



Allocation of funds

October 2016/31

Recurrent grants for 2016-17

Final allocations

This document summarises our final allocations to institutions of recurrent funding for the academic year 2016-17 and outlines the reasons for changes since the provisional allocations in May 2016.

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Recurrent grants for 2016-17: 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	2016/31
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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 2016-17 and outlines the reasons for changes since the provisional allocations in May 2016.

Key points

2. We first announced provisional allocations of grant for the year in 'Recurrent grants for 2016-17' (HEFCE 2016/09). This document shows, for each institution, the final allocations for 2016-17, and summarises the reasons for changes since the allocations announced in May 2016. Further changes for individual institutions may still arise following data audit and reconciliation. The funding announced for the 2016-17 academic year assumes that the indicative funding made available to us by Government for the 2017-18 financial year will be confirmed. As usual, any future changes to the available grant 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.

3. The overall budget for the 2016-17 academic year remains £3,674 million, of which £3,098 million is allocated as recurrent grant. This publication shows the distribution of £3,058 million of recurrent grants to institutions. The balance of £40 million is attributable to the national collaborative outreach programme (£30 million) and supplementary knowledge exchange funding (£10 million).

4. The main reason for changes to institutions' allocations since those announced in HEFCE 2016/09 is the distribution of £3 million that had been set aside in the teaching grant for some targeted allocations to allow for changes to underlying data. Other changes result from institutional mergers, transfers and data amendments, in some cases following data audit and reconciliation.

Action required

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

Introduction

6. This publication updates the provisional grant allocations announced in ‘Recurrent grants for 2016-17’ (HEFCE 2016/09, www.hefce.ac.uk/pubs/year/2016/201609/) published in May 2016. Institutions received details of their updated individual grant allocations on 26 October 2016.

7. The Government grant letter to HEFCE of 4 March 2016 (www.hefce.ac.uk/funding/govletter) confirmed the funding available for the 2016-17 financial year (April to March) and research funding for the 2017-18 financial year, and provided indicative teaching funding for the same year. The letter also identified the policies and priorities that should underpin our approach to funding.

8. In the light of the grant letter, the Board agreed 2016-17 academic year budgets, assuming that the indicative grant for the 2017-18 financial year would be confirmed. Any future changes made by Government to our available grant 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.

9. ‘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 remains £3,674 million, 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	160
Total institutional recurrent funding	3,098
Funding for national facilities and initiatives	98
Capital funding	478
Total funding to be distributed	3,674

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. Annex A, available to download alongside this document as a separate file, comprises Table 1, which summarises the revised 2016-17 recurrent funding allocations for each institution. The headings in that table are defined in Annex B. The revisions to recurrent grant allocations since HEFCE 2016/09 are summarised in Table B.

Table B: Changes to 2016-17 recurrent grants (all figures in £s)

Element of grant	Change to 2016-17 grant
High-cost subject funding	-825,989
Targeted allocations	3,827,920
Teaching funding (total change)	3,001,931
Research funding (total change)	93,566
Knowledge exchange funding (total change)	15,698
Total changes to 2016-17 recurrent grants	3,111,195

12. The main reason for changes since HEFCE 2016/09, affecting almost all institutions, has been to allocate £3 million of teaching grant previously set aside to allow for changes to underlying data that inform some targeted allocations. In particular, formula funding for widening access has increased by £0.4 million; funding for improving retention has increased by £2.25 million and funding for improving provision for disabled students has increased by £0.3 million. Changes to underlying data were insufficient to account for the full £3 million set aside, so we have increased grant rates slightly to ensure the full amount has been allocated.

13. Other changes to recurrent grants for individual institutions arise from:

- a. Institutional mergers and transfers, particularly affecting further education and sixth form colleges (FECs).
- b. Data amendments, in some cases following data audit and reconciliation.
- c. Revisions to transitional funding following the review of funding for specialist institutions.

Funding not shown in Table 1

14. Table 1 of Annex A shows total allocations to institutions of £3,058 million. The difference between that figure and the available recurrent grant budget of £3,098 million comprises:

- a. £10 million for the knowledge exchange supplement for the top performing institutions. We notified institutions individually of these allocations in their recurrent grant letters of 19 April 2016.
- b. £30 million for the National Collaborative Outreach Programme, which is not included in institutional recurrent grants. We notified successful consortia of their funding for 2016-17 on 22 September 2016.

Conditions of grant

15. 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 2016/12, www.hefce.ac.uk/pubs/year/2016/201612/).

16. In July 2016 we sent each institution its funding agreement for 2016-17, 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 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. Specimen copies of the funding agreements for HEIs and FECs are available at www.hefce.ac.uk/funding/annallocns/1617/institutions/, by selecting 'July 2016 announcement'.

Audit of funding and student number data

17. 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.

18. 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).

19. 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

20. 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

Table 1 is available to download as an Excel file alongside this document at www.hefce.ac.uk/pubs/Year/2016/201631/.

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 (£279 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 (£65 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 the main formula allocation for knowledge exchange, excluding the £10 million supplement.
7. **Total recurrent grant 2016-17** is the sum of the previous three columns.

List of abbreviations

FECs	Further education and sixth form colleges
HEIs	Higher education institutions
HESA	Higher Education Statistics Agency
QR	Quality-related research
RDP	Research degree programme
STEM	Science, technology, engineering and mathematics. For research funding purposes, STEM subjects also include medicine.