



Allocation of funds

June **2017/05**

Recurrent grants for 2017-18

This document summarises our provisional allocations to institutions of recurrent funding for the academic year 2017-18.

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Recurrent grants for 2017-18

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	2017/05
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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 provisional allocations to institutions of recurrent funding for the academic year 2017-18.

Key points

2. The overall grant we will distribute for the 2017-18 academic year is £3,536 million, comprising:

- £1,595 million for recurrent research grant
- £1,320 million for recurrent teaching grant
- £160 million for knowledge exchange
- £93 million for national facilities and initiatives
- £353 million for capital funding
- £14 million for other non-recurrent initiatives (Degree Apprenticeships Development Fund and the Institute of Coding).

3. The Board agreed these 2017-18 academic year budgets on the assumption that the indicative funding available for the 2018-19 financial year will be confirmed. As usual, any future changes to the grant made available to us by Government could affect the funding we are able to distribute to institutions in the 2017-18 academic year, and this may include revising allocations after they have already been announced. Accordingly, institutions should plan their budgets prudently.

4. In the Spending Review and Autumn Statement 2015, the Government announced that it would reduce our teaching grant by £120 million in cash terms by the 2019-20 financial year, but allow funding for high-cost subjects to be protected in real terms. It also asked us to retarget and reduce by up to half the funding previously provided for student opportunity. These priorities have been reflected in our teaching allocations for the 2017-18 academic year:

- a. Total teaching grant is reduced by £40 million compared with 2016-17.
- b. For 2017-18, students starting undergraduate courses that on successful completion lead to first registration as a professional in nursing, midwifery and certain allied health professions (pre-registration courses) will be supported through the higher education

finance system, including access to student loans. As a result of the transfer of funding responsibility, HEFCE has £32 million to support these courses in 2017-18 for the first entry cohort of students under the new finance arrangements.

c. We are maintaining in real terms the total teaching grant budgets for our main high-cost subject allocation, before the addition of £16 million required for undergraduate pre-registration courses in nursing, midwifery and allied health professions.

d. We have discontinued the formula-based widening access targeted allocation (£54 million in 2016-17), and are supporting investment in this area solely through the national collaborative outreach programme, which has increased by £30 million to £60 million.

e. We have developed our funding methods for full-time and part-time student premiums and the disabled students' premium following consultation in 2016. We have doubled our funding (to £40 million in 2016-17 and 2017-18 compared with £20 million in 2015-16) to support students with disabilities, in particular to support institutions to meet the rapid increase in the numbers of students reporting mental health problems. While the part-time students' premium has been maintained in cash terms, the total distributed through the full-time student premium has reduced by £20 million.

f. We are continuing to phase out funding for old-regime students (those who started their studies before 1 September 2012). The supplement for old-regime students has reduced by £23 million to £14 million in 2017-18, its final year.

5. We are increasing by £17 million the 2017-18 budget for mainstream quality-related research (QR) and its London weighting to a total of £1,087 million. The other streams within recurrent research funding are maintained in cash terms at the same level as for 2016-17. While research funding methods are largely the same as for previous years, there are a small number of technical changes for 2017-18.

6. Funding for knowledge exchange has been maintained in cash terms at £160 million. We have developed our funding method following review in 2016.

Action required

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

Elements of grant

8. This publication announces provisional recurrent grants for teaching, research and knowledge exchange. Formula capital grants for teaching and research under the Capital Investment Framework were announced separately in 'Formula-based capital allocations for teaching and research 2017-18' (HEFCE Circular letter 07/2017)¹. This publication does not apply directly to higher education 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.
9. The HEFCE Board agreed the allocations of funding announced in this document in April 2017. Institutions received details of their individual grant allocations on 12 April 2017.
10. In the Spending Review and Autumn Statement 2015, the Government announced that it would reduce our teaching grant by £120 million in cash terms by the 2019-20 financial year (1 April to 30 March), but allow funding for high-cost subjects to be protected in real terms². It also asked us to retarget and reduce by up to half the funding previously provided for student opportunity. These priorities have been reflected in our teaching allocations for 2017-18, in the protection we have provided for high-cost subject funding, the targeting of funding for widening access through the National Collaborative Outreach Programme (NCOP) and the targeting of student premium funding within a reduced budget.
11. The Spending Review and Autumn Statement 2015 also announced that for 2017-18, students starting undergraduate courses that on successful completion lead to first registration as a professional in nursing, midwifery and certain allied health professions (pre-registration courses) would be supported through the higher education finance system, including access to student loans. As a result of the transfer of funding responsibility, HEFCE has £32 million to support these courses in 2017-18 for the first entry cohort of students under the new finance arrangements.
12. The grant letter to HEFCE of 23 February 2017 from the Department for Education (DfE) and the Department for Business, Energy and Industrial Strategy (BEIS) confirmed the funding available for the 2017-18 financial year and provided indicative funding for the 2018-19 financial year³. The letter also identified the policies and priorities that should underpin our approach to funding.
13. In the light of the grant letter and spending review, the Board has agreed 2017-18 academic year budgets on the assumption that the indicative grant for the 2018-19 financial year will be confirmed. As usual, any future changes to the grant made available by Government could affect the funding we are able to distribute to institutions in the 2017-18 academic year, and this may include revising allocations after they have already been announced.

¹ See www.hefce.ac.uk/pubs/year/2017/CL.072017/.

² See www.gov.uk/government/news/department-for-business-innovation-and-skills-settlement-at-the-spending-review-2015.

³ See www.hefce.ac.uk/funding/govletter/.

14. 'Guide to funding 2017-18: How HEFCE allocates its funds' (HEFCE 2017/04⁴) explains how we calculate allocations for individual institutions. The total grant we are distributing in 2017-18 is £3,536 million, and this is broken down as shown in Table A. The amount of each funding stream that is attributable to the transfer of funding responsibility for nursing, midwifery and allied health professions is shown separately.

Table A: HEFCE grant to be distributed in 2017-18

Main elements of grant	Total (£M)
Recurrent funding, made up of:	
Research	1,595
Teaching	1,320
<i>Of which funding for nursing, midwifery and allied health</i>	31
Knowledge exchange (Higher Education Innovation Funding) ⁵	160
Total recurrent funding	3,076
Funding for national facilities and initiatives	93
<i>Of which funding for nursing, midwifery and allied health</i>	1
Other non-recurrent initiatives ⁶	14
Capital funding	353
Total funding to be distributed	3,536

15. Table B shows the disaggregation of our recurrent funding for 2017-18 between different elements of grant. The amount of each funding stream that is attributable to the transfer of funding responsibility for nursing, midwifery and allied health professions is shown separately.

Table B: 2017-18 Budgets for elements of recurrent grant

	Total (£M)	Of which nursing, midwifery and allied health (£M)
Recurrent funding for teaching		
High-cost subject funding	652	16
Targeted allocations		
Premium to support successful student outcomes: full-time	195	6
Premium to support successful student outcomes: part-time	72	0.4
Disabled students' premium	40	1
NCOP	60	-
Postgraduate taught supplement	47	-
Intensive postgraduate provision	35	-
Accelerated full-time undergraduate provision	2	-
Erasmus+ and overseas study programmes ⁷	29	-

⁴ See www.hefce.ac.uk/pubs/year/2017/201704/.

⁵ The total for knowledge exchange funding in this publication excludes £15 million for the Connecting Capability Fund, confirmed separately. See www.hefce.ac.uk/pubs/year/2017/201703/.

⁶ The Degree Apprenticeships Development Fund and the Institute of Coding.

	Total (£M)	Of which nursing, midwifery and allied health (£M)
Students attending courses in London	65	1
Very high-cost STEM ⁸ subjects	24	-
Specialist institutions	57	-
Clinical consultants' pay	17	-
Senior academic general practitioners' pay	1	-
NHS pensions scheme compensation	5	-
Supplement for old-regime students	14	-
Nursing and allied health transitional supplement	6	6
Sub-total: targeted allocations	668	15
Total recurrent teaching	1,320	31
Recurrent funding for research		
Mainstream quality-related research (QR) funds including London weighting	1,087	-
QR research degree programme (RDP) supervision funds	240	-
QR charity support fund	198	-
QR business research element	64	-
QR funding for National Research Libraries	7	-
Total recurrent research	1,595	-
Knowledge exchange (Higher Education Innovation Funding)	160	-
Total recurrent grant	3,076	31

16. The distribution of recurrent funding to institutions announced in this publication totals £3,016 million. The difference from the total of £3,076 million in Table B comprises £60 million for the NCOP, which is not part of the formula grants to institutions. NCOP allocations for the calendar years 2017 and 2018 were made last year to consortia through a competitive process⁹.

17. This publication is concerned with the distribution between institutions of recurrent grants for teaching, research and knowledge exchange. The table in Annex A summarises the provisional funding allocations for each institution, and is available to download alongside this document as a separate file. The headings in this table are defined in Annex B.

⁷ Erasmus+ is the European Union's framework programme for education, training, youth and sport.

⁸ STEM comprises science, technology, engineering and mathematics. For research (but not teaching) funding purposes it also includes medicine.

⁹ See www.hefce.ac.uk/sas/ncop/.

The funding method for teaching

Funding for pre-registration courses in nursing, midwifery and allied health professions

18. To inform our decisions on funding for pre-registration courses in nursing, midwifery and allied health professions, we commissioned a study to identify the costs of teaching for the relevant professions¹⁰. In light of the evidence from the costing study, and other work considering the sustainability of training for different professions, we are providing a package of measures to support these courses in 2017-18:

- a. £16 million through the main high-cost subject funding method, with pre-registration courses in nursing (all specialisms) assigned to price group C1 and pre-registration courses in midwifery and other allied health professions that have been subject to the transfer of funding responsibility for 2017-18 assigned to price group B.
- b. £8 million associated with students starting pre-registration courses that contribute toward the different elements of the student premium and disabled students' funding.
- c. £1 million through the targeted allocation for students attending courses in London.
- d. £6 million for a transitional supplementary targeted allocation to further support the sustainability of certain professions, conditional on institutions maintaining provision in those professions. This is calculated using the following rates per full-time equivalent (FTE) student number:
 - i. £200 for adult nursing, mental health nursing, unclassified nursing, and speech and language therapy.
 - ii. £400 for child nursing and learning disability nursing.
 - iii. £1,200 for therapeutic and diagnostic radiography, and podiatry and chiropody.
 - iv. £3,500 for orthotics and prosthetics, and orthoptics.

Other professions (operating department practice, dietetics, occupational therapy, physiotherapy, and midwifery) are not eligible for the transitional supplement.

- e. £1 million for national initiatives that support demand and improve retention to enhance the sustainability of courses, particularly small and specialist pre-registration courses. This element is not part of the recurrent teaching grant distributed to institutions but is included in the funding for national facilities and initiatives.

Other changes to recurrent funding for teaching

19. We are maintaining in real terms the total budgets for our main high-cost subject allocation (before the addition of £16 million for nursing, midwifery and allied health professions) and for the targeted allocation for very high-cost STEM subjects (physics, chemistry, chemical engineering and mineral, metallurgy and materials engineering). We are also maintaining in real terms the total budget for the postgraduate taught supplement, though this is now shown as a separate targeted allocation for 2017-18. (Previously, this was part of our high-cost subject allocation.)

¹⁰ See www.hefce.ac.uk/lt/healthcare/nursing/.

Increases in 2016-17 student numbers mean that after the scaling factor is applied, the funding per FTE has reduced in cash terms by:

- approximately 0.15 per cent for high-cost subject funding
- approximately 15 per cent for the postgraduate taught supplement.

20. We previously announced a number of decisions affecting elements of teaching grant from 2017-18 in 'Board decisions regarding the NCOP and teaching funding for widening access, successful student outcomes and progression to postgraduate study' (HEFCE Circular letter 27/2016)¹¹. In summary we are:

a. Discontinuing the formula-based widening access targeted allocation, and supporting investment in this area solely through the NCOP from 2017-18.

b. Providing a student premium from 2017-18 recognising full- and part-time students. For 2017-18, the allocations total:

i. £195 million for full-time undergraduates. This represents a reduction of £20 million compared to the 2016-17 allocation for improving retention for full-time undergraduates.

ii. £72 million for part-time undergraduates. This combines the separate targeted allocations in 2016-17 of £8 million for part-time undergraduates and £64 million for improving retention for part-time undergraduates.

c. Allocating £40 million to support students with disabilities (double the £20 million provided in 2015-16), in particular to support institutions to meet the rapid increase in the numbers of students reporting mental health problems. For 2017-18, the allocation reflects numbers of students in receipt of the Disabled Students' Allowance, weighted at 2, and of other students self-declaring a disability, weighted at 1, both of which are taken from student data reported to the Higher Education Statistics Agency (HESA) or from the Individualised Learner Record (ILR). Year-on-year changes to the allocation for individual institutions are capped at ±£100,000.

21. The student premiums described in paragraph 20b enable institutions to support undergraduate students who are deemed to be most at risk of withdrawing from their studies and who therefore require additional investment to ensure their retention and success. The allocation for full-time students comprises:

a. A main element (90 per cent of the total) that reflects risk of non-continuation based on students' entry qualifications and age, in line with the existing 12 risk categories and weightings used in the previous allocation for improving retention for full-time undergraduates.

b. A supplement (10 per cent of the total) that also recognises students from Participation of Local Areas (POLAR) 3 quintiles 1 and 2.

22. Although we are maintaining in cash terms the budget for the targeted allocation for intensive postgraduate provision, increases in 2016-17 postgraduate student numbers mean the rates of grant per FTE for the intensive postgraduate allocation are reduced by approximately 18 per cent.

¹¹ See www.hefce.ac.uk/pubs/year/2016/CL.272016/.

23. We are increasing the rate of grant for the targeted allocation for Erasmus+ and other study years abroad from £2,250 to £2,315 from 2017-18. This rate of grant plus the higher fee cap of £1,385 for such years abroad continues to represent 40 per cent of the higher maximum regulated fee for most full-time undergraduates, which has increased to £9,250 for 2017-18.
24. We are maintaining in cash terms the formula allocations for specialist institutions with world-leading teaching, following the review in 2015-16. However, the withdrawal of transitional funding for some institutions entails a reduction of £8 million.
25. We are continuing to provide a supplementary funding allocation for 2017-18 to reflect old-regime students still studying at institutions, but this allocation now applies to a much more limited number of institutions offering longer courses¹². The total continues to decline (from £37 million to £14 million) and 2017-18 is the allocation's final year. 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. The allocations are as previously notified to institutions indicatively following review in 2015-16.

The funding method for research

26. Funding for research continues to be informed by the results of the 2014 Research Excellence Framework, published in December 2014¹³. This 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.
27. The underlying policy intent for our research funding in our annual grant letter from DfE and BEIS remains as before:
- ‘to continue competitive allocations through the selective funding of world-leading and internationally excellent research with impact 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.’
28. For 2017-18, we are increasing by £17 million the total for mainstream quality-related research (QR) funds, including the London weighting, and maintaining in cash terms the amounts for other streams within recurrent research funding. Of the total £1,087 million for mainstream QR and its London weighting, £37 million (3.4 per cent) is attributable to the Global Challenges Research Fund, which will be subject to separate monitoring arrangements.
29. While research funding methods are largely as for previous years, there are a small number of technical changes for 2017-18.
- a. We have previously recognised that around half of all the research activity submitted to Unit of Assessment (UOA) 4 (Psychology, Psychiatry and Neuroscience) could reasonably be regarded as more closely analogous to science than the social sciences, and that as a result HEFCE's standard cost weights might not accurately reflect the costs within the unit. Previous adjustments have been made in determining the total mainstream QR funding for UOA4 to address this. Following work with an expert panel to assess the balance of clinical and non-clinical work within the UOA, we have concluded that overall

¹² ‘Old-regime students’ are those treated as starting their studies before 1 September 2012, whereas ‘new-regime students’ are those treated as having started their courses on or after 1 September 2012.

¹³ See www.ref.ac.uk/pubs/201401/.

approximately 40 per cent of research in the UOA is high-cost (attracting the high-cost weighting of 1.6) and the other 60 per cent equivalent to the cost of work within the social sciences (attracting the intermediate cost weighting of 1.3). We are therefore applying an average cost weight of 1.42 ($1.6 \times 0.4 + 1.3 \times 0.6$) to this UOA for both mainstream QR and research degree programme (RDP) supervision funds. We have recalculated the quanta for mainstream QR allocated to each UOA to take account of this.

b. We are making changes to how we determine the postgraduate research student numbers that we count for RDP supervision funds. We announced the new approach in 'Board decisions on changes to QR RDP supervision funding' (HEFCE Circular letter 34/2016)¹⁴.

c. The QR charity support fund and QR business research element have previously been calculated pro rata to research income from relevant sources in the two most recent years. For 2017-18, these allocations have been calculated pro rata to research income in the most recent four-year period (2012-13 to 2015-16). This change is to moderate the more dynamic effects on funding that would otherwise arise from the new financial reporting standard (FRS) 102. The latter means that from 2015-16, a significant grant for an asset (such as a building or equipment) may now appear in full in income in a particular year, instead of being reported in fractional shares spread over the expected lifetime of the asset. This could result in more significant year-on-year changes to QR charity and business funding. Taking research income averaged over a four-year period reduces the year-on-year fluctuation in these grants.

Knowledge exchange funding (Higher Education Innovation Funding, HEIF)

30. Knowledge exchange funding totals £160 million, comprising a main allocation of £150 million and a supplement of £10 million. 2017-18 allocations are calculated using the latest Higher Education – Business and Community Interaction (HE-BCI) survey data for 2013-14 to 2015-16, but also reflect decisions on the acceptability of institutions' five-year knowledge exchange strategies.

31. Changes to the main formula allocation were announced in 'Higher Education Innovation Funding: Institutional five-year knowledge exchange strategies' (HEFCE 2016/16)¹⁵. In particular:

a. Allocations for 2017-18 are based on HE-BCI data for the most recent three years, but the weightings for each year are now 2:3:5 (most recent year listed last), rather than 1:2:7 as used in 2016-17.

b. Year-on-year changes to allocations for institutions are subject to a cap of ± 10 per cent, subject to institutions being above the minimum threshold (£250,000), and below the maximum allocation (£2,850,000).

32. The supplement is provided to HEIs whose main allocation is capped at the maximum, to enable their knowledge exchange strategies to be enhanced where there is evidence that the cap on funding is a constraint on their support of economic growth. The supplement is also subject to a cap of £500,000.

¹⁴ See www.hefce.ac.uk/pubs/year/2016/CL_342016/.

¹⁵ See www.hefce.ac.uk/pubs/year/2016/201616/.

Recurrent funding outcomes for institutions

33. The 2017-18 recurrent funding allocations for institutions are not directly comparable with 2016-17 because:
- a. The institutional allocations do not include NCOP allocations to consortia, through which we are now focusing our support for widening access, in place of the previous formula allocations to institutions.
 - b. Institutional allocations for 2017-18 include £31 million for the first entry cohort under the new finance arrangements for undergraduate pre-registration courses in nursing, midwifery and allied health professions. This is funding that has transferred from the Department of Health.
 - c. For institutions with students on long courses, the transition from the old fee and funding regime to the new one is not yet complete. While the supplement for old-regime students is being phased out, institutions have the opportunity to replace that income through the fees they charge to new entrants.
34. Most institutions have grant changes as a result of the developments to the funding methods described in paragraphs 18 to 32. In addition, institutions may also see grant changes because of changes, relative to the sector as a whole, to their:
- a. Student numbers. Such changes can affect institutions' share of teaching allocations for high-cost subjects and those targeted allocations that are recalculated each year to reflect the latest student numbers.
 - b. Postgraduate research student numbers and research income data. Such changes affect institutions' share of the QR allocations for RDP supervision funding and the charities and business elements.
 - c. HE-BCI data, which affects their share of knowledge exchange funding.

Funding for national facilities and initiatives, and capital grants

35. 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

36. Our funding to support national facilities and initiatives promotes specific institutional policies, and contributes towards additional institutional costs, that are not recognised through our recurrent funding methods. This funding totals £93 million for the 2017-18 academic year. This amount includes continuing investment in the Catalyst Fund as well as support for national bodies such as Jisc. A further £14 million is provided for other non-recurrent initiatives (the Institute of Coding and the Degree Apprenticeships Development Fund), for which specific funding is identified by Government.

Capital grants

37. The capital funding made available to us by Government for the financial year 2017-18 totals £353 million. The total that we are distributing comprises:

- £189 million for formula-based research capital
- £135 million for formula-based teaching capital
- £30 million for national facilities and initiatives (the Catalyst Fund and Jisc).

38. Capital funding is normally provided on a financial year basis. HEFCE Circular letter 07/2017 announced the distribution between institutions of £324 million of capital grants. Capital funding must be used for the purposes intended, and HEFCE is not permitted to make payments to institutions in advance of need. HEFCE funding should not be used for advance payments to contractors, or other financing arrangements (such as bonds) where payments precede production of goods or delivery of services.

2017-18 Funding agreement and conditions of grant

39. 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 between HEFCE and institutions' (HEFCE 2016/12)¹⁶.

40. In July we will send each institutions its funding agreement for 2017-18. This will specify 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 further education and sixth form colleges (FECs) because they are accountable to the Education and Skills 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.

41. Institutions should assume that conditions of grant will apply for the whole academic year 2017-18.

42. The only funding agreement requirements affecting student numbers for 2017-18 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 on successful completion lead to first registration as a doctor or dentist respectively.

43. 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 DfE and BEIS of 23 February 2017 asks us 'to continue to impose 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, subject to confirmation from the Government, reduce grant for any institution that over-recruits against either target in 2017-18, if it has also over-recruited against the equivalent target for 2016-17. The reduction will be calculated at a rate of £1,000 less than the average fee after fee waivers charged by the institution, reflecting its access agreement with the Office for Fair Access. It will apply for each

¹⁶ See www.hefce.ac.uk/pubs/year/2016/201612/.

excess student recruited in 2017-18, but moderated to recognise that a proportion of the intake target can be used for overseas students.

44. HEFCE's grant letter from DfE and BEIS confirmed that a condition of grant continues to apply for 2017-18, requiring compliance with tuition fee regulations and the terms of any access agreement in force as agreed with the Director for Fair Access. It also set out the action that may be taken for any breaches of that condition, which 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 amended¹⁷. For students starting pre-registration courses in nursing, midwifery and allied health professions on or after 1 August 2017, institutions should meet, and not charge students for, the costs of Disclosure and Barring Service checks, occupational health checks and the provision of uniforms, where these are required for their participation on a course or course placement.

45. In the text below, 'Eligible institution' means an institution listed in the Schedule to the Higher Education (Basic Amount) (England) Regulations 2016¹⁸ and the Schedule to the Higher Education (Higher Amount) (England) Regulations 2016¹⁹.

46. The prescribed amounts for 2017-18 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 2004²⁰ as amended by Regulation 3 of the Student Fees (Basic and Higher Amounts) (Approved Plans) (England) (Amendment) Regulations 2012²¹. For these courses:

- a. The basic amount is £1,380 (£680 where Regulation 5 of the Student Fees (Amounts) (England) Regulations 2004 applies).
- b. The higher amount is £3,465 (£1,725 where Regulation 5 of the Student Fees (Amounts) (England) Regulations 2004 applies).

47. For **students starting full-time courses on or after 1 September 2012**²², the prescribed amounts are subject to overall limits that are set out in the Higher Education (Basic Amount) (England) Regulations 2016 and the Higher Education (Higher Amount) (England) Regulations 2016. For these courses, the basic amount is £6,165 for an eligible institution and £6,000 for any other institution and the higher amount is £9,250 for an eligible institution and £9,000 for any other institution, except where any of the following exceptions apply:

¹⁷ Statutory Instrument 2007/778, as amended, at the time of writing, by Statutory Instruments 2007/2263, 2008/1640, 2011/87, 2012/1653 and 2016/584; all Statutory Instruments are available at www.legislation.gov.uk.

¹⁸ Statutory Instrument 2016/1205.

¹⁹ Statutory Instrument 2016/1206.

²⁰ Statutory Instrument 2004/1932.

²¹ Statutory Instrument 2012/433.

²² Certain students, such as those transferring or on 'end-on' courses, are treated differently and the details are set out in Regulation 5 of the Higher Education (Higher Amount) (England) Regulations 2016 and Regulation 5 of the Higher Education (Basic Amount) (England) Regulations 2016.

- a. The basic amount is £3,080 for an eligible institution and £3,000 for any other institution and the higher amount is £4,625 for an eligible institution and £4,500 for any other institution for the final academic year of a course where that academic year is normally required to be completed after less than 15 weeks' attendance.
- b. The basic amount is £920 for an eligible institution and £900 for any other institution and the higher amount is £1,385 for an eligible institution and £1,350 for any other institution for:
- i. An Erasmus year²³.
 - ii. An academic year of a course provided in conjunction with an overseas institution 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 in the United Kingdom (disregarding intervening vacations) exceeds 30 weeks.
- c. The basic amount is £1,230 for an eligible institution and £1,200 for any other institution and the higher amount is £1,850 for an eligible institution and £1,800 for any other institution for an academic year of a sandwich course (which is not an Erasmus year):
- i. During which any periods of full-time study are in aggregate less than 10 weeks.
 - or
 - ii. 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.

48. For **students starting part-time courses on or after 1 September 2012**²⁴, the prescribed amounts are subject to overall limits that are set out in the Higher Education (Basic Amount) (England) Regulations 2016 and the Higher Education (Higher Amount) (England) Regulations 2016. For these courses, the basic amount is £4,625 for an eligible institution and £4,500 for any other institution and the higher amount is £6,935 for an eligible institution and £6,750 for any other institution.

49. We will write to institutions in the autumn about submissions required as a condition of the funding we provide for the student premium and disability allocations.

²³ '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).

²⁴ Certain students, such as those transferring or on 'end-on' courses, are treated differently and the details are set out in Regulation 5 of the Higher Education (Higher Amount) (England) Regulations 2016 and Regulation 5 of the Higher Education (Basic Amount) (England) Regulations 2016.

50. The targeted allocation in the teaching grant for very high-cost STEM subjects is conditional on institutions maintaining 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 2017-18 will lose their allocation of this funding and be required to repay all funding received. Institutions in receipt of this funding may be asked to submit qualitative monitoring information on the use of the funds. This will complement our monitoring of activity in these subjects through the HESA record.

51. The transitional nursing and allied health supplement is also conditional on institutions maintaining their current provision of pre-registration courses for the professions that attract this funding. Those professions are: adult, mental health, child, learning disability and other (unclassified) nursing; therapeutic radiography; diagnostic radiography; podiatry and chiropody; orthoptics; and prosthetics and orthotics. Institutions that discontinue their provision in any of these professions in 2017-18 will lose their allocation of this funding and be required to repay all funding received. Institutions in receipt of this funding may be asked to submit qualitative monitoring information on the use of the funds. This will complement our monitoring of activity in these subjects through HESA and HESES data.

52. QR RDP supervision funds are 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 postgraduate research programmes, with respect to those departments that attract QR RDP supervision grant²⁵.

53. If an institution has no HEFCE-fundable students, all its recurrent and capital funding for teaching will be held back. An institution that, as a result, is not funded by HEFCE will lose its automatic designation for student support.

54. 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 2017-18. Details are contained in '2017-18 Recurrent grant: Technical guidance for higher education institutions' and the equivalent document for FECs²⁶, which were provided to institutions on 12 April 2017.

55. 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 we explicitly agree otherwise.

56. As part of the funding agreement, each institution agrees that non-statutory bodies which perform a function for the higher education 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.

²⁵ Chapter B11 of the UK Quality Code for Higher Education is available from www.qaa.ac.uk/en/Publications/Pages/Quality-Code-Chapter-B11.aspx.

²⁶ See www.hefce.ac.uk/funding/annallocns/1718/institutions/.

Audit of funding and student number data

57. Data collected from institutions informs our recurrent funds for teaching, research and knowledge exchange, 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 Unistats²⁷. 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 provided by institutions to HESA, the Skills Funding Agency (or Education and 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 allocations for the year in question and all subsequent years. We reserve the right to review allocations for the most recent seven-year period.

58. If we find, either through reconciliations with HESA, Skills Funding Agency, Education and Skills Funding Agency or other organisations' data, or through any data audit, that inaccurate data has resulted in institutions receiving incorrect allocations, we will adjust these institutions' allocations accordingly (subject, where appropriate, to any appeals process and the availability of our funds).

59. We will seek assurances from accountable officers and audit committees about arrangements for the management and quality assurance of data submitted 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

60. Institutions requiring further information should contact their HEFCE higher education policy adviser. Contact details are available from www.hefce.ac.uk/contact/search/.

²⁷ See <https://unistats.direct.gov.uk/>.

Annex A

Recurrent grants for academic year 2017-18

This is available to download as an Excel file alongside this document at www.hefce.ac.uk/pubs/year/2017/201705/.

Annex B: Descriptions of columns in the table in Annex A

Recurrent grants for academic year 2017-18

1. **High-cost subject funding** shows the allocation for undergraduate and postgraduate taught students in high-cost subjects.
2. **Targeted allocations** comprises funding for:
 - a. Premium to support successful student outcomes (£267 million).
 - b. Disabled students' premium (£40 million).
 - c. Postgraduate taught supplement (£47 million).
 - d. Intensive postgraduate provision (£35 million).
 - e. Accelerated full-time undergraduate provision (£2 million).
 - f. Students attending courses in London (£65 million).
 - g. Erasmus+ and overseas study programmes (£29 million).
 - h. Very high-cost STEM subjects (£24 million).
 - i. Specialist institutions (£57 million).
 - j. Clinical consultants' pay (£17 million).
 - k. Senior academic GPs' pay (£1 million).
 - l. NHS pensions scheme compensation (£5 million).
 - m. Supplement for old-regime students (£14 million).
 - n. Nursing and allied health supplement (£6 million).
3. **Total teaching funding** is the sum of high-cost subject funding and targeted allocations.
4. **Total research funding** comprises:
 - a. Mainstream quality-related research (QR) funds (£1,053 million).
 - b. London weighting on mainstream QR (£34 million).
 - c. QR charity support fund (£198 million).
 - d. QR business research element (£64 million).
 - e. QR Research degree programme (RDP) supervision funds (£240 million).
 - f. QR funding for National Research Libraries (£7 million).
5. **Total knowledge exchange funding** comprises our main allocation (£150 million) to support the range of knowledge-based interactions between higher education and the economy and society that create external impact, plus the supplement (£10 million) for the highest-performing institutions.
6. Total recurrent grant 2017-18 is the sum of total teaching funding, total research funding and knowledge exchange funding.

List of abbreviations

BEIS	Department for Business, Energy and Industrial Strategy
DfE	Department for Education
EU	European Union
FECs	Further education and sixth form colleges
FTE	Full-time equivalent
GP	General practitioner
HE-BCI	Higher Education – Business and Community Interaction survey
HEI	Higher education institution
HEIFES	Higher Education in Further Education: Students survey
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics survey
ILR	Individual learning record
NCOP	The National Collaborative Outreach Programme
POLAR	Participation of Local Areas measure
QR	Quality-related research
RDP	Research degree programme
REF	Research Excellence Framework
STEM	Science, technology, engineering and mathematics; in this document STEM subjects include medicine for research funding purposes, but not for teaching funding
UOA	Unit of Assessment