

March 2015/05

Core funding/operations

Allocation of funds

This report is for information

This document summarises our provisional allocations to institutions of recurrent funding for teaching and research, and transitional research allocations, for the academic year 2015-16.

Recurrent grants for 2015-16

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Recurrent grants for 2015-16

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	2015/05
Publication date	March 2015
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 teaching and research, and transitional research allocations, for the academic year 2015-16.

Key points

2. The overall grant we will distribute for the 2015-16 academic year is £3,971 million, comprising:

- £1,558 million for recurrent research grant
- £1,418 million for recurrent teaching grant
- £160 million for knowledge exchange
- £52 million for transitional research allocations
- £130 million for national facilities and initiatives
- £603 million for capital funding
- £50 million for the Postgraduate Support Scheme.

3. The Board agreed these 2015-16 academic year budgets, assuming that the funding available for the 2016-17 financial year (for which we have no indicative allocations) will be the same in cash terms as for the 2015-16 financial year. There is, however, particular uncertainty about the funding that may be available after the spending review that is expected to follow the forthcoming general election. This means that any subsequent changes to the funding available to us from Government for 2015-16, or that we have assumed for 2016-17, are likely to affect the funding we are able to distribute to institutions in the 2015-16 academic year. This may include revising allocations after they have already been announced. Accordingly, institutions should plan their budgets prudently.

4. The 2015-16 academic year is the first in which research accounts for a greater proportion of recurrent grant than teaching, and the first year of research funding informed by the results of the 2014 Research Excellence Framework (REF). Given the changes to the underlying data from REF 2014, compared to the 2008 Research Assessment Exercise (RAE), in particular the significant increase in research volume counted for funding, we have reviewed aspects of the

research funding method for 2015-16 so as to maintain the policy approach of the current spending review period. While the total we have available to allocate for recurrent research funding remains constant, we are making two one-off transitional research allocations for 2015-16, totalling £52 million, to provide further support for research degree programme supervision and to mitigate the impact on institutions of changes in the amounts we are allocating for certain science, technology, engineering and mathematics subjects.

5. The amount of recurrent teaching grant continues to decline as a result of the progressive shift from HEFCE grants to students' tuition fees. The reduction is substantially less than for previous years, as the transition is largely complete. Because of this, we have been able to bring to an end for 2015-16 the previous three-stage process of recalculating teaching grants that applied between 2012-13 and 2014-15. This was necessary to ensure our allocations reflected the changing mix of students who had started their courses before the new fee regime was introduced on 1 September 2012 and those who started on or after that date.

6. Our teaching funds increasingly focus on areas where costs incurred by universities and colleges cannot be met by tuition fees, or where it is in the public interest that provision receives additional support, particularly high-cost and strategically important subjects, student opportunity, and small and specialist institutions.

7. The student number control no longer applies to HEFCE-funded institutions from 2015-16. This had applied between 2010-11 and 2014-15 as a limit on the numbers of certain students starting full-time undergraduate study or a postgraduate initial teacher training course, to reduce the risk to Government of excess student support costs.

Action required

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

Elements of grant

9. This publication announces provisional recurrent grant for teaching and research and two transitional research allocations for 2015-16. We are announcing separately, but concurrently, 2015-16 funding for knowledge exchange and formula capital grants for teaching and research under the Capital Investment Framework. 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.

10. The grant letter to HEFCE of 29 January 2015 from the Department for Business Innovation and Skills (BIS) (www.hefce.ac.uk/news/newsarchive/2015/Name,100772,en.html) confirmed the funding available for the 2014-15 and 2015-16 financial years (April to March) and the policies and priorities that continue to underpin our approach to recurrent grant. The letter did not provide any figures on the funding that might be available for the 2016-17 financial year, but advised that we would need to make prudent assumptions about this, recognising the four-month overlap between the 2016-17 financial year and the 2015-16 academic year.

11. In the light of the grant letter, the Board has agreed 2015-16 academic year budgets, assuming that the funding available for the 2016-17 financial year will be the same in cash terms as for the 2015-16 financial year. There is, however, particular uncertainty about the funding that may be available after the spending review that is expected to follow the forthcoming general election. This means that any subsequent changes to the funding available to us from Government for 2015-16, or assumed for 2016-17, are likely to affect the funding we are able to distribute to institutions in the 2015-16 academic year. This may include revising allocations after they have already been announced. Accordingly, institutions should plan their budgets prudently.

12. 'Guide to funding 2015-16: How HEFCE allocates its funds' (HEFCE 2015/04) explains how we calculate allocations for individual institutions. The total grant we are distributing in 2015-16 is £3,971 million and this is broken down as shown in Table A.

Table A: HEFCE grant to be distributed in 2015-16

Main elements of grant	Total (£M)
Institutional recurrent funding, made up of:	
Research	1,558
Teaching	1,418
Knowledge exchange	160
Total institutional recurrent funding	3,137
Non-consolidated transitional funding for research	52
Funding for national facilities and initiatives	130
Capital funding	603
Postgraduate Support Scheme	50
Total funding to be distributed	3,971

13. Table B shows the disaggregation of our recurrent funding for 2015-16 between different elements of grant.

Table B: 2015-16 Budgets for elements of recurrent grant

	Total (£M)
Recurrent funding for teaching	
Main subject-based allocations	
High-cost subject funding	661
Supplement for old-regime students	95
Sub-total: main subject-based allocations	756
Student opportunity funding	
Widening access for students from disadvantaged backgrounds: full-time	47
Widening access for students from disadvantaged backgrounds: part-time	21
Widening access and improving provision for disabled students	20
Improving retention: full-time	215
Improving retention: part-time	63
Widening access: National networks for collaborative outreach	13
Sub-total: student opportunity	380
Other recurrent targeted teaching allocations	
Students attending courses in London	64
Part-time undergraduates	8
Accelerated full-time undergraduate provision	2
Intensive postgraduate provision	35
Institution-specific high-cost distinctive provision	65
Very high-cost STEM ¹ subjects	23
Erasmus+ and overseas study programmes	25
Clinical consultants' pay	17
Senior academic general practitioners' pay	1
NHS pensions scheme compensation	5
Sub-total: other targeted allocations	245
Funding to be set aside for increases in student numbers in 2015-16	37
Total recurrent teaching	1,418
Recurrent funding for research	
Mainstream quality-related research (QR) including London weighting	1,050
QR Research Degree Programme (RDP) supervision	240
QR charity support fund	198

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

	Total (£M)
QR business research element	64
QR funding for National Research Libraries	7
Total recurrent research	1,558
Non-consolidated transitional funding for RDP supervision	24
Non-consolidated transitional funding to mitigate removal of STEM protection	28
Sub-total: transitional funding for research	52
Knowledge exchange	160
Total recurrent grant	3,137
Total recurrent plus transitional research funding	3,188

14. The distribution of recurrent funding to institutions announced in this publication totals £2,917 million. The difference to the total £3,137 million in Table B comprises:

- a. £160 million for knowledge exchange, for which allocations are being announced separately.
- b. £13 million for student opportunity to support national networks for collaborative outreach. This is not included in the institutional recurrent grant allocations.
- c. £37 million set aside within teaching grant to support increases in student numbers in 2015-16. We intend to distribute this in February 2016 once we have received data from institutions on student numbers in the year.
- d. £6 million set aside for allocation by October 2015 for finalising the recurrent teaching supplement for old-regime students and other targeted allocations.
- e. £3 million for student opportunity set aside for allocation by October 2015 to allow for changes to underlying data.

15. We provide funding for student opportunity to contribute towards institutions' costs in supporting students to achieve successful outcomes, and to address the needs of students facing particular hardship. It incorporates funding that was previously allocated for the Access to Learning Fund.

16. This publication is concerned with the distribution between institutions of recurrent grant for teaching and research and of the two transitional allocations for research. Annex A comprises Tables 1 and 2, and is available to download alongside this document as a separate file.

- a. Table 1 summarises the provisional funding allocations for each institution.
- b. Table 2 provides a comparison of 2014-15 and 2015-16 funding for research, taking account also of the two transitional allocations for 2015-16.

The headings within these tables are defined in Annex B.

17. The HEFCE Board agreed the allocations of funding announced in this document on 19 March 2015. Institutions received details of their individual grant allocations on 25 March 2015.

Developments to the funding method for research

18. The 2015-16 academic year is the first in which research accounts for a greater proportion of recurrent grant than teaching. It is also the first year of research funding 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.

19. The underlying policy intent for our research funding in our annual grant letter from BIS remains as before, 'to continue selectively to fund world-leading and internationally excellent research, 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'. Given the changes to the underlying data from REF 2014, compared to the 2008 Research Assessment Exercise (RAE), in particular the significant increase in research volume counted for funding, we have reviewed aspects of the research funding method for 2015-16 so as to maintain the policy approach of the current spending review period. These decisions on research funding are for 2015-16 only and without prejudice to how the funding method may develop for 2016-17. We intend to consult institutions later this year on our approach to research funding from 2016-17.

20. The main developments for QR funding for 2015-16 are as follows:

- a. Funding for mainstream QR is disaggregated according to how the sub-profiles in REF 2014 contribute to the overall quality profile (that is, outputs at 65 per cent, impact at 20 per cent and environment at 15 per cent) with calculations of funding undertaken separately for each sub-profile area.
- b. We are determining the amounts of mainstream QR funding for each unit of assessment (UOA) according to the same principles as previously – that is, distributed between the subject areas of the four main panels on the basis of cost-weighted volume associated with 4 star (4*) and 3 star (3*) activity, and then distributed between UOAs within each main panel subject area on the basis of quality-weighted and cost-weighted volume. However, there are two modifications to this:
 - i. We are adjusting the amounts allocated to UOAs 4 (Psychology, Psychiatry and Neuroscience) and 17 (Geography, Environmental Studies and Archaeology) to ensure neither is advantaged or disadvantaged by the mapping of the REF 2014 UOAs to cost weights. These two UOAs include a mix of activity that does not map neatly to a single cost weight.
 - ii. We are removing, as being no longer necessary, the protection given to funding for STEM subjects after RAE 2008, which had ensured the proportions of mainstream QR allocated to each main panel in STEM subjects were no lower than those for 2008-09, based on RAE 2001. The increases in volume in STEM subjects in REF 2014 mean this protection, at the expense of other subjects, is no longer justified.
- c. For 2015-16, we wish to continue to recognise, as far as possible, world-leading 4* performance within the bounds of current financial limitations. We also wish to celebrate the success of institutions that have increased their volume of internationally excellent

work and will continue to allocate funding for 3* at an adequate rate to acknowledge that success. We have therefore implemented a moderate enhancement to the relative value of 4*, adjusting the quality weighting ratio of 4*:3* from 3:1 to 4:1, thus going a little way to ameliorate the reduced rate of funding for the very highest quality research.

d. Funding for RDP supervision is for the first time based on REF results. We have maintained the existing RDP supervision funding method in order to effectively maintain our policy intention to direct funding to departments with internationally excellent and world-leading work. As part of this we are removing the cap on rates of funding per student that was introduced when we first applied quality weightings in the method (announced in 'Recurrent grants and student number controls for 2012-13', HEFCE 2012/08). This cap is no longer necessary in the light of the REF 2014 results.

e. As a one-off measure for 2015-16, we are providing two transitional allocations for research outside the main recurrent grant method. These provide:

- i. £28 million to mitigate the impact on institutions of changes to the amounts allocated for some STEM subjects arising from the transition from RAE 2008 to REF 2014.
- ii. £24 million to provide further support for RDP supervision to address the real-terms decline in the rate of funding in recent years and to emphasise the importance of investment in the next generation of researchers.

21. We are minimising changes to allocation methods for other elements of research funding for 2015-16, such as funding to support charity and business and industry research, but institutions will have changes as a result of our use of the latest research income data in the allocations. We intend to develop proposals for further consultation following the next spending review.

Developments to the funding method for teaching

22. From 2012-13, HEFCE teaching funding has been provided under arrangements to reflect the Government's reforms of HE financing. This has involved a progressive shift, with each successive cohort of students, from HEFCE teaching grant to income through tuition fees. The funding arrangements we introduced in 2012-13 ensured that our teaching allocations could reflect the changing balance of students between those who entered under the old fee and funding arrangements ('old-regime' students), and those entering, from 1 September 2012, under the new arrangements ('new-regime' students). Between 2012-13 and 2014-15 we operated an iterative three-stage process to calculate and review teaching funding allocations for each year.

23. As the number of old-regime students still remaining at the majority of institutions has significantly reduced, we are bringing the three-stage process to an end for our allocations of recurrent funding for 2015-16. We consulted the sector on the proposed changes in 2013 ('Recurrent teaching grant from 2015-16', HEFCE Circular letter 30/2013), and confirmed them in 2014 ('Recurrent teaching grant from 2015-16: Confirmation of arrangements', HEFCE Circular letter 29/2014). These changes mean that our main subject-based element of 2015-16 teaching grant is based on 2014-15 student numbers and treats all students as if they were new-regime. This essentially enables us to move to a 'steady-state' funding position, while the use of historical student data avoids the need to recalculate as we get more up-to-date data on in-year student numbers.

24. We recognise that some institutions will continue to have old-regime students studying on longer courses and are therefore providing a supplementary funding allocation for the years 2015-16 to 2017-18 (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-regime students, and the rates previously provided for old-regime students. For higher education institutions (HEIs), the allocation we are announcing now is based on our estimates of their remaining old-regime students for the year, but these estimates remain subject to appeal. For the few further education and sixth form colleges (FECs) that still have any old-regime students, we will agree allocations separately and confirm them by October 2015.

Recurrent funding outcomes for institutions

25. All HEIs funded by HEFCE for research will see an impact on their research funding allocations for 2015-16 as a result of the 2014 REF. However, the scale of this varies significantly across institutions within the sector.

26. Table 2 compares total recurrent research funding for 2014-15 with recurrent and transitional research allocations for 2015-16, for each institution. There could be a number of factors that have resulted in changes for institutions. For mainstream QR, changes to the main panel and UOA structure between RAE 2008 and REF 2014, institutions' own decisions about the panels to which they would submit for each exercise and the move to separately funded sub-profiles for research outputs, impact and environment make like-for-like comparisons at the UOA level impossible. Relative outcomes for institutions will also depend on their performance in the REF and changes in their volume of research activity relative to the sector as a whole, as well as on changes to the amounts allocated for each UOA. The latter includes the effect of the removal of STEM protection. Given the increase in STEM activity in REF 2014, it is no longer necessary to protect the funding for STEM research at the expense of funding for social sciences, arts and humanities, in order for STEM subjects collectively to maintain the share of the total mainstream QR funding they had before the RAE 2008. We are looking to provide as much help as we can for institutions in understanding their funding outcomes and on the main factors that have led to funding changes. Institutions should address any questions to their HEFCE institutional teams (contact details at www.hefce.ac.uk/contact/search/).

27. Additionally, updated data that inform the RDP supervision, charity support and business elements of research funding will result in some redistribution of the fixed recurrent budgets between institutions. Changes to RDP supervision funding include those resulting from using quality profiles from REF 2014 instead of RAE 2008, and the removal of the cap on rates of grant.

28. For many institutions, the phasing out of teaching grant relating to old-regime students, coupled with the phasing in of new-regime students has resulted in further decreases in teaching funding for 2015-16. Institutions with predominantly shorter length courses, such as HEIs that are postgraduate-only and FECs that offer only sub-degree courses, may already have reached a steady state: they no longer have any old-regime students and so have no further phase-out of teaching grant this year. Others will have seen larger decreases in previous years. The overall impact on each institution will vary because of the additional tuition fees they will receive.

29. As well as changes to teaching grant arising from the continuing transition from HEFCE grant to tuition fees, individual institutions may also have changes to certain targeted allocations, particularly for student opportunity, to reflect the latest student data.

Funding for national facilities and initiatives and capital grants

30. 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

31. We allocate a small proportion of our total funding to support national facilities and initiatives, which promote specific policies or contribute towards additional costs for institutions that are not recognised through our recurrent funding methods. This funding totals £130 million for the 2015-16 academic year. This amount includes continuing investment in the Catalyst Fund (www.hefce.ac.uk/funding/catalyst/) as well as support for national bodies such as Jisc, the Quality Assurance Agency for Higher Education and the Higher Education Academy.

Capital grants

32. The capital funding made available to us by Government for 2015-16 totals £603 million. This includes £100 million for the fourth year of the UK Research Partnership Investment Fund, £194 million for the Research Capital Investment Fund, £200 million for STEM teaching capital and £90 million for the Teaching Capital Investment Fund. The balance of £19 million is provided to Jisc for capital projects relating to the use of digital technologies that support teaching and research. We are also providing a further £26 million for capital projects supported through the Catalyst Fund. This is financed through the reinvestment of capital funding previously provided as recoverable grants that have now been repaid. Capital funding is normally provided on a financial year basis.

2015-16 Funding agreement requirements

33. The student number control has been removed from all HEFCE-funded institutions from 2015-16. This means that the only funding agreement requirements affecting student numbers for 2015-16 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.

34. 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 29 January 2015 asks us 'to impose further 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 reduce grant for any institution that over-recruits against either target in 2015-16, if they have also over-recruited against the equivalent target for 2014-15. 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 2015-16, but moderated to recognise that a proportion of the intake target can be used for overseas students.

Conditions of grant

35. 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).

36. In July we will send higher and further education institutions their funding agreement for 2015-16. 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 colleges because they are accountable to the Skills Funding Agency – or, in the case of 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.

37. HEFCE's grant letter from BIS of 29 January 2015 confirmed that a condition of grant continues to apply for 2015-16, 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. This condition of grant will be incorporated within institutions' funding agreements for 2015-16, to be issued in July 2015. It 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 amended².

a. The prescribed amounts for 2015-16 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 2004³ as amended by Regulation 3 of the Student Fees (Basic and Higher Amounts) (Approved Plans) (England) (Amendment) Regulations 2012⁴. 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 2010⁵ and the Higher Education (Higher Amount)

² 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.

³ Statutory Instrument 2004/1932.

⁴ Statutory Instrument 2012/433.

⁵ Statutory Instrument 2010/3021.

(England) Regulations 2010⁶, 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 2013⁷. 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 year⁸.
 - 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.
 - 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.

38. We will write to institutions in the autumn about submissions required as a condition of the funding we provide for student opportunity.

39. 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 2015-16 will lose their allocation of this funding and be required to repay all funding received.

40. Institutions in receipt of this funding will be required to submit a short qualitative monitoring report. This will complement our monitoring of activity in these subjects through the Higher Education Statistics Agency (HESA) record. The monitoring statement should include details of

⁶ Statutory Instrument 2010/3020.

⁷ Statutory Instrument 2013/3106.

⁸ '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).

the programmes offered in the four subject areas during the year, and the new entrants and total numbers of Home and EU students for each.

41. 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 programmes⁹ with respect to those departments that attract QR RDP supervision grant.

42. If an institution has no HEFCE-fundable students, all its recurrent and capital funding for teaching will be held back. This includes funding for student opportunity and other targeted allocations.

43. 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 2015-16. Details are contained in '2015-16 Recurrent grant tables for higher education institutions: guidance' and the equivalent document for FECs, which were provided to institutions on 25 March 2015.

44. 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 2014-15 funding agreements with institutions and in the 2014 Higher Education Students Early Statistics (HESES) and Higher Education in Further Education: Students (HEIFES) surveys.

45. 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

46. Data collected from institutions inform our allocations of student numbers, recurrent funds for teaching and research, 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 these 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 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.

⁹ 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. If we find, either through reconciliations with HESA, Skills Funding Agency or other organisations' data, or any data audit, that erroneous data have 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).

48. 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, 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

49. 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: Tables 1 and 2

Table 1: Recurrent teaching and research grant and transitional research funding for 2015-16

Table 2: Recurrent and transitional research funding for 2015-16 and comparison with 2014-15

Tables 1 and 2 are available to download as an Excel file alongside this document at www.hefce.ac.uk/pubs/year/2015/201506/.

Annex B: Descriptions of columns in Tables 1 and 2

Table 1: Recurrent teaching and research grant and transitional research funding for 2015-16

1. **High-cost subject funding** shows our main allocation for students in high-cost subjects.
2. **Student opportunity allocation** shows funding to support the additional costs for institutions that reflect:
 - a. The recruitment and retention of students from geographical areas with traditionally low educational achievement or higher education participation rates, who have the potential to succeed in higher education (£68 million).
 - b. The recruitment and retention of students who have the potential to succeed in higher education but are likely to need more support than others to enable them to complete their studies (£277 million).
 - c. The student numbers at each provider and the proportions that are in receipt of Disabled Students' Allowance (£20 million).
3. **Other targeted allocations** comprise funding for:
 - a. The supplement for old-regime students (£89 million).
 - b. Part-time undergraduates (£8 million).
 - c. Accelerated full-time undergraduate provision (£2 million).
 - d. Intensive postgraduate provision (£35 million).
 - e. Institution-specific high-cost distinctive provision (£65 million).
 - f. Very high-cost STEM subjects (£23 million).
 - g. Erasmus+ and overseas study programmes (£25 million).
 - h. Students attending courses in London (£64 million).
 - i. Clinical consultants' pay (£17 million).
 - j. Senior academic GPs' pay (£1 million).
 - k. NHS pensions scheme compensation (£5 million).
4. **Total teaching funding** is the sum of the previous three columns.
5. **Total research funding** comprises:
 - a. Mainstream quality-related research (QR) (£1,017 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. **Total recurrent teaching and research grant 2015-16** is the sum of the previous two columns.
7. **Transitional research funding** comprises one-off supplementary funding to:
 - a. Mitigate the impact on institutions of changes to the amounts allocated for some STEM subjects arising from the transition from RAE 2008 to REF 2014 (£28 million).
 - b. Provide further support for RDP supervision to address the real-terms decline in the rate of funding in recent years and to emphasise the importance of investment in the next generation of researchers (£24 million).

Table 2: Recurrent and transitional research funding for 2015-16 and comparison with 2014-15

8. **2015-16 Mainstream QR including London weighting** comprises:
 - a. Mainstream QR funding allocated for each unit of assessment (UOA) on the basis of research active staff and the quality of research, based on the outcomes of REF 2014, and the relative costs of research in different subjects. Calculations are carried out separately for the different elements of research outputs, impact and environment assessed in REF 2014 (£1,017 million).
 - b. London weighting on mainstream QR, calculated as 12 per cent for institutions in inner London and 8 per cent for institutions in outer London of their mainstream QR allocation (£33 million).
9. **2015-16 QR RDP supervision funding** shows funding allocated to reflect postgraduate research student numbers, quality weightings for each institution and UOA derived from REF 2014 results and subject-based cost weights.
10. **2015-16 QR charity support funding** shows funding distributed in proportion to institutions' research income from charities in 2012-13 and 2013-14.
11. **2015-16 QR business research funding** shows funding distributed in proportion to institutions' research income from business and industry in 2012-13 and 2013-14.
12. **2015-16 QR for National Research Libraries** shows funding to support five research libraries which we designated as being of national importance on the basis of a review in 2007.
13. **2015-16 Total recurrent research funding** is the sum of the previous five columns.
14. **2015-16 Transitional funding for RDP supervision** shows a one-off supplement for RDP supervision calculated as approximately 10 per cent of the 2015-16 QR RDP supervision funding.
15. **2015-16 Transitional funding for the removal of STEM protection** shows a one-off supplement to mitigate the impact on institutions of changes to the amounts allocated for some STEM subjects arising from the transition from RAE 2008 to REF 2014.
16. **2015-16 Total research funding (both recurrent and transitional elements)** is the sum of the previous three columns.

17. **2014-15 Total recurrent research funding** shows the total recurrent research funding for 2014-15.

18. **Percentage difference in recurrent research funding** shows the percentage difference between '2014-15 Total recurrent research funding' and '2015-16 Total recurrent research funding'.

19. **Percentage difference in total research funding** shows the percentage difference between '2014-15 Total recurrent research funding' and '2015-16 Total research funding (both recurrent and transitional elements)'.

List of abbreviations

BIS	Department for Business, Innovation and Skills
EU	European Union
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
PGR	Postgraduate research
QR	Quality-related research
RDP	Research degree programme
STEM subjects	Science, technology, engineering and mathematics. In this document STEM also includes medicine for research funding purposes, but not for teaching funding.