

October 2008/40

Core funding/operations

Allocation of funds

This report is for information only

This document shows the final allocations of HEFCE recurrent grants for 2008-09 for the universities and colleges we fund directly. It also explains the changes made since the provisional allocations were announced in March (HEFCE 2008/12).

Recurrent grants for 2008-09

Final allocations

Recurrent grants for 2008-09

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	2008/40
Publication date	October 2008
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 2008-09.

Key points

2. We have updated a number of the allocations given in 'Recurrent grants for 2008-09' (HEFCE 2008/12). The main reasons for the changes are:

- a. Revisions to funding for additional student numbers.
- b. Changes to funding for widening participation.
- c. Transfers of student numbers and funding between institutions.
- d. Changes to grant following data reconciliations and audit.
- e. Changes to adjustments relating to students pursuing equivalent or lower qualifications.

Total recurrent funding has increased by £181,210,375 to £6,170,918,127 (including £112,043,150 for the fourth round of the Higher Education Innovation Fund). Total funding for very high cost and vulnerable science subjects has increased by £179,652 to £24,903,729.

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 Learning and Skills Council 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 2008-09' (HEFCE 2008/12), issued in March 2008, announced provisional allocations of HEFCE funding for academic year 2008-09. This report contains the final allocations.

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

Revisions to allocations

8. Table 1 in HEFCE 2008/12 showed total grants for 2008-09 of £6,014,431,829. 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 2008/12	HEFCE 2008/12 provisional allocations (£)	Final allocations (£)	Change (£)
Teaching funds:			
Core funding	3,651,915,800	3,709,999,265	58,083,465
Mainstream additional funded places	50,539,321	56,874,110	6,334,789
Non-mainstream funded places	37,024,556	32,729,308	-4,295,248
Widening participation	352,026,065	364,078,535	12,052,470
Other targeted allocations	263,910,447	265,765,628	1,855,181
Other recurrent teaching grants	174,612,811	167,853,881	-6,758,930
Total teaching funding	4,530,029,000	4,597,300,727	67,271,727
Total research funding	1,457,179,390	1,458,447,466	1,268,076
Higher Education Innovation Fund		112,043,150	112,043,150
Moderation of teaching and research	2,499,362	3,126,784	627,422
Total recurrent grant	5,989,707,752	6,170,918,127	181,210,375
Additional funding for very high cost and vulnerable science subjects	24,724,077	24,903,729	179,652
Total grant 2008-09	6,014,431,829	6,195,821,856	181,390,027

9. Changes to 2008-09 grant since March can be summarised under the following main headings:

- a. Revisions to funding for mainstream additional student numbers (ASNs) and non-mainstream funded places.
- b. Institutional mergers and transfers.
- c. Changes to grant following data reconciliations and audit.

- d. Changes to equivalent and lower qualification (ELQ) adjustments and other recurrent teaching grants.
- e. Changes to other targeted allocations.
- f. Other miscellaneous adjustments.
- g. Changes to formula allocations for widening participation.
- h. Effects of the above on funding for moderation.

10. In addition to the changes described above, we have now incorporated allocations under the fourth round of the Higher Education Innovation Fund (HEIF 4) into the recurrent grant tables, and these can be seen in Table 1 of Annex B.

Revisions to funding for additional student numbers

11. 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) and Higher Level Skills Pathfinders (HLSPs) 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 HLSPs and 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 2007-08, and this is included within the 'Core funding' row of Table A.

Institutional mergers and transfers

12. 'Higher education in further education colleges: guidance for colleges on funding options' (HEFCE 99/36) set out the options for further education colleges (FECs) to obtain HEFCE funding for their higher education programmes. This could be directly from us, or indirectly from a higher education institution (HEI) through either a franchise or a consortium arrangement. This year one FEC has chosen to be funded indirectly from 2008-09, and one FEC has given notification that it will not have any higher education provision in 2008-09 (therefore it no longer receives a direct funding allocation). In addition, three institutional mergers will be effective from 2008-09, 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 (zero). For example, formula allocations for widening participation and the entitlement to migration funding can change.

Changes to grant following data reconciliations and audit

13. 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 2006-07 and previous years, and the equivalent exercises for FECs. The 2006-07 exercise for HEIs was announced in '2006-07 statistics derived from HESA data for monitoring and allocation of funding' (HEFCE 2008/07). A number of changes to grant have also resulted from audits of HESES data.

14. We did not make a provisional allocation to London Metropolitan University in March. The university was issued with a funding agreement in July and its grant allocation is shown in Table 1 of Annex B.

Changes to ELQ adjustments and other recurrent teaching grants

15. Changes to ELQ adjustments have affected both the amounts withdrawn from mainstream teaching grant, and the transitional and safety net funding (which are allocated under the heading 'Other recurrent teaching grants'). Changes have arisen for several reasons, including the following:

- a. The March grant letter invited institutions to correct 2005-06 individualised data to change how an individual area of provision was treated for the purposes of determining ELQ adjustments. We made changes to the ELQ adjustments for 50 institutions arising from data corrections and a small number of other, institution-specific appeals.
- b. We discovered an error in our March grant calculations relating to ELQ adjustments, and we have now corrected this. The error affected 29 institutions, and the overall effect on 2008-09 grant (for the sector) was a reduction of approximately £15,000.
- c. Any changes to grant arising from other data amendments, reconciliation and audit have also had a knock-on effect on ELQ adjustments.
- d. A concession has been agreed to delay implementation of the ELQ policy for a year for those theology students who are training for the ministry. In implementing this, we have increased 2008-09 transitional funding for four HEIs.

Changes to other targeted allocations

16. Any change to ASNs and/or underlying student numbers also affects targeted allocations. The increase shown in Table A also incorporates the 'Other targeted allocations' for London Metropolitan University.

17. We have agreed to transfer all of the University of London's institution-specific targeted allocation to the London Whole Institution special funding stream. This change has no impact on the overall grant for the university in 2008-09. The university's total allocation (excluding HEIF) shown in Annex B has therefore reduced by £1,250,008, because the London Whole Institution special funding stream is not included in the recurrent grant publication tables.

Other miscellaneous adjustments

18. 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 formula allocations for widening participation

19. There have been changes to allocations for widening participation due to changes to institutional data – either to assumed student numbers for 2008-09, or to underlying individualised data submitted to HESA or to the Learning and Skills Council (LSC) July individualised learner record.

Effects on funding for moderation

20. To help maintain stability for institutions, we have continued our policy of phasing in changes by moderating the allocations. Each institution's recurrent resource (teaching and research grant, plus regulated fee income) will be at least maintained in cash terms compared with the equivalent unmoderated figure for 2007-08, but we will not provide moderation where it amounts to less than £100,000. The changes described in paragraphs 11 to 19 above can affect the need for moderation funding for individual institutions.

Summary of changes to grant

21. The above changes to grant are summarised in Table A. Final grant allocations for 2008-09 are given in Table 1 of Annex B. Table 2 compares them with the allocations for 2007-08. Annex A of HEFCE 2008/12 provides a full explanation of the column headings of these two tables.

Conditions of grant

22. 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 2008-09 are set out in 'Model Financial Memorandum between HEFCE and institutions' (HEFCE 2008/19).

23. In July, we sent each institution its funding agreement for 2008-09, 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 2008-09' (HEFCE 2008/20), 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

24. 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 LSC 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.

25. If we find that erroneous data have resulted in institutions receiving higher allocations than they should have done, we will reduce their funding accordingly.

Further information

26. 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 email 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 2008-09, in March (HEFCE 2008/12).
2. Institutional mergers effective from 2008-09 are as follows:
 - a. University College Falmouth merged with Dartington College of Arts, with effect from 6 April 2008. The merged institution has retained the name University College Falmouth.
 - b. Manchester College of Art and Technology has merged with City College, Manchester to form The Manchester College, with effect from 1 August 2008.
 - c. Dewsbury College has merged with Huddersfield Technical College to form Kirklees College, with effect from 1 August 2008.
3. Bromley College of Further and Higher Education has chosen to be indirectly funded from 2008-09, and will be funded through the University of Greenwich.
4. Lambeth College has given notification that it will not have any higher education provision in 2008-09, therefore it no longer receives a direct funding allocation.
5. The following institutions have changed their name since March:

Name at March 2008	Name at October 2008
University College for the Creative Arts at Canterbury, Epsom, Farnham, Maidstone, Rochester	University for the Creative Arts
Norwich School of Art and Design	Norwich University College of the Arts
Warwickshire College, Royal Leamington Spa, Rugby & Moreton Morrell	Warwickshire College

Annex B Tables

Table 1 Recurrent grant for academic year 2008-09

Table 2 Comparison with 2007-08 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
ELQ(s)	Equivalent or lower qualification(s)
FEC	Further education college
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HEIF (4)	Higher Education Innovation Fund (round four)
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics
HLSP	Higher Level Skills Pathfinder
LLN	Lifelong Learning Network
LSC	Learning and Skills Council