

October 2002/44

**Core funding/operations**

Allocation of funds

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This report is for information only

This document shows the final allocations of HEFCE recurrent grants for 2002-03 for the universities and colleges we fund directly. It also explains the changes made since the provisional allocations were announced in March (HEFCE 02/11).

# Recurrent grants for 2002-03

## Final allocations

## Recurrent grants for 2002-03: final allocations

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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
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Enquiries to	HEFCE higher education advisers

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### Executive summary

#### Purpose

1. This document gives our final allocations of recurrent funding to institutions for the academic year 2002-03.

#### Key points

2. We have updated a number of the allocations given in HEFCE 02/11. The main reasons for changes are:

- a. Revisions to funding for additional student numbers.
- b. Transfers of student numbers and funding between institutions, particularly where further education colleges have chosen to be funded indirectly through a higher education institution.

3. Total recurrent funding has increased by £4 million to £4,339 million.

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

5. Institutions supply data to inform funding allocations. We will continue to audit these data selectively, and will also use data from the Higher Education Statistics Agency (HESA), and the Learning and Skills Council (LSC) to verify them. If we find that the data were inaccurate, so that institutions have received higher allocations than they should have done, we will reduce their funding.

#### Action required

6. No action is required.

## Introduction

7. HEFCE 02/11, 'Recurrent grants for 2002-03', issued in March 2002, announced provisional allocations of HEFCE funding for the academic year 2002-03. This report contains the final allocations.

8. All references are to academic years. There may be differences between individual figures and totals, due to rounding.

## Revisions to allocations

9. Table 1 in HEFCE 02/11 showed total grants for 2002-03 of £4,334,857,239. The revisions to those allocations are shown in Table A.

**Table A Revisions to provisional allocations**

All figures in £s	HEFCE 02/11 provisional allocations	Final allocations	Change
<b>Headings from Table 1</b>			
Changes to teaching funds:			
Core funding	3,148,805,256	3,149,896,280	1,091,024
Adjustments to core	1,700,935	1,864,820	163,885
Additional funded places	66,179,429	68,185,473	2,006,044
Widening access and participation	47,406,536	47,653,002	246,466
<b>Changes to total teaching funding</b>	<b>3,264,092,171</b>	<b>3,267,599,582</b>	<b>3,507,411</b>
<b>Changes to total research funding</b>	<b>939,999,996</b>	<b>940,065,373</b>	<b>65,377</b>
Moderation of teaching and research	10,765,080	11,035,510	270,430
<b>Changes in total grant 2002-03</b>	<b>4,334,857,239</b>	<b>4,338,700,465</b>	<b>3,843,226</b>

10. The changes to funding since March can be summarised under the following main headings:

- a. Revisions to funding for additional student numbers for 2002-03, following responses from institutions to the original allocations.
- b. Institutional mergers and transfers.
- c. Corrections to underlying institutional data and other miscellaneous transfers and adjustments.
- d. Effects of the above on funding for moderation.

### Revisions to funding for additional student places for 2002-03

11. The provisional allocations included the additional places offered to institutions in response to bids invited in HEFCE 01/54, 'Additional student places and funds 2002-03'. Some allocations have been revised to reflect institutions' responses to those offers, particularly changes to the phasing of additional places between academic years, and their attribution between price groups. We announced the places awarded for 2002-03 in HEFCE 2002/36, 'Additional student places and funds 2002-03: outcome of bids'.

12. There have been changes to the funding for additional student places on prototype foundation degrees at some institutions. There have also been some increases to initial teacher training (ITT)

diversification allocations. The changes to funding relating to additional student numbers are an increase of £1,994,136.

#### Institutional mergers and transfers

13. HEFCE 99/36, 'Higher education in further education colleges: guidance for colleges on funding options', set out the options for further education colleges (FECs) to obtain HEFCE funding for their higher education programmes. This could be directly from us, or indirectly through either a franchise or a consortium arrangement. A number of FECs have now chosen to be funded indirectly from 2002-03. In addition, there are a small number of institutional mergers that will be effective from 2002-03. Annex A lists these mergers and the changed funding routes for institutions that have been incorporated since our March grant announcement.

#### Corrections to data and other adjustments

14. There have been a small number of changes to underlying data affecting allocations of teaching or research funding. There have also been other changes affecting teaching funding. These are summarised in Table B.

**Table B Changes due to data corrections and other adjustments**

All figures in £s	Change to:	
	Teaching funds	Research funds
Data corrections	359,544	712,866
Other miscellaneous adjustments	600,242	0
<b>Total</b>	<b>959,786</b>	<b>712,866</b>

#### Effects on funding for moderation

15. To help maintain stability, we have continued our policy of phasing in changes by moderating the allocations. Institutions will not receive a reduction in resource (teaching and research grant, plus regulated fee income) of more than 2 per cent in real terms compared with the equivalent figure for 2001-02. The above changes can affect the need for moderation funding for individual institutions.

## Summary of changes to grant

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

**Table C Summary of changes to grants for 2002-03**

All figures in £s Reason for change	Teaching funds					Research funds	Moderation of teaching and research	Total grant
	Core funding	Adjustments to core	Additional funded places	Widening access and participation	Total teaching funding			
Revisions to funding for additional student numbers	0	0	1,994,136	0	1,994,136	0	0	1,994,136
Institutional mergers and transfers	745,949	-203,720	11,267	1	553,497	-647,489	0	-93,992
Data corrections	109,524	2,695	641	246,684	359,544	712,866	0	1,072,410
Other miscellaneous adjustments	235,551	364,910	0	-219	600,242	0	270,430	870,672
<b>Total</b>	<b>1,091,024</b>	<b>163,885</b>	<b>2,006,044</b>	<b>246,466</b>	<b>3,507,419</b>	<b>65,377</b>	<b>270,430</b>	<b>3,843,226</b>

17. Final grant allocations for 2002-03 are given in Table 1 of Annex B. Table 2 compares them with the allocations for 2001-02. Annex A of HEFCE 02/11 provided a full explanation of the column headings of these two tables.

### **Conditions of grant**

18. HEFCE grants are conditional on the funds being used for the activities specified in section 65(2) of the Further and Higher Education Act 1992, and upon institutions delivering teaching and research. The conditions that apply to funding for 2002-03 are set out in HEFCE 00/25, 'Model financial memorandum between the HEFCE and institutions'.

19. In July, we sent each institution its funding agreement for 2002-03, which forms Part 2 of our financial memorandum. For FECs whose higher education provision we fund directly, there is a single funding agreement that incorporates relevant parts of the financial memorandum. The funding agreement specifies further conditions of grant governing our funding, and sets targets relating to student numbers that we expect institutions to meet in return for our funding for teaching. HEFCE 2002/32, 'Holdback of HEFCE grant 2002-03', describes how we will monitor whether institutions have met the targets in their funding agreement, and the action we will take if they do not.

### **Audit of funding data**

20. Data collected from institutions inform our allocation of funds for teaching and research. We will continue to audit these data selectively in this and future funding exercises, through audit visits.

21. We will also use data which institutions provide to HESA or the LSC to verify the data institutions send directly to us.

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

### **Further information**

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

## Annex A

### Institutional mergers and changes to funding routes for further education colleges

1. This annex lists the institutional mergers and changes to FECs' choices of funding routes that we have incorporated since publishing our provisional allocations of recurrent grants for 2002-03, in March (HEFCE 02/11).

2. The institutional mergers are as follows:

- University of North London and London Guildhall University, to form London Metropolitan University
- East Yorkshire College and Beverley College. Both colleges are now funded indirectly through the consortium led by Hull College.

3. The FECs in the table below have chosen to be indirectly funded, through either a franchise or a consortium arrangement.

<b>Further education college</b>	<b>To be indirectly funded through:</b>
Aylesbury College	Buckinghamshire Chilterns University College
The Bournemouth and Poole College of Further Education	Bournemouth University
Cannington College	Bournemouth University
The City Literary Institute	Institute of Education
Cricklade College	King Alfred's College, Winchester
Darlington College of Technology	University of Teesside
Eastleigh College	King Alfred's College, Winchester
East Surrey College	North East Surrey College of Technology
Epping Forest College	Anglia Polytechnic University
Guildford College of Further and Higher Education	North East Surrey College of Technology
Hastings College	University of Brighton
The Isle of Wight College	University College Chichester
Lancaster and Morecambe College	University of Central Lancashire
Moulton College	University College Northampton
Skelmersdale College	Edge Hill College of Higher Education
Southwark College	South Bank University
Spelthorne College	Royal Holloway, University of London
Truro College	University of Plymouth
Walford and North Shropshire College	Staffordshire University

4. Birmingham College of Food, Tourism and Creative Studies was previously an FEC, but is now a higher education institution, shown as a specialist institution from 2002-03.

5. The Courtauld Institute of Art was previously funded through the University of London but will now be funded directly, and is also shown as a specialist institution from 2002-03.