much more limited number of institutions.

30. Individual institutions may have changes to their teaching grant for high-cost subject funding and certain targeted allocations, to reflect the latest student data. Most will see changes to their funding for improving provision for disabled students as a result of the overall budget for 2016-17 being doubled to £40 million, and our use of institutions' actual proportions of disabled students (rather than assigning institutions to quartile groups) as a means of determining funding weights. Additionally, all institutions will see changes to their formula-driven funding for widening access for students from disadvantaged backgrounds to reflect the reduction to the overall budget for 2016-17. Following the review of institution-specific funding, individual institutions will also have changes to their allocations, which may incorporate a transitional element.

31. Although the funding method for knowledge exchange remains the same as for 2015-16, some institutions have changes to their share of this funding, to reflect the use of the latest Higher Education – Business Community Interaction (HE-BCI) data in calculating allocations. This allocation is based on the last three years of HE-BCI data (for 2012-12, 2013-14 and 2014-15), weighted 1:2:7 (highest weighting for the most recent year).

Funding for national facilities and initiatives and capital grants

32. 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. Both support the development of the national infrastructure. The distribution of funding for national facilities and initiatives, and capital funding, is not shown in this publication.

Funding for national facilities and initiatives

33. Our funding to support national facilities and initiatives promotes specific policies or contributes towards additional costs for institutions that are not recognised through our recurrent funding methods. This funding totals £98 million for the 2016-17 academic year. This amount includes continuing investment in the Catalyst Fund as well as support for national bodies such as Jisc.

Capital grants

34. The capital funding made available to us by Government for financial year 2016-17 totals £478 million. We have supplemented this with £20 million from receipts from earlier repayable capital grants. The total that we are distributing includes:

- £135 million for the UK Research Partnership Investment Fund
- £189 million for formula-based research capital
- £126 million for formula-based teaching capital
- £28 million for the Catalyst Fund.

35. Capital funding is normally provided on a financial year basis. 'Formula-based capital allocations for teaching and research' (HEFCE Circular letter 04/2016) announced the distribution between institutions of the £315 million attributable to these elements of capital funding. Capital funding must be used for the purposes intended, and HEFCE is not permitted to make payments to institutions in advance of need. HEFCE funding should not be used for advance payments to contractors, or other financing arrangements (such as bonds) where payments precede production of goods or delivery of services.

2016-17 Funding agreement and conditions of grant

36. The only funding agreement requirements affecting student numbers for 2016-17 are the medical and dental intake targets, which apply only to some HEIs. These 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.

37. We will not count students recruited in excess of the medical or dental intake targets towards our main funding allocation for students in high-cost subjects: this will apply to all years of study relating to the excess numbers recruited. Our grant letter from BIS of 4 March 2016 asks us 'to continue to impose sanctions on institutions that repeatedly over-recruit, including reductions to grant that reflect the cost to Government of providing student support for the excess numbers recruited'. We will therefore, subject to confirmation from BIS, reduce grant for any institution that over-recruits against either target in 2016-17, if they have also over-recruited against the equivalent target for 2015-16. The reduction will be calculated at a rate of £1,000 less than the average fee after fee waivers charged by the institution, reflecting their access agreement with the Office for Fair Access. It will apply for each excess student recruited in 2016-17, but moderated to recognise that a proportion of the intake target can be used for overseas students.

38. 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 HEIs are given in the memorandum of assurance and accountability (see 'Memorandum of assurance and accountability between HEFCE and institutions: Terms and conditions for payment of HEFCE grants to higher education institutions', HEFCE 2014/12). We are updating this memorandum from 2016-17.

39. In July we will send institutions their funding agreement for 2016-17. This will specify particular conditions attached to our funding, including the medical and dental intake targets. 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 further education colleges are accountable to the Skills Funding Agency and sixth form colleges to the Education Funding Agency, not to HEFCE. Our annual funding agreement with FECs that we fund directly therefore incorporates those sections of our memorandum of assurance and accountability with HEIs that are relevant to them. We will update the conditions of grant for 2016-17 to reflect the new approach to quality assessment, as set out in 'Revised operating model for quality assessment' (HEFCE 2016/03).

40. HEFCE's grant letter from BIS of 4 March 2016 confirmed that a condition of grant continues to apply for 2016-17, requiring compliance with tuition fee regulations and the terms of

any access agreement in force as agreed with the Director for Fair Access. This also set out the action that may be taken for any breaches of that condition, which requires 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 amended³.

a. The prescribed amounts for 2016-17 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 2004⁴ as amended by Regulation 3 of the Student Fees (Basic and Higher Amounts) (Approved Plans) (England) (Amendment) Regulations 2012⁵. For these courses:

- i. The basic amount is £1,380 (£680 where Regulation 5 of the Student Fees (Amounts) (England) Regulations 2004 applies).
- ii. 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 2010⁶ and the Higher Education (Higher Amount) (England) Regulations 2010⁷, 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 2013⁸. 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) An Erasmus year⁹.
 - 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) During which any periods of full-time study are in aggregate less than 10 weeks.

³ Statutory Instrument 2007/778, as amended, at the time of writing, by Statutory Instruments 2007/2263, 2008/1640, 2011/87 and 2012/1653; all Statutory Instruments are available at www.legislation.gov.uk.

⁴ Statutory Instrument 2004/1932.

⁵ Statutory Instrument 2012/433.

⁶ Statutory Instrument 2010/3021.

⁷ Statutory Instrument 2010/3020.

⁸ Statutory Instrument 2013/3106.

⁹ 'Erasmus year' is defined in Regulation 4 of Statutory Instrument 2013/1728, which amends the definition given in the Education (Student Support) Regulations 2011 (Statutory Instrument 2011/1986).

or

2) 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 2015-16 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.

41. We will write to institutions in the autumn about submissions required as a condition of the funding we provide for widening access, student success and disability allocations.

42. The targeted allocation for very high-cost STEM subjects within teaching grant is conditional on institutions continuing to maintain taught programmes in the very high-cost disciplines that this funding aims to sustain. Institutions that discontinue or substantially reduce their provision in any of these subjects in 2016-17 will lose their allocation of this funding and be required to repay all funding received. Institutions in receipt of this funding may be asked to submit qualitative monitoring information on the use of the funds. This will complement our monitoring of activity in these subjects through the Higher Education Statistics Agency (HESA) record.

43. 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 programmes¹⁰ with respect to those departments that attract QR RDP supervision grant.

44. If an institution has no HEFCE-fundable students, all its recurrent and capital funding for teaching will be held back. This includes funding for targeted allocations. A further consequence is that the institution would lose its automatic designation for student support.

45. Our memorandum of assurance and accountability and funding agreements with institutions contain sections on providing information. These information requirements are part of the terms and conditions attached to the funding for 2016-17. Details are contained in '2016-17 Recurrent grant tables for higher education institutions: guidance' and the equivalent document for FECs, which were provided to institutions on 19 April 2016.

46. For institutions' reporting obligations relating to students under the memorandum of assurance and accountability and funding agreement, students registered at an 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 2015-16 funding agreements with institutions and in the 2015 Higher Education Students Early Statistics (HESES) and Higher Education in Further Education: Students (HEIFES) surveys.

¹⁰ Chapter B11 of the UK Quality Code for Higher Education is available from www.qaa.ac.uk/en/Publications/Documents/Quality-Code-B11.pdf

47. As part of the funding agreement, each institution agrees that non-statutory bodies which perform a function for the HE sector, specifically UCAS and the Student Loans Company, may provide us with 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

48. Data collected from institutions informs our recurrent funds for teaching, research and knowledge exchange, 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 (KIS). 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 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 allocations for the year in question and all subsequent years. We reserve the right to review allocations for the most recent seven-year period.

49. 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).

50. We will seek assurances from accountable officers and audit committees about arrangements for the management and quality assurance of data submitted to HESA, HEFCE and other bodies. This is to improve the reliability of data, which is crucial for the efficiency of our funding, 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

51. 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: Table 1

Table 1: Recurrent grants for academic year 2016-17

This table is available to download as an Excel file alongside this document at www.hefce.ac.uk/pubs/year/2016/201609/.

Annex B: Descriptions of columns in Table 1

Table 1: Recurrent grants for academic year 2016-17

1. **High-cost subject funding: subject-based allocation** shows the allocation for undergraduate and postgraduate taught students in high-cost subjects.
2. **High-cost subject funding: supplement for postgraduate taught** shows the further allocation for postgraduate taught students in price groups A to C2 (except where students have access to the undergraduate student support scheme).
3. **Targeted allocations** comprise funding for:
 - a. Widening access for students from disadvantaged backgrounds (£54 million).
 - b. Improving provision for disabled students (£40 million).
 - c. Improving retention (£277 million).
 - d. Part-time undergraduates (£8 million).
 - e. Accelerated full-time undergraduate provision (£2 million).
 - f. Intensive postgraduate provision (£35 million).
 - g. Erasmus+ and overseas study programmes (£28 million).
 - h. Specialist institutions (£64 million).
 - i. Very high-cost STEM subjects (£24 million).
 - j. Students attending courses in London (£64 million).
 - k. Clinical consultants' pay (£17 million).
 - l. Senior academic GPs' pay (£1 million).
 - m. NHS pensions scheme compensation (£5 million).
 - n. Supplement for old-regime students (£37 million).
4. **Total teaching funding** is the sum of the previous three columns.
5. **Total research funding** comprises:
 - a. Mainstream quality-related research (QR) (£1,037 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 our main allocation to support the range of knowledge-based interactions between higher education and the economy and society that create external impact. It does not include the £10 million knowledge exchange supplement.

7. **Total recurrent grant 2016-17** is the sum of total teaching funding, total research funding and knowledge exchange funding.

List of abbreviations

BIS	Department for Business, Innovation and Skills
EU	European Union
FECs	Further education and sixth form colleges
GP	General practitioner
HE	Higher education
HEI	Higher education institution
HEIFES	Higher Education in Further Education: Students survey
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics survey
QR	Quality-related research
RDP	Research degree programme
REF	Research Excellence Framework
STEM subjects	Science, technology, engineering and mathematics. In this document STEM also includes medicine for research funding purposes, but not for teaching funding.