

October 2006/43

Core funding/operations

Allocation of funds

This report is for information only

This document shows the final allocations of HEFCE recurrent grants for 2006-07 for the universities and colleges we fund directly. It also explains the changes made since the provisional allocations were announced in March (HEFCE 2006/08).

Recurrent grants for 2006-07

Final allocations

Recurrent grants for 2006-07

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	2006/43
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Enquiries to	HEFCE higher education advisers

Executive summary

Purpose

1. This document gives our final allocations of recurrent funding to institutions for the academic year 2006-07.

Key points

2. We have updated a number of the allocations given in HEFCE 2006/08. The main reasons for 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. Allocations of additional migration funding.
- e. Changes to grant resulting from data reconciliation exercises, and from corrections to other underlying data.

3. Total recurrent funding has increased by £12,802,241 to £5,564 million.

4. The financial memorandum between the Council and institutions specifies the terms and conditions governing our grants.

5. 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

6. No action is required.

Introduction

7. HEFCE 2006/08, 'Recurrent grants for 2006-07', issued in March 2006, announced provisional allocations of HEFCE funding for the academic year 2006-07. This report contains the final allocations.

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

Revisions to allocations

9. Table 1 in HEFCE 2006/08 showed total grants for 2006-07 of £5,551,247,510. The revisions to those allocations are shown in Table A.

Table A Revisions to provisional allocations in Table 1

All figures in £s	HEFCE 2006/08 provisional allocations	Final allocations	Change
Headings from Table 1			
Changes to teaching funds:			
Core funding	3,749,970,006	3,753,154,012	3,184,006
Additional funded places	90,233,350	96,035,955	5,802,605
Widening participation	340,500,269	345,072,240	4,571,971
Other recurrent teaching grants	28,280,770	27,860,220	-420,550
Changes to total teaching funding	4,208,984,395	4,222,122,427	13,138,032
Changes to total research funding	1,339,999,998	1,340,842,579	842,581
Moderation of teaching and research	2,263,117	1,084,745	-1,178,372
Changes to total grant 2006-07	5,551,247,510	5,564,049,751	12,802,241

10. Table C provides a more detailed breakdown of the changes to 2006-07 grant since March, summarised under the following main headings:

- a. Revisions to funding for additional student numbers.
- b. Institutional mergers and transfers.
- c. Allocations of additional migration funding
- d. Changes to formula allocations for widening participation.
- e. Changes to grant resulting from data reconciliation exercises.
- f. Corrections to underlying institutional data and other miscellaneous transfers and adjustments.
- g. Effects of the above on funding for moderation.

Revisions to funding for additional student numbers

11. The provisional allocations included new and phased additional places offered to institutions in response to HEFCE 01/54, HEFCE 2002/39, HEFCE 2003/48 (including a follow-up exercise where insufficient places were originally allocated in four regions), HEFCE Circular letter 24/2003 and HEFCE 2005/14. Some allocations have been revised to reflect institutions' responses to the additional student numbers shown in their provisional allocations, particularly changes to the phasing of places between academic years, and their attribution between price groups. There have also been

some further additional places awarded alongside strategic projects, and some Lifelong Learning Networks have distributed additional places among partner institutions.

Institutional mergers and transfers

12. HEFCE 99/36, 'Higher education in further education colleges: guidance for colleges on funding options', 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 2006-07. In addition, two institutional mergers will be effective from 2006-07, 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.

Allocations of additional migration funding

13. We have reviewed the funding positions of a number of institutions that have been below the ± 5 per cent tolerance band around standard resource, and are providing additional migration funding for eight of them.

Changes to formula allocations for widening participation

14. There have been changes to allocations for widening participation due to changes to institutional data – either to assumed student numbers for 2006-07, or to underlying individualised data submitted to the Higher Education Statistics Agency (HESA) or the Learning and Skills Council (LSC) July individualised learner record (ILR).

Changes to grant resulting from data reconciliation

15. There have been a number of changes to grant for HEIs as a result of the reconciliation exercise between HESA data and the Higher Education Students Early Statistics Survey for 2002-03, 2003-04 and 2004-05. The 2004-05 exercise was first announced in HEFCE 2005/50, '2004-05 statistics derived from HESA data for monitoring and allocation of funding'.

16. There have been a number of changes to grant for FECs as a result of the reconciliation exercise between ILR data and the Higher Education in Further Education: Students Survey for 2001-02 to 2004-05. The 2004-05 exercise was first announced in HEFCE 2006/03, '2004-05 statistics derived from ILR data for the monitoring and allocation of funding in FECs'.

Corrections to data and other adjustments

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

Effects on funding for moderation

18. To help maintain stability for institutions, we have continued our policy of phasing in changes by moderating the allocations. Institutions will not receive a reduction in resource (teaching and research grant, plus regulated fee income) in real terms compared with the equivalent unmoderated

figure for 2005-06, subject to a minimum threshold of £100,000. The changes described in paragraphs 11 to 17 above can affect the need for moderation funding for individual institutions.

Summary of changes to grant

19. The above changes to grant are summarised in Table B, which uses the column headings from Table 1 in Annex B.

20. Final grant allocations for 2006-07 are given in Table 1 of Annex B. Table 2 compares them with the allocations for 2005-06. Annex A of HEFCE 2006/08 provides a full explanation of the column headings of these two tables.

Table B Summary of changes to grants for 2006-07

All figures in £s	Teaching funds					Total research funding	Moderation of teaching and research	Total grant
	Core funding	Additional funded places	Widening participation	Other recurrent teaching grants	Total teaching funding			
Reason for change								
Revisions to funding for additional student numbers	-98,414	4,724,386	0	-630,550	3,995,422	0	0	3,995,422
Institutional mergers and transfers	1,850,164	1,078,219	0	0	2,928,383	0	0	2,928,383
Allocations of additional migration funding	1,714,779	0	0	0	1,714,779	0	0	1,714,779
Changes to formula allocations for widening participation	0	0	4,571,971	0	4,571,971	0	0	4,571,971
Changes to grant resulting from data reconciliation	-908,322	0	0	0	-908,322	0	0	-908,322
Data corrections	20,235	0	0	0	20,235	842,581	0	862,816
Other miscellaneous adjustments	605,564	0	0	210,000	815,564	0	0	815,564
The effect of the above on moderation	0	0	0	0	0	0	-1,178,372	-1,178,372
Total	3,184,006	5,802,605	4,571,971	-420,550	13,138,032	842,581	-1,178,372	12,802,241

Conditions of grant

21. 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 2006-07 are set out in HEFCE 2006/24, 'Model financial memorandum between HEFCE and institutions'.

22. In July, we sent each institution its funding agreement for 2006-07, 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 2006/19, 'HEFCE grant adjustments 2006-07', 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

23. 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 which 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.

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

Further information

25. Institutions requiring further information should contact their HEFCE higher education adviser.

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 2006-07, in March (HEFCE 2006/08).
2. Institutional mergers effective from 2006-07 are as follows:
 - a. Wimbledon School of Art has merged with the University of the Arts London, meaning that HEFCE grant for the merged institution will be paid to the University of the Arts London from 2006-07.
 - b. Broxtowe College, Nottingham and The People's College, Nottingham have merged to become Castle College Nottingham.
3. The Pershore Group of Colleges has chosen to be indirectly funded through the University of Worcester from 2006-07.
4. Liverpool Institute for Performing Arts has been funded indirectly through Liverpool John Moores University up to and including 2005-06, but has been designated as being eligible to receive funding directly from 1 August 2006.
5. The following table shows institutions that have changed their name since March.

Name at March 2006	Name at October 2006
University of Luton	University of Bedfordshire
Edge Hill College of Higher Education	Edge Hill University
Imperial College of Science, Technology and Medicine	Imperial College London
York St John College	York St John University
Bishop Grosseteste College, Lincoln	Bishop Grosseteste University College, Lincoln
Halton College	Riverside College Halton
Stockport College of Further and Higher Education	Stockport College
Walsall College of Arts and Technology	Walsall College

Annex B

(See separate download)

Table 1 Recurrent resources for academic year 2006-07

Table 2 Comparison with 2005-06 academic year recurrent resources