

March 2010/08

Core funding/operations
Allocation of funds

This document summarises our provisional allocations of recurrent funding to institutions for academic year 2010-11. Final allocations will be announced in July 2010.

This report is for information

March 2010/08

Recurrent grants for 2010-11

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Recurrent grants for 2010-11

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	2010/08
Publication date	March 2010
Enquiries to	HEFCE higher education policy advisers

Executive summary

Purpose

1. This document summarises our provisional allocations of recurrent funding to institutions for academic year 2010-11.

Key points

2. The total HEFCE grant available for the 2010-11 academic year is £7,356 million. Although this is a reduction in cash terms of £573 million compared to the budget for 2009-10 of £7,929 million, this is largely attributable to the bringing forward of £250 million of capital funding from 2010-11 into 2008-09 and 2009-10. Adjusting for this capital shift, the underlying reduction in grant from 2009-10 to 2010-11 is 1.6 per cent in cash terms.

3. The total includes recurrent funding of £4,727 million for teaching (of which £144 million is for widening participation and £269 million for teaching enhancement and student success), £1,603 million for recurrent research and £150 million for business and community engagement. In addition, we are providing a further £562 million for earmarked capital grants and £294 million for special funding.

4. When compared with the 2009-10 academic year, the 2010-11 allocation represents:

- a 0.9 per cent cash increase for recurrent grants (teaching, research and the Higher Education Innovation Fund)
- a 14.9 per cent reduction in cash terms in capital funding after adjusting for the £250 million of capital funding that was brought forward from 2010-11 into 2008-09 and 2009-10
- a 7 per cent reduction in cash terms in special funding.

5. We recognise that real-terms funding reductions will be challenging to institutions, but acknowledge the work that many are doing in preparing for a more uncertain future. The impact of the grant allocations will affect universities and colleges differentially, but there will be moderation funding to help institutions manage change. We will continue to work with institutions as they adjust their activities to meet growing financial pressures.

6. In 2010-11 we will directly fund 130 higher education institutions and 123 further education colleges. The institutional allocations announced in this publication show an average 0.4 per cent increase in recurrent grant for the sector, although there remain some further allocations of recurrent teaching grant that are not yet included. We have provided an uplift (at 1.25 per cent) to the main teaching grant allocation for each institution. Some institutions have gained additional funded student numbers. The total funding for widening participation and for teaching enhancement and student success is also being raised by 1.25 per cent. However we are reducing funding by £76 million in respect of three other targeted allocations.

7. Recurrent research funding has increased by 2 per cent, in keeping with the Government's commitment to enhance the research base through both sides of the dual-support system.

8. We are allocating a total of £562 million for earmarked capital grants. The distribution of capital funding between institutions has been announced separately and is not included in this document (paragraphs 96 to 101 provide further information).

9. The allocations in this document are provisional: we will aim to finalise them in time for the funding agreements that are issued in July. Institutions should note in particular that our grant letter¹ from the Department for Business, Innovation and Skills of 22 December 2009 did not confirm funding for the 2011-12 financial year. In order to announce funding for the 2010-11 academic year, which has a four-month overlap with the 2011-12 financial year,

we have assumed that funding will be maintained in cash terms for 2011-12. If we receive information regarding our grant for 2011-12 that suggests this assumption is no longer appropriate, then we reserve the right to review all of our allocations for the 2010-11 academic year. This would be with a view to smoothing any change in funding for institutions that might be necessary by 2011-12.

10. We recently wrote to individual institutions announcing the specification of the new student number control relating to full-time (FT) undergraduate (UG) and Postgraduate/Professional Graduate Certificate in Education (PGCE) students for 2010-11. We will monitor each institution's compliance with the student number control that we have specified for them. Where we find that an institution has exceeded its limit, this will result in a reduction to grant, which may be applied in the 2010-11 and/or 2011-12 academic year(s). This reduction will be repeated in subsequent years to the extent that the institution continues to contribute to excess student support costs.

Teaching

11. The total recurrent funding for teaching that is available has increased by 0.4 per cent over the equivalent final allocation to the sector for 2009-10 and represents a reduction of £215 million compared to previously announced plans². There is also a further reduction of £83 million in the funding available for additional student numbers by 2010-11. In implementing these reductions, we have sought to target them at specific areas to limit across-the-board reductions for the whole sector.

12. We are reducing funding by £76 million in 2010-11 in relation to three targeted allocations within teaching grant, as previously notified in 'Changes to teaching funding targeted allocations for 2010-11' (HEFCE Electronic publication 11/2009). We are:

- withdrawing £40 million for old and historic buildings in 2010-11

¹ Grant letters to HEFCE from the Secretary of State for Business, Innovation and Skills can be read in full at www.hefce.ac.uk under Finance & assurance/Finance and funding/Grant letter from Secretary of State.

² In our grant letter from the Department for Innovation, Universities and Skills of 18 January 2008.

- withdrawing £24 million related to accelerated and intensive taught postgraduate provision in price group D
- phasing out over two years the additional £24 million funding provided to support foundation degrees. The allocation will therefore be reduced to £12 million in 2010-11 and withdrawn fully in 2011-12. Thereafter foundation degree students will be funded at the same rate as other undergraduate students.

13. We are increasing core recurrent teaching funding by 1.25 per cent. This is less than the Government's revised inflation figure of 2 per cent, so represents a real-terms reduction of £31 million or 0.75 per cent. The reduction in the Government's inflation figure – from the 2.75 per cent assumed in the January 2008 grant letter to 2 per cent assumed in the 2009 pre-Budget report – accounts for a further reduction of £31 million.

14. The £65 million reduction in teaching funding announced for 2009-10 has been consolidated into 2010-11 funding.

15. The total of £4,727 million allocated for teaching includes the following:

- £3,945 million for mainstream teaching grant.
- £144 million to support widening participation for students from under-represented groups.
- £269 million to support teaching enhancement and student success.
- £370 million for other elements of teaching grant.

16. The total for teaching includes £10 million that has been set aside to support institutions that are shifting the balance of their provision towards vulnerable science, technology, engineering and mathematics (STEM) and modern languages subjects. The distribution of this funding between institutions will be confirmed later in the year.

Controlling student numbers

17. In 'Higher education finances for 2009-10 and 2010-11' (HEFCE Circular letter 32/2008) we asked institutions to review their planned recruitment for 2009-10 in order to avoid any

further increase in FT UG and PGCE entrants above the level of their actual admissions in 2008-09, plus any ASNs allocated to them for 2009-10. The Minister of State for Higher Education David Lammy reiterated this position in July 2009. In the 22 December grant letter, the Secretary of State asked us to make appropriate adjustments to the allocations of those institutions that have over-recruited, at a rate of £3,700 per full-time undergraduate and PGCE student recruited above the permitted level. We are currently in discussion with a number of universities and colleges about this. We are not in a position to confirm a final figure, and the funding adjustments for individual institutions are not included in this announcement.

18. At sector level, early student returns indicate that the rise in full-time undergraduate intake numbers in 2009-10 was approximately 15,000. These returns also show that full-time undergraduate student numbers for all years have increased by 44,000 in 2009-10, while full-time postgraduate numbers rose by 5,000. Full-time equivalent part-time numbers grew by 3,000. Overall, all-year, full-time equivalent HEFCE fundable student numbers rose by 52,000.

19. We are changing the way we specify the limit for 2010-11 to make it easier for institutions to monitor against their offers of places to prospective students for the coming academic year and to restrict the control to a smaller population – those fundable by HEFCE. We believe that setting a specific number for each institution will ensure clarity in what we expect of them. The limit represents the maximum number of HEFCE-fundable and employer co-funded students starting FT UG and PGCE study in the academic year 2010-11. This new student number control has been derived using a baseline taken from 2008-09 individualised student data returned to the Higher Education Statistics Agency (HESA) and the FE Data Service's individualised learner record (ILR) plus other adjustments, including allocations of additional student numbers and transfers between institutions that have subsequently been implemented.

20. We have written to individual institutions announcing the specification of the new student number control and providing a provisional limit

for the year. Institutions that exceed their student number control limit for 2010-11 will be liable for a reduction in HEFCE grant.

Research

21. A total of £1,603 million is allocated for research. This is an increase of 2 per cent compared with the equivalent funding for 2009-10. In distributing the total we have prioritised increases towards the mainstream quality-related research (QR) allocations, although the budget for the charities element of QR has also increased in line with inflation. The total is made up of the following elements:

- £1,097 million for mainstream QR
- £33 million for London weighting on mainstream QR
- £205 million for the research degree programme supervision fund
- £198 million for the charity support element
- £64 million for the business research element
- £6 million for national research libraries.

22. In response to the Government's presumption in the grant letter in favour of more research concentration, we have introduced a steeper funding 'slope' for all subjects by increasing the weightings for research activity at different levels from the previous 1:3:7 (at 2*, 3* and 4* levels respectively) to 1:3:9. The effect of the change will provide an initial step towards increased concentration.

23. We are also enhancing the mainstream QR grant allocated for research in geography and psychology. These subjects did not benefit from the protection for research grant in STEM disciplines introduced in the allocations for 2009-10. We recognise that around half the research activity in these disciplines returned to the 2008 Research Assessment Exercise could reasonably be regarded as more akin to work in STEM disciplines than to that in the other social sciences. We are enhancing the grant in these disciplines in 2010-11 to reflect this.

Higher Education Innovation Fund

24. We are providing £150 million for the Higher Education Innovation Fund. The distribution of this

funding between institutions was previously announced in 'Higher Education Innovation Fund round four outcomes' (HEFCE 2008/34).

Moderation of teaching and research

25. We have continued our policy of phasing in changes by moderating the total allocations of teaching and research grant. Moderation funding is limited to £20 million for the sector. This has therefore required a threshold in these provisional allocations such that no institution sees a reduction to their recurrent grant for teaching and research of more than 0.8 per cent in cash terms compared with the equivalent, unmoderated figure for 2009-10. We will not provide moderation funding if it amounts to less than £100,000. The total funding for moderation may fall as a result of subsequent changes to grant for individual institutions.

Non-recurrent funding

26. Non-recurrent funding comprises special funding and earmarked capital. We are allocating a total of £562 million for earmarked capital grants. The total of £294 million allocated as special funding has decreased from £316 million last year. Special funding represents 4 per cent of total grant.

Action required

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

Elements of grant

28. The total HEFCE grant to be distributed in 2010-11 is £7,356 million. This is broken down between our main strategic themes, and between recurrent and non-recurrent (earmarked capital grants and special funding) elements, as shown in Table A. There are rounding differences within the table.

29. Unless otherwise stated, all years in this document relate to academic years – that is, 1 August to 31 July. References to percentage changes in real terms use an uplift of 2 per cent on the equivalent figures for 2009-10.

30. This publication is mainly concerned with the distribution of recurrent grant between institutions. Table 1 summarises those allocations for each institution. Table 2 provides a comparison for each institution between their recurrent allocations for 2009-10 and 2010-11. Table 3 provides a summary of the different allocations that make up the non-recurrent elements of grant for the sector as a whole.

31. The HEFCE Board agreed the allocations of recurrent funding announced in this document on

4 March 2010. Institutions received details of their individual grant allocations on 12 March 2010.

32. Our funding methods for teaching and research, as they apply in 2010-11, will be described in the forthcoming publication ‘Guide to funding: how HEFCE allocates its funds’, which is being issued separately. Paragraphs 37 to 52 and 75 to 88 of this document summarise our teaching and research funding methods and explain changes to the methods for 2010-11.

33. Our funding methods operate in broad terms and are designed to be efficient in distributing funding between institutions in the sector, not between departments within an institution. It is not our intention that institutions replicate our funding methods when allocating funds internally.

34. The allocations announced in this document are provisional: we will aim to finalise them in time for the funding agreements that are issued in July. Institutions should note in particular that our grant letter³ from the Department for Business, Innovation and Skills (BIS) of 22 December 2009 did not confirm funding for the 2011-12 financial

Table A **HEFCE grant to be distributed in 2010-11**

Main strategic themes	Recurrent grant (£M)	Non-recurrent grant (£M)	Total (£M)
Learning and teaching	4,727	300	5,027
<i>Of which:</i>			
<i>Teaching enhancement and student success</i>	269	0	269
<i>Widening participation</i>	144	30	174
Research	1,603	300	1,903
Business and the community	150	0	150
Moderation of teaching and research	20	0	20
Sustaining a high-quality sector	0	192	192
Excellence in delivery	0	1	1
Joint Information Systems Committee	0	65	65
Total	6,500	856	7,356

³ Grant letters to HEFCE from the Secretary of State for Innovation, Universities and Skills can be read in full at www.hefce.ac.uk under Finance & assurance/Finance and funding/Grant letter from Secretary of State.

year. In order to announce funding for the 2010-11 academic year, which has a four-month overlap with the 2011-12 financial year, we have had to make assumptions about the funding we might expect to receive for 2011-12. If we receive information regarding our grant for 2011-12 that suggests the assumptions we have made are no longer appropriate then we reserve the right to review all of our allocations for the 2010-11 academic year. This would be with a view to smoothing any change in funding for institutions that might be necessary by 2011-12.

35. Such a review may, for example, include, but not be limited to: a change to the uplift for inflation that we provide for any stream of funding; a recalculation of the 'base price' in our teaching funding method and consequently of the rate of funding for additional student numbers (ASNs); or a phasing-out of particular (recurrent or non-recurrent) allocations. Clearly we very much hope that such a review will not be necessary but, given the current economic climate, we believe that institutions will need to be prudent in preparing their budgets.

36. There may be differences between individual figures and totals in this document, due to rounding.

Funding for teaching

Introduction to the method

37. The main ('mainstream') teaching funding method is designed to ensure that the funding we provide is consistent with the student numbers at each institution. We start by rolling forward the mainstream teaching funding we provided in the previous year, but we adjust it for things such as inflation, funding for ASNs (where we have agreed that an institution should grow) or a reduction ('holdback') if the institution has not recruited sufficiently in the previous year. We then check whether this new funding level is appropriate for the student numbers we expect the institution to have in the coming year. We do this by comparing it against a standard level, based on sector-wide rates of funding per student.

38. The standard level for each institution is calculated by formula based on their student

numbers and their mix between different subject areas – we need to reflect that, for example, laboratory-based sciences cost more than classroom-based subjects. We have just four different subject-related price groups. This keeps the funding method simple and limits the need for extensive audit arrangements to test whether students have been recorded against the right subject: the boundaries between different subjects are not clear-cut at higher education level, and having only four price groups means few boundaries.

39. Our calculations also take account of what income can be expected from student fees. Our grant is not intended, nor sufficient, to meet all tuition costs: students, and increasingly employers, are also expected to contribute. If we want to make the best use of taxpayers' money, we need to prioritise it towards areas that are not adequately funded from other sources. It is important to note, however, that for any particular category of student we make the same assumptions about fees for all institutions in the sector: we do not take account of differences in what individual institutions charge. This ensures we target our funding towards particular types of provision where our funding is most needed, without disadvantaging those institutions that are able to charge higher fees, or subsidising those that may seek a market advantage by charging lower fees.

40. Because we make assumptions about fee income, we talk of teaching 'resource' rather than just funding. 'Assumed resource' comprises actual HEFCE teaching grant plus assumed fee income; 'standard resource' is the level of resource we would expect for the institution based on its student numbers and mix between different subject areas. As long as assumed resource is close to standard resource, then the funding we have calculated will be confirmed. By 'close' we mean within ± 5 per cent. If it is not within this margin, then we will adjust funding, or expect the institution to adjust its student numbers, to ensure the funding we provide is at an appropriate level for the activity delivered.

41. This margin, known as the 'tolerance band', exists because we recognise that we cannot measure activity in fine detail at institutions: differences in how institutions teach particular subjects (in terms

of course content, teaching methods and staffing) result in varying costs for ostensibly similar courses. Such diversity is desirable in higher education, and we do not wish our funding method to drive institutions towards uniformity in what they provide. The tolerance band also gives institutions some modest flexibility to vary their provision and student numbers from year to year without there being funding implications. We have, however, at the request of Government, recently introduced controls to prevent increases in student numbers that might lead to a reduction in HEFCE grant to meet excess student support costs.

42. As well as the main teaching funding allocation, we also make a number of specific allocations that reflect other additional teaching or student-related costs. In particular, we provide additional sums for widening participation and to improve student retention and success. These allocations reflect the fact that there are additional costs on institutions in reaching out to populations that are under-represented in higher education, and in supporting certain students through to completion of their studies. The formulae are designed to target funding towards those institutions that do most to widen participation or that recruit students who are likely to need more support. There are also a number of other teaching allocations to support other areas of higher cost or particular policy developments, for example, part-time students. Although we refer to these as targeted allocations, they remain part of the overall block grant. They are not earmarked: institutions still have freedom to decide how these sums are used to support their overall activities. The objective behind all these allocations is to fund additional costs; they are not incentive payments.

Changes for 2010-11

43. There are two developments to the teaching funding method that we are implementing from 2010-11. They are:

- a. The withdrawal of the targeted allocations for old and historic buildings, and for accelerated and intensive taught postgraduate provision in price group D; and the phased withdrawal of the additional funding for foundation degrees.

- b. The recalculation of the partial completion weighting (formerly known as the flexible study measure) to reflect 2008-09 individualised student data from the Higher Education Statistics Agency (HESA) and also, for the first time, to calculate individual weightings for further education colleges (FECs) derived from their individualised learner record data submitted to the FE Data Service.

44. In addition, there are a number of other factors affecting funding, which have implications for 2010-11 for institutions. These are:

- a. The Government's policy on funding students aiming for equivalent or lower qualifications compared to ones they already hold (ELQs).
- b. The consolidation of the £65 million efficiency saving applied to teaching grant in 2009-10 and a below-inflation uplift for 2010-11.
- c. Changes to student numbers for individual institutions and their effect on mainstream teaching grant and targeted allocations.

The withdrawal of some targeted allocations

45. We are reducing funding by £76 million in 2010-11 in relation to three targeted allocations within teaching grant, as previously notified in 'Changes to teaching funding targeted allocations for 2010-11' (HEFCE Electronic publication 11/2009). We are:

- withdrawing £40 million for old and historic buildings in 2010-11
- withdrawing £24 million related to accelerated and intensive taught postgraduate provision in price group D
- phasing out over two years the additional £24 million funding provided to support foundation degrees. The allocation will therefore be reduced to £12 million in 2010-11 and withdrawn fully in 2011-12. Thereafter foundation degree students will be funded at the same rate as other undergraduate students.

Recognising partial completion by students

46. Up to 2008-09, we counted for funding purposes only those students that completed their year of study. From 2009-10 we have also taken

account of study that was partly completed; this follows 'Review of the teaching funding method: second consultation' (HEFCE 2007/02), the outcomes of which were published in 'Review of the teaching funding method: outcomes of second consultation' (HEFCE 2007/23). This has been implemented by calculating a weighting factor for institutions that reflects the amount of study completed by those students who did not complete their whole year, derived from the most recent individualised student data.

47. These weightings have been recalculated for 2010-11 to reflect 2008-09 HESA data and also, for the first time, to calculate individual weightings for FECs derived from their individualised learner record data submitted to the Data Service (in 2009-10 all FECs received the sector average weighting of 1.67). Changes to these weightings will affect institutions in different ways, but in general, the funding effects will be minor: this only affects how we calculate the standard resource for institutions. Institutions will receive additional funding for 2010-11 if they move (further) below the tolerance band as a result of this recalculation. However we will not provide such additional funding where we believe an institution's position below the tolerance band is attributable to them having exceeded the permitted limit on numbers of full-time (FT) undergraduate (UG) and Postgraduate/Professional Graduate Certificate in Education (PGCE) entrants in 2009-10.

Equivalent and lower qualifications

48. In 2007, the Government decided that we should phase out funding for students who are aiming for a qualification that is no higher than one they have already achieved, although there are a number of categories of students who are exempt from this policy. The funding is being phased out as successive cohorts of students who were aiming for ELQs in 2007-08 are expected to complete their courses. The allocations for 2010-11 reflect the phasing-out of this transitional funding.

49. Individual institutions may also receive an 'ELQ safety net' allocation. This has been calculated to ensure that institutions do not see an overall cash reduction in 2010-11 as a result of the ELQ policy compared with the equivalent sums that were within mainstream teaching grant for 2007-08.

Consolidation of the 2009-10 efficiency saving and the uplift for 2010-11

50. Last year, after our provisional grant announcement in March, we had to apply a £65 million pro rata reduction (equivalent to 1.36 per cent) to all elements of recurrent teaching grant for 2009-10. This followed notification by the Secretary of State in a letter of 6 May 2009⁴ that the higher education sector was required to deliver efficiency savings of £180 million in the 2010-11 financial year. This had implications for our allocations for the 2009-10 academic year because of its four-month overlap with the 2010-11 financial year. That efficiency saving has been consolidated into a reduced baseline for the 2010-11 academic year.

51. Most elements of teaching grant have been given an uplift of 1.25 per cent for 2010-11. This is less than the Government's revised inflation figure for 2010-11 of 2 per cent, so represents a real-terms reduction of £31 million, or 0.75 per cent.

The effect on funding of changes to student numbers

52. Individual institutions will see changes to their teaching grant as a result of changes in their student numbers. These can be positive or negative, depending on how they have met their funding agreement targets for 2009-10 and any allocations of ASNs for 2010-11. The 2009-10 student numbers also affect other teaching allocations such as for widening participation, teaching enhancement and student success.

⁴ The letter can be read in full at www.hefce.ac.uk under News/HEFCE News archive/2009/Impact of the Budget Statement on higher education 2010-11.

Allocations for 2010-11

53. The allocations of recurrent funding for learning and teaching shown in Table 1 total £4,704 million, made up as follows:

	£M
Core funding	3,902
Mainstream additional funded places	33
Non-mainstream funded places	50
<i>Of which, additional for 2010-11</i>	<i>12</i>
Widening participation	141
Teaching enhancement and student success	266
Other targeted allocations	236
Other recurrent teaching grants	74
Total	4,704

54. A full explanation of the data in Table 1 is at Annex A. Total grant available for teaching, including funds set aside for further growth in 2010-11, represents an increase in cash terms of 0.4 per cent over the equivalent funding for 2009-10.

55. The balance of £23 million from the £4,727 million available as recurrent funding for teaching includes:

- a. Funding set aside for some fully funded and employer co-funded 2010-11 ASN allocations that have not yet been finalised, and for the recovery by individual institutions of consolidated reductions to 2010-11 baseline grants where insufficient activity was delivered in 2009-10.
 - b. £5 million set aside for changes to widening participation and teaching enhancement and student success allocations, to allow for corrections by institutions to their underlying data.
 - c. £10 million set aside to support institutions shifting the balance of their provision towards vulnerable science, technology, engineering and mathematics (STEM) and modern languages subjects.
 - d. Funding to be recovered from institutions that have over-recruited FT UG and PGCE students in 2009-10.
56. Core funding for teaching includes an uplift of 1.25 per cent on sums rolled forward from 2009-10. It also includes additional funding for a small number of institutions to help them migrate back towards the tolerance band. This applies to those institutions that have moved (further) below the band as a result of recent changes to the funding method, including the recalculation of the partial completion weighting.

Table B **Notional rates of HEFCE teaching grant per FTE student for 2010-11**

Price group	Mode	Level	Fee type	Standard resource (£)	Assumed fee income (£)	Notional HEFCE grant rate (£)
A	FT and PT	UG	Regulated and non-regulated	15,804	1,310	14,494
A	FT and PT	PGT	Non-regulated	15,804	3,951	11,853
B	FT and PT	UG	Regulated and non-regulated	6,717	1,310	5,407
B	FT and PT	PGT	Non-regulated	6,717	3,951	2,766
C	FT	UG and PGT	Regulated	5,136	1,310	3,826
C	FT and PT	PGT	Non-regulated	5,136	3,951	1,185
C	SWOUT	UG	Regulated	5,136	1,300	3,836
C	PT	UG	Non-regulated	5,136	1,310	3,826
C	PT	UG and PGT	Regulated	5,136	1,300	3,836
D	FT and PT	UG	Regulated and non-regulated	3,951	1,310	2,641
D	FT and PT	PGT	Non-regulated	3,951	3,951	0

FT – full-time. PT – part-time. UG – undergraduate. PGT – postgraduate taught. SWOUT – sandwich year-out.

Rates of HEFCE mainstream teaching grant for 2010-11

57. Table B shows notional rates of HEFCE teaching grant per FTE student for 2010-11. The figures are based on the mainstream teaching funding method, and exclude other elements of teaching grant such as for teaching enhancement and student success, widening participation and other targeted allocations. The rates of standard resource and notional HEFCE grant incorporate subject weightings, but exclude London weighting and the partial completion weighting. The table presents a simplification of the different fee types that are possible for different categories of student. For example, it does not take account of different fees that may be chargeable for students undertaking language years abroad.

58. The base price for 2010-11 is very slightly higher than for 2009-10, although the total resources available for the sector (both HEFCE grant and regulated tuition fees) have had greater uplifts. The reason the base price has not increased more is partly because of the continued strong recruitment by the sector in 2009-10 and partly because of the recalculation of the partial completion weighting, which has served to increase

the weighted FTE volume that we count against the fixed level of grant available.

Funding for additional student numbers

Mainstream additional funded places

59. Within Table 1, the funding of £33 million for mainstream additional funded places comprises:

- a. £29 million for new places allocated through ASN exercises, with the majority for strategic growth following ‘Allocation of funds for additional student numbers in 2009-10 and 2010-11’ (HEFCE Circular letter 05/2008). It does not yet include places allocated in response to ‘Additional student numbers for 2010-11’ (HEFCE Circular letter 22/2009). This also excludes non-mainstream ASN funding for some initiatives – see paragraph 60.
- b. £2 million for two institutions that have been particularly affected by the ELQ policy. This funding provides them with an opportunity to retain recurrently, if they are able to deliver sufficient ASNs, funding that would otherwise be provided for the short term only to moderate annual reductions in funding arising from the ELQ policy.

- c. £2 million for changes in intakes to undergraduate medical and dental courses.

Non-mainstream additional funded places

60. Funding for non-mainstream places shown in Table 1 includes both funding for new 2010-11 ASNs and funding for places for 2009-10 continuing into 2010-11. Funding for places that are new for 2010-11 totals £12 million and comprises:

- a. £1 million to support Lifelong Learning Networks (LLNs) that for 2009-10 opted for their ASN funding to be held outside the mainstream teaching grant by a single lead institution ('model 2' LLNs). For 2010-11, all LLNs will be funded through the mainstream 'model 1' route (in which ASNs are allocated to individual institutions within the LLN partnership as part of the mainstream teaching grant). The funding agreements that we issue in July will therefore incorporate transfers of student numbers and funding from the non-mainstream allocations through lead institutions to the mainstream allocations through LLN members.
- b. £11 million to support co-funded employer engagement.

61. All funding for non-mainstream places shown in Table 1 is subject to separate conditions of grant and monitoring arrangements.

Further places to be allocated

62. In addition to the allocations set out above, we have set aside funding (not included within Table 1) to provide for further additional places where the allocations are still to be finalised, and for recovery of consolidated reductions to 2010-11 baseline grants where insufficient activity was delivered in 2009-10.

Teaching enhancement and student success

63. The funding of £266 million for teaching enhancement and student success announced in this publication comprises:

- £171 million for improving retention of full-time undergraduates

- £54 million for improving retention of part-time undergraduates
- £30 million for institutional learning and teaching strategies
- £10 million for research-informed teaching.

64. We have set aside funding for allocation by July to allow for institutions correcting and finalising their underlying student data, which are used in calculating the allocations for improving retention of full-time undergraduates.

Widening participation

65. The funding of £141 million for widening participation announced in this publication comprises:

- £61 million for widening access for full-time undergraduates from disadvantaged backgrounds
- £68 million for widening access for part-time undergraduates from disadvantaged backgrounds
- £13 million for widening access and improving provision for disabled students.

66. We have set aside funding for allocation by July to allow for institutions correcting and finalising their underlying student data, which are used in calculating these allocations.

Other targeted allocations

67. Other targeted allocations comprise:

- £72 million to support part-time undergraduate provision
- £12 million to support foundation degrees
- £44 million to support accelerated and intensive provision
- £52 million to support institution-specific costs
- £31 million to maintain capacity in strategically important and vulnerable subjects following implementation of the ELQ policy
- £25 million for very high-cost and vulnerable science subjects.

Table C **Additional funded student numbers, by allocation route**

	Full-time	Part-time		Total	
		Headcount	FTE	Headcount	FTE
Mainstream additional funded places allocated mainly through ASN exercises	5,300	3,600	1,900	8,900	7,300
Non-mainstream additional funded places for LLNs	200	0	0	200	200
Medical/dental expansion	100	0	0	100	100
Sub-total fully funded ASNs	5,600	3,600	2,000	9,200	7,600
Employer co-funded ASNs	1,000	13,900	4,800	14,900	5,800
Total	6,600	17,500	6,700	24,100	13,400

Table D **Additional funded student numbers, by mode and level**

	Full-time	Part-time		Total	
		Headcount	FTE	Headcount	FTE
Foundation degree	2,300	3,700	2,000	6,000	4,300
Other undergraduate	4,200	10,000	3,700	14,200	7,900
Postgraduate taught	100	3,900	1,100	4,000	1,200
Total	6,600	17,500	6,700	24,100	13,400

Other recurrent teaching grants

68. Other recurrent teaching grants comprise:

- £20 million for the additional costs of clinical academic consultants' pay
- £4 million for Dance and Drama Awards
- £6 million for NHS pension costs
- £1 million for senior academic general practitioners' pay
- £42 million in transitional funding for ELQs
- £1 million for the ELQ safety net.

Student numbers

69. The allocations announced in this document provide for an additional 13,400 full-time equivalent (FTE) student numbers in 2010-11, awarded mainly through recent ASN exercises, and for employer co-funded activity. The distribution of these student

numbers is shown in Tables C and D (figures have been rounded to the nearest 100 and there are some rounding differences within the tables).

70. Further allocations will be finalised in time for July: these will bring the total number of fully funded ASN FTEs up towards 10,000 and employer co-funded ASN FTEs up towards 12,000.

71. Our grant letter from BIS of 22 December 2009 included an amount to take account of over-recruitment by some universities and colleges in 2009-10. In 'Higher education finances for 2009-10 and 2010-11' (HEFCE Circular letter 32/2008) we asked institutions to review their planned recruitment for 2009-10 in order to avoid any further increase in FT UG and PGCE entrants above the level of their actual admissions in 2008-09, plus any ASNs allocated to them for 2009-10. Minister of State for Higher Education David Lammy reiterated this position in July 2009.

In the 22 December grant letter, the Secretary of State asked HEFCE to make appropriate adjustments to the allocations of those institutions that have over-recruited, at a rate of £3,700 per FT UG and PGCE student recruited above the permitted level. We are currently in discussion with a number of universities and colleges about this. We are not in a position to confirm a final figure, and the funding adjustments for individual institutions are not included in this announcement.

72. We wrote to institutions on 24 February 2010 to announce the specification of the new student number control relating to FT UG and PGCE students for 2010-11 and provide the provisional limit for institutions for the year. The provisional limits may be revised for individual institutions in the light of any appeals, corrections to underlying HESA or Data Service individualised student data, or finalisation of other grant changes. We will notify institutions as soon as possible of any changes to their limit.

73. We will monitor each institution's compliance with the student number control that we have specified for them. Where we find that an institution has exceeded its limit, this will result in a reduction to grant, which may be applied in the 2010-11 and/or 2011-12 academic year. This will be at a rate of £3,700 for each student above the limit, or such other rate as may be separately specified by BIS. This reduction will be repeated in subsequent years to the extent that the institution continues to contribute to excess student support costs. We will give institutions an opportunity to appeal for mitigation before finalising any such grant adjustment.

74. Institutions should assume that no margin above the limit specified for 2010-11 will apply before we seek to apply grant reductions.

Funding for research

Introduction to the method

75. The research funding method is designed to target funding where research quality is highest. We refer to the funding as quality-related research (QR) grant. Research quality has been assessed through the Research Assessment Exercise (RAE), which also collected information about the numbers of research-active staff. The RAE was a peer-review

exercise that produced a quality profile for each research group that institutions chose to submit for assessment in different subject areas.

76. The main research funding method (known as 'mainstream QR') distributes grant based on the quality, volume and relative cost of research in different areas. First we determine how much funding to provide for research in different subjects, and then we divide the total for each subject between institutions. These decisions take account of: the volume of research (using research-active staff numbers); the relative costs (reflecting, for example, that laboratory-based research is more expensive than library-based research); any government policy priorities for particular subjects; and the quality of research as measured in the RAE.

77. In addition to mainstream QR, other allocations are made to contribute towards other research-related costs. These include:

- a. Funding for the supervision of postgraduate research (PGR) students. This is allocated to reflect PGR numbers and the relative costs of the subjects they are studying.
- b. Charity-related funding. Many charities support research in higher education, particularly in medical disciplines, but they are not always able to meet the full economic costs of research. We therefore provide additional funding to institutions in proportion to the income they receive from charities for research.
- c. Business-related funding. We provide funding to support institutions undertaking research with business and industry. This is allocated in proportion to the income they receive from business for research.

Changes for 2010-11

78. Our research funding has always been highly selective in being targeted at areas where there is evidence of the highest quality. In response to the Government's presumption in the grant letter in favour of more research concentration, we have introduced a steeper funding 'slope' for all subjects by increasing the weightings for research activity at different levels from the current 1:3:7 (at 2*, 3* and 4* levels respectively) to 1:3:9. The effect of the change will provide an initial step towards increased concentration.

79. For 2009-10 we made adjustments to the allocations of mainstream QR allocated to each main panel group in science, engineering, medicine and mathematics (Main Panels A to G) to ensure that the proportion of mainstream QR funding allocated to these areas was not less than in 2008-09. For 2010-11 we are also enhancing the mainstream QR grant allocated for research in geography and psychology. These subjects did not benefit from the protection for research grant in STEM disciplines introduced in the allocations for 2009-10. We recognise that around half of the research activity in these disciplines returned to the RAE in 2008 could reasonably be regarded as more analogous to work in STEM disciplines than in the other social sciences. We are enhancing the grant in these disciplines in 2010-11 to reflect this.

Allocations for 2010-11

80. The total recurrent funding for research in 2010-11 is £1,603 million. This represents an increase of 2 per cent compared to 2009-10. In distributing the total between the different streams of research funding, we have prioritised increases towards the mainstream QR allocations; the budget for the charities element of QR has also increased in line with inflation.

81. The total is made up of the following elements of QR funding:

- £1,097 million for mainstream QR
- £33 million for London weighting on mainstream QR
- £205 million for the research degree programme (RDP) supervision fund
- £198 million for the charity support element
- £64 million for the business research element
- £6 million for national research libraries.

Mainstream QR

82. Our first step in distributing mainstream QR is to decide how much to allocate to different subjects. The total available funding has been divided between the subject fields of the 15 RAE main panels in proportion to the volume of research in

each field that has been assessed as meeting or exceeding the 2* quality level in RAE2008, weighted to reflect the relative costs of research in different subjects. However, in 2009-10 we adjusted the totals for each of the 15 main panels in order to maintain the relative proportion of funding for subjects in science, engineering, medicine and mathematics (Main Panels A to G) and we have continued this policy in 2010-11. We are also enhancing the QR grant allocated for research in geography and psychology as described in paragraph 79.

83. The relative cost weights remain unchanged since last year:

	Weighting
High cost laboratory and clinical subjects	1.6
Intermediate cost subjects	1.3
Others	1.0

84. The next steps are to disaggregate the totals for each main panel subject group between its constituent Units of Assessment (UOAs) and then to disaggregate the totals for each UOA between institutions. For both calculations, this is in proportion to the volume of activity assessed to reach each of the three quality levels at 2*, 3* and 4* in RAE2008, multiplied by quality weights, and also taking cost weights into account where these vary within a main panel group. We apply the following weightings to research volume attributable to each RAE quality level:

Quality rating (with abbreviated description)	Funding weighting
4* (Quality that is world-leading)	9
3* (Quality that is internationally excellent)	3
2* (Quality that is recognised internationally)	1
1* (Quality that is recognised nationally)	0
Unclassified (Quality that falls below the standard of nationally recognised work)	0

85. We are continuing to provide London weighting on mainstream QR on the same basis as previously: 12 per cent of the mainstream QR allocation for institutions in inner London and 8 per cent for those in outer London.

Other elements of QR

86. The budget for RDP supervision has been increased by 1.25 per cent and set at £205 million. Funding is provided for postgraduate research students in all departments⁵ that receive mainstream QR funding. We require all institutions, as a condition of grant, to comply with the revised Section 1 of the Quality Assurance Agency for Higher Education's code of practice on postgraduate research programmes⁶ in respect of those departments that attract RDP supervision funding. The allocation is based on the numbers of eligible students in each department, weighted by the relative cost weights given in paragraph 83.

87. The budget for the charities element of QR has been increased in line with inflation of 2 per cent and totals £198 million. The allocation is made in proportion to the amount of eligible income from charities reported in the 2008 and 2009 Research Activity Surveys.

88. There has been no change to the funding method for the business research element of QR. Additional QR funding for five national research libraries is being provided to reflect agreements reached last year. The business research element of QR has been increased by 1.25 per cent and totals £64 million. Funding for national research libraries has been maintained in cash terms.

Withdrawal of 2009-10 transitional QR funding

89. For 2009-10 we provided transitional QR funding of £12 million in order to limit some of the more significant changes in rates of funding per funded volume for 21 UOAs. This was provided to reduce the impact that the use of quality weights had in determining the funding for different UOAs

within a main panel group following RAE2008. This funding was provided for 2009-10 only so has been withdrawn for 2010-11.

Moderation

90. As in previous years, we are providing funds to moderate significant reductions in teaching and research funding. Moderation funding is a short-term measure. It is not an entitlement or general subsidy, but is intended to support actions that will enable institutions to secure change and manage the transition to lower funding levels.

91. In March the HEFCE Board decided that moderation funding should be limited to £20 million for the sector and thus provided so that no institution sees a reduction of more than 0.8 per cent in cash terms compared with the equivalent, unmoderated figure for 2009-10. We do not provide moderation funding if it amounts to less than £100,000.

92. In all cases where the moderation funding is significant, we need an assurance that it is being used appropriately. We will therefore ask institutions with significant levels of moderation funding to explain how they are using the allocation to secure necessary change arising from the reduction in recurrent grant.

93. Allocations of moderation funding for 2010-11 are shown in Table 1. As with other allocations in this document, these figures remain provisional until our allocations are finalised later in the year. Any changes to grant for 2009-10 or 2010-11, or to underlying data, may result in a change (up or down) to the moderation funds. In particular, some moderation funding may be attributable to reductions in funding for widening participation or teaching enhancement and student success that arise because of poor underlying institutional data. As explained above, we have set aside funding for allocation by July to allow for corrections by institutions to their data.

⁵ The term 'department' means a group of staff and their research activity returned in a single submission within one subject UOA, irrespective of whether this is identified as a single administrative unit within the institution.

⁶ The 'Code of practice for the assurance of academic quality and standards in higher education' is available from www.qaa.ac.uk under Standards and Quality/Code of practice.

The distribution of this funding may result in reductions to moderation funding.

Higher Education Innovation Fund

94. The Higher Education Innovation Fund is designed to support and develop a broad range of collaborations between higher education and businesses or public sector, charity or community groups, which result in economic and social benefit to the UK. The allocations for 2010-11 were announced in 'Higher Education Innovation Fund round four outcomes' (HEFCE 2008/34). The total for the 2010-11 academic year is £150 million.

Non-recurrent grant (earmarked capital and special funding)

95. We aim to provide as much as possible of our funding for learning and teaching, widening participation, research, and business and community engagement through the core/block grant. Further non-recurrent funding, in the form of special funding and earmarked capital, is provided for specific purposes and to promote change that cannot easily be achieved through other routes.

Earmarked capital

96. Most of our earmarked capital is allocated by formula, the two main elements being the Learning and Teaching Capital Investment Fund and the Research Capital Investment Fund. Capital funding under these two streams for 2008-2011 was announced in 'Capital Investment Fund: capital for learning and teaching, research and infrastructure 2008-2011' (HEFCE 2008/04).

97. We are allocating a total of £562 million for earmarked capital grants in 2010-11. This takes account of £250 million brought forward from 2010-11 into 2008-09 and 2009-10. The capital funding for learning and teaching for 2010-11 has subsequently been reduced by £84 million, but the capital funding for research for 2010-11 has not been reduced. In addition our 22 December 2009 grant letter from BIS now confirms that the capital balances of £51 million that have been carried forward since March 2008 are now no longer available. This requires us to reduce our capital

commitments by a further £51 million, so the total capital reductions are £135 million.

98. We have reviewed all capital programmes to minimise the impact of reductions on the formula allocations to institutions:

- a. Provision was made for additional capital programmes in 2010-11. These will not now happen, and this will release £64 million.
- b. Reprioritising and rephasing of the funding for the Joint Information Systems Committee (JISC), including the open and educational resource programme, will release a further £27 million.
- c. Slippage on some Strategic Development Fund (SDF) capital projects will allow some rephasing of the budget, releasing £10 million.

99. The above reductions, which total £101 million in capital funding, mean that the impact on institutional allocations of the £135 million capital reduction in our grant letter is limited to £34 million. Of this, £32.5 million will be applied to balances on the Teaching Capital Investment Fund and £1.5 million to capital allocations to FECs.

100. The following capital reductions should be regarded as deferring capital commitments and will be a first call on capital funding for 2011-12, which will be subject to the outcome of the next spending review:

- £32.5 million reduction in the Teaching Capital Investment Fund
- £1.5 million reduction in capital allocations to FECs
- £10 million reduction in the SDF
- £10 million rephasing of the open education resource programme.

101. We will notify institutions of changes to their capital funding for teaching in June, once we have confirmation of the actual capital brought forward from 2010-11 to 2009-10.

Special funding

102. We allocate a small proportion of our total funding to support special funding programmes, to

promote specific policies (such as widening participation) or to contribute towards additional costs for institutions that are not recognised through our recurrent funding methods (such as support for national facilities).

103. For 2010-11, we are allocating £294 million in special funding. This covers recent government initiatives such as employer engagement development (currently allocated through the SDF), Aimhigher and JISC. It also covers other allocations that we fund from the overall grant available to us. The total allocated as special funding has decreased from £316 million last year. Special funding represents 4 per cent of total grant.

104. The distribution to institutions of special funding and earmarked capital is not shown in this publication. We will notify institutions of changes to capital funding in June, and publish a separate report detailing payments made to institutions for the completed academic year. Table 3 shows a breakdown of non-recurrent funding, comprising special funding and earmarked capital, between the different programmes. These allocations are grouped by HEFCE strategic aim, as set out in our updated 2006-11 strategic plan (HEFCE 2009/21).

Conditions of grant

105. 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 funding are given in 'Model Financial Memorandum between HEFCE and institutions' (HEFCE 2008/19). We recently consulted on changes to the Financial Memorandum between HEFCE and higher education institutions⁷ and expect an amended version to take effect from 1 August 2010.

106. In July we will send institutions their funding agreement for 2010-11. This will form Part 2 of the

Financial Memorandum between HEFCE and each institution. It will specify the conditions attached to our teaching funding, in terms of the levels of teaching activity that must be provided.

107. Institutions are expected to follow government policy on public sector pay by taking account of: fairness; the need to recruit, motivate and retain staff; and affordability.

108. The Secretary of State expects institutions not to charge qualifying persons on qualifying courses more than a prescribed amount in tuition fees. The prescribed amounts for 2010-11 reflect provisions in the Higher Education Act 2004 and are subject to overall limits that are set out in the Student Fees (Amounts) (England) (Amendment) Regulations 2009⁸. Qualifying courses and persons have the meaning prescribed in the Student Fees (Qualifying Courses and persons) (England) Regulations 2007, as amended⁹. 'New condition of grant about tuition fees and access agreements' (HEFCE Circular letter 15/2006) sets out the arrangements for 2006-07, which also apply in 2010-11 subject to the updated prescribed fee limits and the revised definitions of qualifying persons and qualifying courses set out in legislation. Circular letter 15/2006 also explains how institutions are required to comply with the provisions of any access agreement ('approved plan') in force, as approved by the Director of Fair Access. It also describes the action that HEFCE will take on its own account or on behalf of the Director of Fair Access if conditions of grant are breached. Any financial requirements may be applied in-year.

109. The additional funding for very high-cost and vulnerable science subjects within teaching grant is also subject to separate conditions of grant. These are described in 'Additional funding for very high-cost and vulnerable laboratory-based subjects' (HEFCE Circular letter 13/2007).

⁷ 'Revisions to Financial Memorandum: Consultation on changes to the funding agreement between HEFCE and institutions' (HEFCE 2009/46).

⁸ Statutory Instrument 2009/3113 can be read at www.opsi.gov.uk under Legislation/Original/UK/Statutory Instruments.

⁹ Statutory Instrument 2007/778, as amended, at the time of writing, by Statutory Instruments 2007/2263 and 2008/1640, which can be read at www.opsi.gov.uk under Legislation/Original/UK/Statutory Instruments.

110. Institutions are required to comply with the revised Section 1 of the Quality Assurance Agency for Higher Education's code of practice on postgraduate research programmes in respect of those departments that attract RDP supervision funding.

111. Our Financial Memorandum and funding agreement with institutions contain sections on providing information. These information requirements are part of the terms and conditions attached to the funding for 2010-11. Details are contained in '2010-11 Recurrent grant tables for higher education institutions: guidance' and the equivalent document for FECs, which were provided to institutions on 12 March 2010.

Audit of funding data

112. The allocations of funds for teaching and research are informed by the data we collect from institutions. We will continue to audit these data selectively in this and future funding exercises. We will make a number of audit visits, covering the full range of data provided by institutions to inform the 2010-11 funding allocations.

113. In addition, we will use data that institutions provide to HESA or the Data Service to verify the data they submit directly to us. If we find that erroneous data have resulted in institutions receiving incorrect funding allocations, then we will adjust their funding accordingly. This is subject, where appropriate, to an appeals process and the availability of our funds. Funding adjustments relating to teaching grant may apply to any elements of mainstream or non-mainstream grant, including, for example, funding for teaching enhancement and student success, widening participation and other targeted allocations.

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

HEFCE web-site, www.hefce.ac.uk, under Finance & assurance/Assurance service/Guidance/Audit arrangements.

Further information

115. Institutions requiring further information should contact their HEFCE higher education policy adviser. Contact details for higher education policy advisers are available from www.hefce.ac.uk under About us/Contact us.

Annex A

Descriptions of columns in Tables 1 and 2

Table 1 Recurrent grant for academic year 2010-11

Teaching funds

1. **Core funding** is derived from the previous year's core. The 2010-11 core funds comprise:

	£M
2009-10 Core funding	3,860
2009-10 Mainstream additional funded places	42
Efficiency saving applied to 2009-10 mainstream funding grant	-53
Adjustments to 2008-09 baseline because of the consolidation of grant adjustments (after efficiency saving)	1
Miscellaneous adjustments	-1
Increases to ERASMUS ¹⁰ fee compensation	1
Increase for inflation	48
Additional funding for institutions that are below the ± 5 per cent tolerance band as a result of changes to HEFCE's teaching model	5
Total 2010-11 core funding	3,902

2. **Mainstream additional funded places** shows funds for:

- a. New places allocated through additional student number (ASN) exercises, with the majority for strategic growth following 'Allocation of funds for additional student numbers in 2009-10 and 2010-11' (HEFCE Circular letter 05/2008), but excluding non-mainstream ASN funding for some initiatives (£29 million).
- b. ASNs for two institutions that have been particularly affected by the equivalent or lower qualifications (ELQ) policy. This funding provides them with an opportunity to retain recurrently, if they are able to deliver sufficient additional student numbers, funding that would otherwise be provided for the short term only to moderate annual reductions in funding arising from the ELQ policy (£2 million).
- c. Changes in intakes to undergraduate medical or dental courses (£2 million).

3. **Non-mainstream funded places** shows funds for:

- a. Lifelong Learning Networks (LLNs) that for 2009-10 opted for their funding to be held outside mainstream teaching grant by a single lead institution (£5 million).
- b. Employer co-funded students (£45 million).

4. **Widening participation** shows allocations of funding for teaching to recognise the extra costs associated with recruiting and supporting students from disadvantaged backgrounds currently under-represented in higher education (£128 million), or widening access and improving provision for disabled students (£13 million).

5. **Teaching enhancement and student success** shows allocations of funding to recognise the extra costs associated with: improving the retention of students most at risk of not completing (£226 million); research-informed teaching (£10 million); and institutional learning and teaching strategies (£30 million).

¹⁰ ERASMUS is a scheme enabling students to spend time abroad as part of their study at a UK higher education institution. For more information see www.britishcouncil.org/erasmus

6. **Other targeted allocations** comprise funding for:

- a. Part-time undergraduates (£72 million).
- b. Foundation degrees (£12 million).
- c. Accelerated and intensive provision (£44 million).
- d. Institution-specific costs (£52 million).
- e. Very high-cost and vulnerable science subjects (£25 million).
- f. Maintaining capacity in strategically important and vulnerable subjects following the introduction of the ELQ policy (£31 million).

7. **Other recurrent teaching grants** comprise funding for:

- a. Clinical academic consultants' pay (£20 million).
- b. Dance and Drama Awards (£4 million).
- c. Senior academic GPs' pay (£1 million).
- d. NHS pensions scheme contribution (£6 million).
- e. Transitional funding for ELQs (£42 million).
- f. ELQ safety net (£1 million).

Research funds

8. **Total recurrent research funding** comprises:

- a. Mainstream quality-related research (QR) (£1,097 million).
- b. London weighting on mainstream QR (£33 million).
- c. Research degree programme supervision funds (£205 million).
- d. QR charity support fund (£198 million).
- e. QR business research element (£64 million).
- f. QR funding for national research libraries (£6 million).

Third stream

9. The **Higher Education Innovation Fund (HEIF)** is to support and develop a broad range of collaborations between higher education and businesses or public sector, charity or community groups, which result in economic and social benefit to the UK.

Other funds

10. **Moderation funding** is a short-term measure to smooth changes in teaching and research grant. A minimum allocation threshold of £100,000 has been applied.

Table 2 Comparison with 2009-10 academic year recurrent grant

11. Recurrent funding for teaching, research and HEIF from HEFCE 2009/42 shows 'Total teaching funding (before efficiency saving)' plus 'Efficiency saving' plus 'Total recurrent research funding' plus 'Transitional QR funding' plus 'Higher Education Innovation Fund' taken from Table 1 of 'Recurrent grants for 2009-10: final allocations' (HEFCE 2009/42).

12. **2009-10 Adjustments to mainstream teaching grant** includes:

- a. Adjustments to grant for 2009-10 in the light of recruitment that year. This comprises:
 - i. Holdback of grant for exceeding the contract range.
 - ii. Any recovery of funding originally deducted in 2009-10 because of contract range holdback in 2008-09.
 - iii. Holdback for shortfalls against mainstream ASNs awarded for 2009-10.
 - iv. Additional funding for delivery of 2008-09 mainstream ASNs at the second attempt.

It does not include any adjustments for institutions that over-recruited FT UG and PGCE students in 2009-10. These are still to be finalised.

- b. Deduction of 2009-10 fee compensation for outgoing ERASMUS students.
- c. Other miscellaneous adjustments and transfers for 2009-10.

13. **2010-11 Adjustments to mainstream teaching grant** includes:

- a. Addition of 2010-11 fee compensation for outgoing ERASMUS students.
- b. Other miscellaneous adjustments and transfers for 2010-11.

14. **2009-10 Adjustments for non-mainstream funded places** includes any adjustments to 2009-10 non-mainstream LLN ASN funding arising from in-year recruitment.

15. **Adjustments to other recurrent grants** includes any other miscellaneous changes to recurrent grant since HEFCE 2009/42.

16. **2009-10 Moderation** shows, for comparison purposes, any moderation funding provided in 2009-10, either as previously announced in HEFCE 2009/42, or newly allocated in-year as a result of 2009-10 contract range holdback.

17. **2009-10 Total adjusted recurrent grant** is the sum of the previous six columns.

18. **2010-11 Recurrent grant** is taken from the final column of Table 1.

19. **Percentage change in total recurrent grant** shows the overall percentage change in recurrent grant between 2009-10 and 2010-11.

Table 1 Recurrent grant for academic year 2010-11



Table 2 Comparison with 2009-10 academic year recurrent grant

Table 3 Non-recurrent funding for 2010-11

Tables 1 to 3 are available to download as separate Excel files alongside this document at www.hefce.ac.uk under Publications.

List of abbreviations

ASNs	Additional student numbers
BIS	Department for Business, Innovation and Skills
ELQ	Equivalent or lower qualification
FEC	Further education college
FTE	Full-time equivalent
FT	Full-time, including students on sandwich courses that are not on their year-out
HEFCE	Higher Education Funding Council for England
HEIF	Higher Education Innovation Fund
HESA	Higher Education Statistics Agency
JISC	Joint Information Systems Committee
LLN	Lifelong Learning Network
PGCE	Postgraduate/Professional Graduate Certificate in Education
PGR	Postgraduate research
PGT	Postgraduate taught
PT	Part-time
QR	Quality-related research
RAE	Research Assessment Exercise
RDP	Research degree programme
SDF	Strategic Development Fund
STEM	Science, technology, engineering and mathematics
SWOUT	Sandwich year-out
UG	Undergraduate
UOA	Unit of assessment



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