

October 2009/42

Core funding/operations

Allocation of funds

This report is for information only

This document shows the final allocations of HEFCE recurrent grants for 2009-10 for the universities and colleges we fund directly. It also explains the changes made since the provisional allocations were announced in March (HEFCE 2009/08).

Recurrent grants for 2009-10

Final allocations

Recurrent grants for 2009-10: Final allocations

To	Heads of HEFCE-funded higher education institutions Heads of HEFCE-funded further education colleges Heads of universities in Northern Ireland
Of interest to those responsible for	Finance, Planning
Reference	2009/42
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Enquiries to	HEFCE higher education policy advisers or recurrentgrant@hefce.ac.uk

Executive summary

Purpose

1. This document gives our final allocations of recurrent funding to institutions for the academic year 2009-10.

Key points

2. We have updated a number of the allocations given in 'Recurrent grants for 2009-10' (HEFCE 2009/08). The main reasons for the changes are:

- a. Implementation of an efficiency saving on recurrent teaching grant.
- b. Revisions to funding for additional student numbers.
- c. Mergers and transfers of student numbers and funding between institutions.
- d. Changes to targeted allocations.
- e. Changes to grant following data reconciliations and audit.
- f. Changes to funding for moderation.

Total recurrent funding has decreased by £51,341,833 to £6,448,694,711.

3. The Financial Memorandum between the Council and institutions (HEFCE 2008/19) specifies the terms and conditions governing our grants.

4. Institutions supply data to inform funding allocations. We will continue to audit these data selectively, and will also use data from the Higher Education Statistics Agency and the Further Education Data Service to verify them. If we find that the data were inaccurate, so that institutions have received higher allocations than they should have done, we will reduce their funding.

Action required

5. No action is required.

Introduction

6. 'Recurrent grants for 2009-10' (HEFCE 2009/08), issued in March 2009, announced provisional allocations of HEFCE funding for academic year 2009-10. This report contains the final allocations.

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

Revisions to allocations

8. Table 1 in HEFCE 2009/08 showed total grants for 2009-10 of £6,500,036,544. The revisions to those allocations are shown in Table A.

Table A Revisions to provisional allocations in Table 1

Headings from Table 1 of HEFCE 2009/08	HEFCE 2009/08 provisional allocations (£)	Final allocations (£)	Change (£)
Teaching funds:			
Core funding	3,847,095,376	3,859,573,374	12,477,998
Mainstream additional funded places	36,689,653	41,776,207	5,086,554
Non-mainstream funded places	42,955,559	37,578,711	-5,376,848
Widening participation	141,001,184	143,678,933	2,677,749
Teaching enhancement and student success	266,158,937	269,289,331	3,130,394
Other targeted allocations	317,997,792	315,655,700	-2,342,092
Other recurrent teaching grants	106,167,883	105,373,227	-794,656
Efficiency saving	n/a	-64,951,260	-64,951,260
Total teaching funding	4,758,066,384	4,707,974,223	-50,092,161
Total recurrent research funding	1,572,000,422	1,570,760,063	-1,240,359
Transitional quality-related research funding	11,875,477	11,875,477	0
Higher Education Innovation Fund	134,075,012	134,075,012	0
Moderation funding	24,019,249	24,009,936	-9,313
Total recurrent grant 2009-10	6,500,036,544	6,448,694,711	-51,341,833

9. Changes to 2009-10 grant since March can be summarised under the following main headings:

- a. Implementation of an efficiency saving on recurrent teaching grant.
- b. Revisions to funding for mainstream additional student numbers (ASNs) and non-mainstream funded places.

- c. Institutional mergers and transfers (including the dissolution of HEFCE-recognised funding consortia).
- d. Changes to grant following data reconciliations and audit.
- e. Changes to the widening participation (WP) targeted allocation, teaching enhancement and student success (TESS) targeted allocation and other targeted allocations.
- f. Other miscellaneous adjustments.
- g. Changes to funding for moderation.

Implementation of an efficiency saving

10. When we announced the provisional funding allocations for 2009-10 in March we stated that if, before July 2009, we received confirmation of our grant for the 2010-11 financial year and this differed significantly from the assumptions we had made, then we reserved the right to review all of our allocations for the 2009-10 academic year. This is because of the four-month overlap of the 2010-11 financial year and the 2009-10 academic year (April to July 2010).

11. The Secretary of State's letter dated 6 May 2009¹ stated that efficiency savings of £180 million were required to be delivered by higher education as part of the additional efficiencies required in the 2010-11 financial year as set out in the 2008 Pre-Budget Report. As a contribution to the overall efficiency saving of £180 million required in the 2010-11 financial year, a £65 million saving has been applied to teaching grant in the 2009-10 academic year.

12. This efficiency saving has been applied pro-rata to all elements of recurrent teaching grant, incorporating other changes to the allocations since March. The adjustment is 1.36² per cent of total teaching funding.

Revisions to funding for additional student numbers

13. The provisional allocations included new additional places offered to institutions through strategic growth or previous ASN exercises. Some allocations have been revised to reflect institutions' responses to the ASNs shown in their provisional allocations, and some Lifelong Learning Networks (LLNs) have distributed additional places among partner institutions. There have been further additional places awarded, including places co-funded with employers. The figures in Table A reflect both the further allocations of ASNs and the transfers of funding from 'Non-mainstream funded places' to 'Mainstream additional funded places' that have resulted from the mainstreaming of funding for some LLNs. This explains why the table shows a reduction for non-mainstream funded places, even though we have allocated further places co-funded with employers (since March). Some of the funding that has been mainstreamed has rolled forward from 2008-09, and this is included within the 'Core funding' row of Table A. The increase to core funding seen in Table A is largely attributable to the mainstreaming of funding for LLNs.

¹ The letter can be read in full at www.hefce.ac.uk/news/hefce/2009/efficiency/letter.htm

² The figure of 1.36 per cent has been rounded to aid reading of this document. In our calculations we have used an unrounded figure of 1.360827 per cent.

Institutional mergers and transfers

14. Indirect funding through HEFCE-recognised funding consortia is not available from 2009-10³. Most of the institutions previously funded through these arrangements have opted to remain indirectly funded through the former lead of the consortium but five further education colleges (FECs) have opted for alternative funding routes. Four FECs have chosen to be directly funded and one FEC has chosen to be funded indirectly through another FEC.

15. From 2009-10 FECs can obtain HEFCE funding for their higher education programmes directly from us, or indirectly from another institution through a franchise. In addition to the changes above this year two FECs have chosen to be funded indirectly from 2009-10, three institutional mergers will be effective from 2009-10, and several institutions have changed their name. Annex A gives details of the mergers, any changes to funding routes, and the name changes that have been incorporated since our March grant announcement. The net funding implications arising from mergers and transfers of provision are not always neutral. For example, formula allocations for targeted allocations and the entitlement to migration funding can change.

Changes to grant following data reconciliations and audit

16. There have been a number of changes to grant for institutions as a result of the reconciliation exercise between Higher Education Statistics Agency (HESA) data and the Higher Education Students Early Statistics (HESES) survey for 2007-08 and previous years, and the equivalent exercises for FECs. The 2007-08 exercise for higher education institutions was announced in '2007-08 statistics derived from HESA data for monitoring and allocation of funding' (HEFCE 2009/22). A number of changes to grant have also resulted from audits of HESES and Higher Education In Further Education: Student Survey data.

Changes to widening participation, teaching enhancement and student success and other targeted allocations

17. We have made some amendments to our algorithms for the WP and TESS targeted allocations to address certain data issues that have emerged since March. These changes include:

- assuming an institutional average weight for all full-time mature UCAS entrants with A-level or A-level-equivalent entry qualifications, where it is not otherwise possible to determine a risk category for them by calculating their tariff points from existing data
- minor refinements to improve our original assumptions of the assignment of tariff scores to certain combinations of entry qualification type and grade, and entry profile information for some new entrants who have prior experience of higher education
- minor corrections to the calculation of FTE for some students who started their studies in 2006-07 but are counted (for funding purposes) for the first time in 2007-08
- a correction to the assignment of fundability status for some entrants whose course aim is credits at certificate level (in respect of their equivalent or lower qualification (ELQ) status)

³ See 'Higher education in further education colleges: consultation on HEFCE policy' (HEFCE 2006/48), the outcomes of which were published in 'Higher Education in further education colleges: implementation of HEFCE policy' (HEFCE Circular letter 27/2007).

- minor refinements to our treatment of students who did not have start date information returned on their HESA return
- minor refinements to our treatment of some students who returned to their studies in 2008-09 after a period of inactivity.

We have ensured that no institution is disadvantaged as a result of the changes.

18. There have also been changes to WP and TESS targeted allocations due to changes to institutional data – either to assumed student numbers for 2009-10, or to underlying individualised data submitted to HESA or to the Further Education (FE) Data Service July individualised learner record. Any change to underlying student numbers also affects other targeted allocations.

Other miscellaneous adjustments

19. Last year we agreed to delay implementation of the ELQ policy for a year for those theology students training for the ministry. We are extending this delay by a further year. This postponement does not apply to those providers that have, in the course of the year, taken forward co-funded or foundation degree awards in this area of provision. In implementing this, we have increased 2009-10 transitional funding for ELQs for three institutions.

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

Changes to funding for moderation

21. To help maintain stability for institutions, we have continued our policy of phasing in changes by moderating the allocations. In order to deliver the required efficiency saving in 2009-10 we have revised the threshold for moderation from the threshold announced in March. Moderation is provided so that no institution sees a reduction in cash terms of more than 0.6 per cent compared with the equivalent, unmoderated figure for 2008-09. We will not provide moderation where it amounts to less than £100,000. The changes described in paragraphs 10 to 20 can affect the need for moderation funding for individual institutions.

Summary of changes to grant

22. The above changes to grant are summarised in Table A. Final grant allocations for 2009-10 are given in Table 1 of Annex B. Table 2 compares them with the allocations for 2008-09. Annex A of HEFCE 2009/08 provides a full explanation of the column headings of these two tables.

Conditions of grant

23. HEFCE grants are conditional on the funds being used for the activities specified in Section 65(2) of the Further and Higher Education Act 1992, and on institutions delivering teaching and research. The conditions that apply to funding for 2009-10 are set out in 'Model Financial Memorandum between HEFCE and institutions' (HEFCE 2008/19).

24. In July, we sent each institution its funding agreement for 2009-10, which forms Part 2 of our Financial Memorandum. For FECs whose higher education provision we fund directly, there is a single funding agreement that incorporates relevant parts of the Financial Memorandum. The funding agreement specifies further conditions of grant governing our funding, and sets targets

relating to student numbers that we expect institutions to meet in return for our funding for teaching. 'HEFCE grant adjustments 2009-10' (HEFCE 2009/24), describes how we will monitor whether institutions have met the targets in their funding agreement, and the action we will take if they do not.

Audit of funding data

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

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

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

Further information

28. Institutions requiring further information should contact their HEFCE higher education policy adviser (policy advisers for each institution are identified on the HEFCE web-site, www.hefce.ac.uk, under About us/Contact us) or e-mail recurrentgrant@hefce.ac.uk.

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

1. This annex lists the institutional mergers, changes to funding routes, and institutional name changes that we have incorporated since publishing our provisional allocations of recurrent grants for 2009-10, in March (HEFCE 2009/08).
2. Institutional mergers effective from 2009-10 are as follows:
 - a. Park Lane College has merged with Leeds College of Technology and Thomas Danby (not directly funded by HEFCE), to form Leeds City College, with effect from 31 May 2009.
 - b. Eccles College (not directly funded by HEFCE) and Salford College merged with Pendleton College to form Salford City College.
 - c. Matthew Boulton College of Further and Higher Education merged with Sutton Coldfield College (not directly funded by HEFCE) to form Birmingham Metropolitan College.
3. Changes in funding arrangements following the dissolution of HEFCE-recognised funding consortia effective from 2009-10 are as follows:
 - a. Basingstoke College, Derby College, Eastleigh College and Guildford College of Further and Higher Education have opted to be directly funded.
 - b. East Surrey College has opted to be indirectly funded through Guildford College of Further and Higher Education.
4. South Leicestershire College has chosen to be indirectly funded from 2009-10, and will be funded through the University of Northampton.
5. City of Wolverhampton College has chosen to be indirectly funded from 2009-10, and will be funded through the University of Wolverhampton.
6. The following institutions have changed their name since March:

Name at March 2009	Name at October 2009
Arts Institute Bournemouth	The Arts University College at Bournemouth
Leeds College of Art & Design	Leeds College of Art
Leeds Trinity & All Saints	Leeds Trinity University College
Plymouth College of Art and Design	Plymouth College of Art
Salford College	Salford City College

Annex B Tables

Table 1 Recurrent grant for academic year 2009-10

Table 2 Comparison with 2008-09 academic year recurrent grant

These tables can be found as one Excel file on the HEFCE web-site, www.hefce.ac.uk, alongside this document under Publications.

List of abbreviations

ASNs	Additional student numbers
FE	Further education
FEC	Further education college
HEFCE	Higher Education Funding Council for England
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics
LLN	Lifelong Learning Network
TESS	Teaching enhancement and student success
WP	Widening participation