

March 2009/08

Core funding/operations
Allocation of funds

This document summarises our provisional allocations of recurrent funding to institutions for the academic year 2009-10. Final allocations will be announced in July 2009.

This report is for information

March 2009/08

Recurrent grants for 2009-10

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Recurrent grants for 2009-10

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	2009/08
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Enquiries to	HEFCE higher education policy advisers

Executive summary

Purpose

1. This document summarises our provisional allocations of recurrent funding to institutions for the academic year 2009-10.

Highlights

2. The overall £7,994 million represents a good settlement for higher education and provides 4 per cent additional funding compared to the funding announced for 2008-09.

3. The unit of funding for teaching has increased by 2 per cent and its value has been maintained in real terms. Recurrent funding for research has increased by 7.7 per cent in cash terms (5.6 per cent in real terms).

4. Funding is provided as a block grant which institutions can spend as they choose on teaching, research and related activities.

5. There are variations in funding levels between institutions which arise for a variety of reasons, the results of the 2008 Research Assessment Exercise (RAE) being a significant factor. We are providing £24 million in moderation funding so no institution sees a reduction in cash terms compared with the equivalent unmoderated figure for 2008-09.

6. There will be a growth in fully funded student numbers of 10,000, but these have already been committed. The Secretary of State for Innovation, Universities and Skills will review the availability of additional student numbers for 2010-11 later this year.

7. We are allocating research funding selectively by reference to robust judgements of research quality. We are funding research of

the highest quality wherever and in whatever discipline it is found.

8. We are protecting the position of science subjects. In teaching, £25 million for very high cost laboratory-based subjects has become permanent as a recurrent targeted allocation from 2009-10. In research we are safeguarding the share of mainstream quality-related (QR) grant in science, engineering, medicine and mathematics. We are also providing transitional QR funding to help institutions manage the new funding levels with respect to different disciplines.

9. Within the overall funding for teaching we are transferring £30 million from the funding currently related to improving retention to that for widening access. This will help to strengthen links between universities and schools.

10. We are providing £1,154 million for capital funding for teaching and research. This figure has been boosted by £219 million in capital expenditure brought forward from later years to help combat the recession.

11. We have reduced special funding from £411 million in £2008-09 to £316 million in 2009-10, representing a decline from 5.4 per cent to 4 per cent of total grant.

Key points

12. The total HEFCE grant available for the 2009-10 academic year is £7,994 million. This represents an overall cash increase of 4 per cent compared with the equivalent figure for 2008-09. The total includes recurrent funding of £4,782 million for teaching (of which £143 million is for widening participation and £269 million for teaching enhancement and student success), £1,572 million for recurrent research and £134 million for business and community engagement. We are also providing some transitional allocations totalling £36 million to smooth changes in recurrent grants since last year. In addition, we are providing a further £1,154 million for earmarked capital grants and £316 million for special funding.

13. In 2009-10 we will directly fund 130 higher education institutions and 124 further education colleges. The institutional allocations announced in

this publication show an average 4.1 per cent increase in recurrent grant for the sector. We have provided a full uplift for inflation (at 2 per cent) to the main teaching grant allocation for each institution. Many institutions have gained additional funded student numbers. The total funding for widening participation and for teaching enhancement and student success is also being increased in line with inflation.

14. Recurrent research funding has increased by 7.7 per cent, in keeping with the Government's commitment to enhance the research base through both sides of the dual-support system. The funding method for research has been developed to take account of the outcomes of the 2008 RAE.

15. We are allocating a total of £1,154 million for earmarked capital grants. This includes £219 million which has been bought forward from 2010-11. The distribution of capital funding between institutions has been announced separately and is not included in this document (paragraph 97 provides further information).

16. The allocations in this document are provisional: we will aim to finalise them in time for the funding agreements that are issued in July. Our grant letter from the Department for Innovation, Universities and Skills (DIUS) of 21 January 2009 did not confirm funding for the 2010-11 financial year. In order to announce funding for the 2009-10 academic year, which has a four-month overlap with the 2010-11 financial year, we have had to make assumptions about the funding we might expect to receive for 2010-11. These assumptions have been based on the information in our grant letter from DIUS of 18 January 2008. However if, before July 2009, we receive confirmation of our grant for 2010-11 and this differs significantly from the assumptions we have made, then we reserve the right to review all of our allocations for the 2009-10 academic year.

17. On 29 October 2008, the Secretary of State wrote to the HEFCE Chair asking us to allocate no more than 10,000 additional (fully funded) student numbers for 2009-10. Our grant letter from the Secretary of State of 21 January 2009 provided further information on this and stated that 'any over-recruitment in the coming year could result in

a transfer of HEFCE grant back to this Department in that or future years, in order to meet the consequent unanticipated student support costs’.

18. Our allocations for 2009-10 make provision for growth in the sector that is consistent with the Government’s plans. To help manage the risk of over-recruitment beyond the growth already planned and in the system, we asked institutions to review their planned recruitment for 2009-10 in order to avoid any further increase in full-time undergraduate and Postgraduate/Professional Graduate Certificate in Education (PGCE) entrants above the level of their actual admissions in 2008-09 plus any additional student numbers allocated to them for 2009-10 (HEFCE Circular letter 32/2008, ‘Higher education finances for 2009-10 and 2010-11’). We expect institutions to recruit responsibly in 2009-10, but do not propose to introduce any new kind of funding agreement target this year. Nevertheless, we may wish to take further action if individual institutions, or the sector as a whole, significantly over-recruit in 2009-10, and if DIUS were to reduce HEFCE grant in order to meet its additional student support costs.

Teaching

19. The total recurrent funding for teaching that is available has increased by 2.5 per cent over the equivalent final allocation to the sector for 2008-09. This has allowed us to provide for 10,000 additional fully funded and over 7,000 employer co-funded full-time equivalent (FTE) student places, while providing an uplift for inflation to teaching grant. We have also provided an uplift for inflation for widening participation funding and for teaching enhancement and student success.

20. The total of £4,782 million for teaching includes the following:

- a. £143 million to support widening participation for students from under-represented groups.
- b. £269 million to support teaching enhancement and student success.
- c. £64 million for additional funded places, mainly awarded following HEFCE Circular letter 05/2008, ‘Allocation of funds for additional student numbers in 2009-10 and

2010-11’. This includes £47 million for fully funded places and £17 million for employer co-funded places.

Research

21. A total of £1,572 million is allocated for research. This is an increase of 7.7 per cent compared with the equivalent funding for 2008-09. Within this overall increase we have prioritised increases towards the mainstream QR allocations, although the budget for the charities element of QR has also increased slightly in real terms. The total is made up of the following elements:

- £1,074 million for mainstream QR
- £32 million for London weighting for mainstream QR
- £203 million for the research degree programme supervision fund
- £194 million for the charity support element
- £63 million for the business research element
- £6 million for national research libraries.

22. The 2008 RAE took a different form to previous ones, the main difference being in the way quality ratings are reported. In previous RAEs, institutions received a single quality score for their research in a particular subject; for 2008, they received a profile showing the proportions of research activity in the subject that meet defined levels of quality. Our research funding has always been highly selective in being targeted at areas where there is evidence of the highest quality. However, the new quality profiles from the 2008 RAE enable us to target funding in a more fine-grained way, rewarding excellence wherever it is found.

23. In addition to the recurrent research funding of £1,572 million, we are also providing £12 million as transitional QR funding for 2009-10 only. This is allocated to smooth some of the more significant changes in the rate of funding in the mainstream QR allocation for certain subject areas.

Higher Education Innovation Fund

24. We are providing £134 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. In general, each institution's recurrent grant for teaching and research will be maintained in cash terms compared with the equivalent, unmoderated figure for 2008-09, but we will not provide moderation where it would amount to less than £100,000. The total funding for moderation in this March announcement is £24 million, but this figure may change 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 £1,154 million for earmarked capital grants. This includes £219 million which has been brought forward from 2010-11. The total of £316 million allocated as special funding has decreased from £411 million last year, representing a decline from 5.4 per cent to 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 2009-10 is £7,994 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.

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 2008-09.

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 2008-09 and 2009-10. 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 26 February 2009. Institutions received details of their individual grant allocations on 2 March 2009.

32. Our funding methods for teaching and research, as they applied in 2008-09, are described in ‘Funding higher education in England: how HEFCE allocates its funds’ (HEFCE 2008/33). An updated version of that document will be available later in the year. Paragraphs 37 to 53 and 75 to 90 of this document summarise our teaching and research funding methods and explain some changes to the methods since HEFCE 2008/33 was published.

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.

Table A **HEFCE grant to be distributed in 2009-10**

Main strategic themes	Recurrent grant (£M)	Non-recurrent grant (£M)	Total (£M)
Learning and teaching	4,782	647	5,429
<i>Of which:</i>			
<i>Teaching enhancement and student success</i>	269	0	269
<i>Widening participation</i>	143	35	178
Research	1,572	578	2,150
Transitional quality-related research funding	12	0	12
Business and the community	134	0	134
Moderation of teaching and research	24	0	24
Sustaining a high-quality sector	0	173	173
Excellence in delivery	0	1	1
Joint Information Systems Committee	0	72	72
Total	6,524	1,471*	7,994

* includes £219 million capital funding brought forward from 2010-11.

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 letter¹ from the Department for Innovation, Universities and Skills (DIUS) of 21 January 2009 did not confirm funding for the 2010-11 financial year. In order to announce funding for the 2009-10 academic year, which has a four-month overlap with the 2010-11 financial year, we have had to make assumptions about the funding we might expect to receive for 2010-11. These assumptions have been based on the information in our grant letter from DIUS of 18 January 2008. However, if, before July, we receive confirmation of our grant for 2010-11 and this differs significantly from the assumptions we have made, then we reserve the right to review all of our allocations for the 2009-10 academic year. This would be with a view to smoothing any change in funding for institutions that might be necessary by 2010-11.

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; 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, agreed funding for additional student numbers 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.

40. Because we make assumptions about fee

¹ 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.

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.

41. 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. 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.

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.

Changes for 2009-10

43. There are three developments to the teaching funding method that we are implementing from 2009-10. They are:

- a. The introduction of a new targeted allocation to support teaching enhancement and student success.

- b. The creation of a new flexible study measure to count for funding purposes the modules completed by students that complete less than their initial study intentions for the year.
- c. The transfer of funding previously provided separately for very high cost and vulnerable science subjects to a new targeted allocation within teaching.

44. In addition, two changes to the teaching funding method from 2008-09 have continuing implications for 2009-10 grant allocations. The changes were:

- a. The Government’s policy on funding students aiming for equivalent or lower qualifications (ELQs).
- b. The creation of targeted allocations to replace premiums in our main teaching funding method.

Teaching enhancement and student success

45. From 2009-10 we are introducing a new targeted allocation to support teaching enhancement and student success. This includes funding related to:

- a. Improving retention (with separate allocations in respect of full-time and part-time undergraduate students).
- b. Learning, teaching and assessment strategies.
- c. Teaching informed and enriched by research.

46. Funding for improving retention of full-time and part-time undergraduates was previously allocated as part of the widening participation funding stream. Now, £30 million of the total funding for improving retention allocated through that stream in 2008-09 has been transferred to the widening access allocation from 2009-10. We consulted on our proposals in August 2008 (‘Future support for teaching enhancement and widening participation: consultation on changes to the teaching funding method’, HEFCE 2008/28) and this provided some modelling of its effects on institutions.

Recognising flexible study patterns

47. In previous years, we have only counted for funding purposes those students that complete their year of study. For 2009-10 we are also taking account of study that was partially completed. This

follows consultation in January 2007 ('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 on changes to the method from 2008-09' (HEFCE 2007/23). This is being 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.

48. Implementing this policy means that we are counting a greater volume of student activity against our fixed teaching funding budget. This has resulted in a slight decrease in the base price for 2009-10 (the rate of resource per weighted student full-time equivalent (FTE)) compared with 2008-09. In general, the effect of this change on institutions will be minor. This affects only how we calculate the standard resource for institutions – institutions will only receive additional funding for 2009-10 if they move (further) below the tolerance band in 2009-10 as a result of this change.

Very high cost and vulnerable science subjects

49. Funding for very high cost and vulnerable science subjects, totalling £25 million, was first provided in 2007-08, but was time-limited initially up to 2009-10. From 2009-10 this funding will be provided recurrently as a targeted allocation within teaching grant.

Equivalent and lower qualifications

50. 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 2009-10 therefore reflect the phasing-out of this transitional funding.

51. 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 2009-10 as a result of the ELQ policy compared with the equivalent sums that were within mainstream teaching grant for 2007-08.

Other targeted allocations

52. Targeted allocations were introduced from 2008-09 to replace most of the premiums that were previously included in our mainstream teaching grant. These allocations support important or vulnerable features of higher education, in accordance with key policy initiatives. Alongside the introduction of new targeted allocations for teaching enhancement and student success and very high cost and vulnerable science subjects, institutions will also see changes to other targeted teaching allocations. This may include:

- a. Changes to the institution-specific targeted allocation following the review of exceptional funding for institutions.
- b. Changes to variable allocations for foundation degrees, part-time undergraduates and for accelerated and intensive courses. These have been recalculated to reflect changes in student numbers since last year and may therefore lead to changes in institutions' allocations.

53. In Circular letter 18/2008, 'Changes to funding priorities 2008-11', we announced that from 2009-10 we would maintain in cash terms the overall funding for the targeted allocations that replaced premiums, subject only to our continued commitment to increase the targeted allocation for part-time undergraduates by £30 million from 2009-10. This latter commitment arises from the implementation of the Government's policy on funding for ELQs.

Allocations for 2009-10

54. The allocations of recurrent funding for learning and teaching shown in Table 1 total £4,758 million, made up as follows:

	£M
Core funding	3,847
Mainstream additional funded places	37
Non-mainstream funded places	43
<i>Of which, additional for 2009-10</i>	9
Widening participation	141
Teaching enhancement and student success	266
Other targeted allocations	318
Other recurrent teaching grants	106
Total	4,758

55. A full explanation of the data in Table 1 is at Annex A. The balance of £24 million from the £4,782 million available as recurrent funding for teaching includes:

- a. £19 million set aside for some fully funded and employer co-funded 2009-10 additional student

number allocations that have not yet been finalised, and for the recovery by individual institutions of consolidated reductions to 2009-10 baseline grants where insufficient activity was delivered in 2008-09.

- 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.

56. Core funding for teaching includes an uplift for inflation of 2 per cent on sums rolled forward from 2008-09. 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 new flexible study measure.

Rates of HEFCE mainstream teaching grant for 2009-10

57. Table B shows notional rates of HEFCE teaching grant per FTE student for 2009-10. The figures are based on the mainstream teaching funding method, and exclude other elements of

Table B **Notional rates of HEFCE teaching grant per FTE student for 2009-10**

Price group	Mode	Level	Fee type	Standard resource (£)	Assumed fee income (£)	Notional HEFCE grant rate (£)
A	FT and PT	UG	Regulated and non-regulated	15,788	1,285	14,503
A	FT and PT	PGT	Non-regulated	15,788	3,947	11,841
B	FT and PT	UG	Regulated and non-regulated	6,710	1,285	5,425
B	FT and PT	PGT	Non-regulated	6,710	3,947	2,763
C	FT	UG and PGT	Regulated	5,131	1,285	3,846
C	FT and PT	PGT	Non-regulated	5,131	3,947	1,184
C	SWOUT	UG	Regulated	5,131	1,280	3,851
C	PT	UG	Non-regulated	5,131	1,285	3,846
C	PT	UG and PGT	Regulated	5,131	1,280	3,851
D	FT and PT	UG	Regulated and non-regulated	3,947	1,285	2,662
D	FT and PT	PGT	Non-regulated	3,947	3,947	0

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

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 new flexible study measure. 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. As explained in paragraph 48, the base price for 2009-10 is lower than in 2008-09 due to the introduction of the flexible study measure which recognises for funding purposes the amount of study completed by those students who did not complete their whole year. These notional rates are not, therefore, directly comparable with those previously published for 2008-09.

Funding for additional student numbers

Mainstream additional funded places

59. Within Table 1, the funding of £37 million for mainstream additional funded places comprises:

- a. £17 million for new places allocated through additional student number (ASN) exercises, with the majority for strategic growth following HEFCE Circular letter 05/2008, 'Allocation of funds for additional student numbers in 2009-10 and 2010-11'. This excludes, however, non-mainstream ASN funding for some initiatives – see paragraph 60.
- b. £13 million for three 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 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.
- c. £1 million for ASNs included in baseline FTEs. These generally relate to transfers – either of students between institutions, or of new institutions into the higher education sector.
- d. £6 million for increases 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 2009-10 ASNs and funding for places for 2008-09 continuing into 2009-10. Funding for places that are new for 2009-10 totals £9 million and comprises:

- a. £800,000 to support Lifelong Learning Networks (LLNs) that have opted for their ASN funding to be held outside the mainstream teaching grant by a single lead institution. Where LLNs inform us that they wish the 2009-10 allocations to be brought within the mainstream and disaggregated between the partner institutions, this will be implemented in time for the final allocations in July.
- b. £8.5 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 2009-10 baseline grants where insufficient activity was delivered in 2008-09.

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
- £31 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:

- £61.4 million for widening access for full-time undergraduates from disadvantaged backgrounds
- £66.3 million for widening access for part-time undergraduates from disadvantaged backgrounds
- £13.3 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 recurrent teaching grants

67. 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
- £72 million in transitional funding for ELQs
- £4 million for the ELQ safety net.

68. Total grant available for teaching, including the funds set aside for further growth in 2009-10, represents an increase in cash terms of 2.5 per cent over the equivalent final allocation to the sector for 2008-09.

Student numbers

69. The allocations announced in this document provide for an additional 11,900 FTE student numbers in 2009-10, 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 ASNs up to 10,000 and employer co-funded ASNs up to over 7,000.

71. On 29 October 2008, the Secretary of State wrote to the HEFCE Chair asking us to allocate no more than 10,000 additional (fully funded) student numbers for 2009-10. He also asked us to work up contingency measures that could be used to reduce the risk of institutions over-recruiting, with a view to avoiding unplanned growth undermining the Government's commitment on the unit of funding and its ability to manage expenditure on student financial support in a sustainable way.

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	3,000	9,500	4,900	12,500	7,900
Non-mainstream additional funded places for LLNs	100	200	100	300	200
Medical/dental expansion	400	0	0	400	400
Sub-total fully funded ASNs	3,500	9,700	5,000	13,200	8,500
Employer co-funded ASNs	500	7,800	2,900	8,200	3,400
Total	4,000	17,500	7,900	21,500	11,900

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

	Full-time	Part-time		Total	
		Headcount	FTE	Headcount	FTE
Foundation degree	1,500	4,700	2,100	6,200	3,600
Other undergraduate	2,300	11,100	5,100	13,400	7,500
Postgraduate taught	100	1,700	700	1,800	800
Total	4,000	17,500	7,900	21,500	11,900

72. Our grant letter from the Secretary of State of 21 January 2009 provided further information on this. It states in paragraphs 20 and 21:

‘I wrote to you on 29 October asking that you allocate no more than 10,000 Additional Student Numbers (ASNs) in 2009/10, following my statement to Parliament explaining that the number of students receiving full or partial grants was exceeding projections. UCAS has since reported that numbers of full-time accepted applications to higher education for 2008/09 are at record levels. Figures from UCAS show that, on a like-for-like basis, the number of accepted applicants to full-time undergraduate courses rose from 413,430 to 442,443 between 2007 and 2008, a rise of 7.0%, and this comes on the back of a rise of 5.8% between 2006 and 2007. I am now confirming that you should not issue any further ASNs in 2009/10. Since our original funding assumptions were for 15,000 ASNs to be allocated, I am reducing the funding to you for the coming year by £19m compared with the indicative figure shown in last year’s grant letter. At this stage you should not allocate any further Additional Student Numbers for 2010/11; I shall want to review the position later this year.

‘I also asked you to develop proposals to bear down on over-recruitment by institutions. I am now asking you to apply these proposals to minimise and preferably eliminate over-recruitment in 2009/10. Any over-recruitment in the coming year could result in a transfer of HEFCE grant back to this Department in that

or future years, in order to meet the consequent unanticipated student support costs.’

73. Our allocations for 2009-10 make provision for growth in the sector that is consistent with the Government’s plans. To help manage the risk of over-recruitment beyond the growth already planned and in the system, we asked institutions to review their planned recruitment for 2009-10 in order to avoid any further increase in full-time undergraduate and PGCE entrants above the level of their actual admissions in 2008-09 plus any ASNs allocated to them for 2009-10 by HEFCE or the Training and Development Agency for Schools (Circular letter 32/2008, ‘Higher education finances for 2009-10 and 2010-11’). We expect institutions to recruit responsibly, but do not propose to introduce any new controls through the funding agreement for 2009-10.

74. Nevertheless, we may take further action if individual institutions or the sector as a whole significantly over-recruit in 2009-10 and if DIUS were to reduce HEFCE grant in order to meet its additional student support costs. The action to be taken, and the institutions to which it would apply, cannot be specified at this time. The further action may, depending on the circumstances, include, for example:

- a. Introducing a new student number control for 2010-11, recruitment above which would result in a reduction in HEFCE grant. The calculation of any reduction in HEFCE grant might be at a level to cover, for example:
 - i. A proportion of the average publicly funded tuition fee for each student above the limit.

- ii. A proportion of the average maintenance grants and loans payable from public funds for each student above the limit.
- b. If DIUS were to reduce HEFCE grant either in-year or in 2010-11, because of excess student support costs in 2009-10, then we would pass on that reduction to institutions. This may be solely to those institutions that we consider responsible for the excess student support costs, or, if we consider we cannot satisfactorily identify those responsible, then it may be to all institutions. In either case, this might include reductions for institutions that have otherwise met their HEFCE funding agreement targets for 2009-10.

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 is assessed periodically through the Research Assessment Exercise (RAE), which also collects information about the numbers of research-active staff. The RAE is a peer-review exercise which produces quality ratings for those research groups that institutions have chosen 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 2009-10

78. The 2008 RAE took quite a different form to previous ones, the main difference being in the way quality ratings are reported. In previous RAEs, institutions received a single quality score for their research in a particular subject; for 2008, they received a profile showing the proportions of research activity in the subject that meet defined levels of quality.

79. Our research funding has always been highly selective in being targeted at areas where there is evidence of the highest quality. However, the new quality profiles from the 2008 RAE enable us to target funding in a more fine-grained way, rewarding excellence wherever it is found. Paragraphs 81 to 87 describe how we have used 2008 RAE outcomes to determine research funding allocations.

Allocations for 2009-10

80. The total recurrent funding for research in 2009-10 is £1,572 million. This represents an increase of 7.7 per cent compared to 2008-09. In distributing the total between the different streams of research funding, we have prioritised increases towards the mainstream QR allocations, although the budget for the charities element of QR has also increased slightly above inflation. The total is made up of the following elements of QR funding:

- £1,074 million for mainstream QR
- £32 million for London weighting for mainstream QR

- £203 million for the research degree programme (RDP) supervision fund
- £194 million for the charity support element
- £63 million for the business research element
- £6 million for national research libraries.

Mainstream QR

81. 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 the 2008 RAE, weighted to reflect the relative costs of research in different subjects. This is adjusted to ensure that the proportion of mainstream QR allocated to each main panel group in science, engineering, medicine and mathematics is not less than in 2008-09.

82. The volume measure in our research funding method is the number of research-active staff employed by the institution multiplied by the proportion of research that meets a quality threshold in the RAE. These staff numbers are fixed between RAEs to be consistent with the quality ratings, but this also means that there is a step change in volume at each RAE.

83. In previous years, the volume measure also included research fellows and research assistants. These are no longer included from 2009-10. This was the subject of consultation in 'Review of research funding method: consultation' (HEFCE 2003/38). It should be noted that this change does not affect the total for mainstream QR (which has increased significantly), merely its distribution. Institutions were able to submit those research fellows who are principal investigators to the 2008 RAE as research-active staff.

84. The increase in staff numbers counted in our volume measure is not spread evenly across all subject areas: it occurs disproportionately in some of the lower-cost subjects such as social sciences and arts. In our January grant letter, the Secretary of

State stated (in paragraph 16 of the letter) that he expected us 'to continue to recognise and respond to the high cost and national importance of STEM² subjects'. We therefore want to avoid a reduction in the share of funding for these subject areas.

85. 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

86. 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 the 2008 RAE respectively, 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 rating:

Quality rating (with abbreviated description)	Funding weighting
4* (Quality that is world-leading)	7
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

87. We are continuing to provide London weighting for 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.

² Science (including medicine), technology, engineering and mathematics.

Other elements of QR

88. Funding for RDP supervision has been maintained in real terms (allowing for inflation of 2 per cent) and set at £203 million. Our Board decided in February that this should be provided for postgraduate research students in all departments that receive funding for research, rather than being conditional upon them meeting a threshold determined from 2008 RAE quality ratings. This decision was taken to support our commitment to fund excellence wherever it is found and our intention to encourage smaller research units to collaborate. We require all departments receiving RDP grant to comply with the revised Section 1 of the Quality Assurance Agency for Higher Education's code of practice³ on postgraduate research programmes as a condition of grant. We propose to review our approach to supporting postgraduate students alongside our review of research collaboration. The allocation is based on the numbers of eligible students in each department, weighted by the funding weights given in paragraph 85.

89. The charities element of QR has been increased in real terms (allowing for inflation of 2 per cent) by £5 million to £194 million. The allocation is made in proportion to the amount of eligible income from charities reported in the 2008 Research Activity Survey. We are no longer applying a minimum quality threshold for eligibility to this funding.

90. 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 allocations of £63 million for the QR business research element and £6 million for national research libraries incorporate an uplift for inflation of 2 per cent.

Transitional QR funding

91. In addition to the recurrent research funding of £1,572 million, we are providing 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 is being provided to reduce the impact that the use of quality weights is having in determining the funding for different UOAs within a main panel group. This funding is provided for 2009-10 only: institutions should not assume it will continue in subsequent years, or that it will be taken into account in determining levels of moderation funding for subsequent years.

Moderation

92. As in previous years, we are providing funds to moderate significant reductions in 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.

93. In February the HEFCE Board decided that in general, each institution's recurrent grant for teaching and research should be maintained in cash terms compared with the equivalent, unmoderated figure for 2008-09, but that we should not provide moderation where it would amount to less than £100,000.

94. 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.

95. Allocations of moderation funding for 2009-10 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 2008-09 or 2009-10, 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

³ The 'Code of practice for the assurance of academic quality and standards in higher education' is available from www.qaa.ac.uk under Academic Infrastructure/Code of practice.

for corrections by institutions to their data. The distribution of this funding may result in reductions to moderation funding.

Higher Education Innovation Fund

96. The Higher Education Innovation Fund (HEIF) 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 2009-10 were announced in 'Higher Education Innovation Fund round four outcomes' (HEFCE 2008/34). The total for the 2009-10 academic year is £134 million.

Non-recurrent grant (earmarked capital and special funding)

97. 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

98. We are allocating a total of £1,154 million for earmarked capital grants. This includes £219 million which has been brought forward from 2010-11. Circular letter 35/2008, 'Bringing forward capital spending from 2010-11', invited institutions to propose capital investment projects that could be brought forward into 2009-10. Institutions will be advised separately about changes to the timing of their capital funding.

99. 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 to 2011 was announced in 'Capital Investment Fund: capital for learning and teaching, research and infrastructure 2008-2011' (HEFCE 2008/04).

Special funding

100. 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).

101. For 2009-10, we are allocating £316 million in special funding. This covers recent government initiatives such as employer engagement development (currently allocated through the Strategic Development Fund), Aimhigher and the Joint Information Systems Committee. It also covers other allocations that we fund from the overall grant available to us. The total allocated as special funding has decreased from £411 million last year, representing a decline from 5.4 per cent to 4 per cent of total grant.

102. The distribution to institutions of special funding and earmarked capital is not shown in this publication. We will 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 2008/15).

Conditions of grant

103. 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).

104. In July 2009 we will send institutions their funding agreement for 2009-10. 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.

105. 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.

106. 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 2009-10 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 2008⁴. Qualifying courses and persons have the meaning prescribed in the Student Fees (Qualifying Courses and persons) (England) Regulations 2007, as amended⁵. HEFCE Circular letter 15/2006 ('New condition of grant about tuition fees and access agreements') sets out the arrangements for 2006-07, which also apply in 2009-10 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.

107. 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 HEFCE Circular letter 13/2007, 'Additional funding for very high cost and vulnerable laboratory-based subjects'.

108. 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 2009-10. Details are contained in '2009-10 Recurrent grant tables for higher education institutions: guidance' and the equivalent document for further education colleges, which were provided to institutions on 2 March 2009.

Audit of funding data

109. 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 2009-10 funding allocations.

110. In addition, we will use data that institutions provide to the Higher Education Statistics Agency (HESA) or the further education 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 to the 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.

111. 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

112. Institutions requiring further information should contact their HEFCE higher education policy adviser. Contact details for higher education policy advisers in each region are available from www.hefce.ac.uk under Regions/Institutional teams.

⁴ Statutory Instrument 2008/2507 can be read at www.opsi.gov.uk under Legislation/Original/UK/Statutory Instruments.

⁵ Statutory Instrument 2007/778, as amended, at the time of writing, by Statutory Instruments 2007/2263 and 2008/1640, can be read at www.opsi.gov.uk under Legislation/Original/UK/Statutory Instruments.

Annex A

Descriptions of columns in Tables 1 and 2

Table 1 Recurrent grant for academic year 2009-10

Teaching funds

1. **Core funding** is derived from the previous year's core. The 2009-10 core funds comprise:

	£M
2008-09 Core funding	3,710
2008-09 Mainstream additional funded places	57
Adjustments to 2008-09 baseline because of the consolidation of grant adjustments	-1
Miscellaneous adjustments	-2
Increases to ERASMUS ⁶ fee compensation	1
Increase for inflation	75
Additional funding for institutions that are below the +/-5 per cent tolerance band as a result of changes to HEFCE's teaching model	6
Total 2009-10 core funding	3,847

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 HEFCE Circular letter 05/2008 ('Allocation of funds for additional student numbers in 2009-10 and 2010-11'), but excluding non-mainstream ASN funding for some initiatives (£17 million).
- b. ASNs for three institutions that have been particularly affected by the equivalent or lower qualification (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 (£13 million).
- c. ASNs included in baseline full-time equivalent student numbers, generally relating to transfers – either of students between institutions, or of new institutions into the higher education sector (£1 million).

d. Increases in intakes to undergraduate medical or dental courses (£6 million).

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

- a. Lifelong Learning Networks (LLNs) that have opted for their funding to be held outside mainstream teaching grant by a single lead institution (£17 million).
- b. Employer co-funded students (£26 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 (£225 million); research-informed teaching (£10 million); and institutional learning and teaching strategies (£31 million).

⁶ 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 (£73 million).
- b. Foundation degrees (£25 million).
- c. Accelerated and intensive provision (£69 million).
- d. Old and historic buildings (£41 million).
- e. Institution-specific costs (£54 million).
- f. Very high cost and vulnerable science subjects (£25 million).
- g. Maintaining capacity in strategically important and vulnerable subjects following the introduction of the ELQ policy (£32 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 (£72 million).
- f. ELQ safety net (£4 million).

Research funds

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

- a. Mainstream quality-related research (QR) (£1,074 million).
- b. London weighting for mainstream QR (£32 million).
- c. Research degree programme supervision funds (£203 million).
- d. QR charity support fund (£194 million).
- e. QR business research element (£63 million).
- f. QR funding for national research libraries (£6 million).

9. **Transitional QR funding** is funding to smooth some of the more significant changes in the rate of funding in the mainstream QR allocation for 21 Research Assessment Exercise Units of Assessment.

Third stream

10. 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

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

Table 2 Comparison with 2008-09 academic year recurrent grant

12. Recurrent funding for teaching, research and HEIF from HEFCE 2008/40 shows 'Total teaching funding' plus 'Total research funding' plus 'Higher Education Innovation Fund' taken from Table 1 of 'Recurrent grants for 2008-09: final allocations' (HEFCE 2008/40).

13. **2008-09 Adjustments to mainstream teaching grant** includes:

- a. Adjustments to grant for 2008-09 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 2008-09 because of contract range holdback in 2007-08.
 - iii. Holdback for shortfalls against mainstream ASNs awarded for 2008-09.
 - iv. Additional funding for delivery of 2007-08 mainstream ASNs at the second attempt.
- b. Deduction of 2008-09 fee compensation for outgoing ERASMUS students.
- c. Other miscellaneous adjustments and transfers for 2008-09, including adjustments to mainstream teaching grant arising from recent data reconciliations and audits.

14. 2009-10 Adjustments to mainstream teaching grant includes:

- a. Addition of 2009-10 fee compensation for outgoing ERASMUS students.
- b. Funding for student number allocations that were previously outside the mainstream teaching grant, but are being brought within it for 2009-10.
- c. Other miscellaneous adjustments and transfers for 2009-10.

15. 2008-09 Adjustments for non-mainstream funded places includes:

- a. Any adjustments to 2008-09 non-mainstream LLN ASN funding arising from in-year recruitment.
- b. Allocations of additional employer co-funded ASNs for 2008-09 agreed since the issue of HEFCE 2008/40.
- c. The deduction of 2008-09 funding for student number allocations that were previously outside the mainstream teaching grant, but are being brought within it for 2009-10.

16. Adjustments to other recurrent grants includes:

- a. Adjustments to 2008-09 targeted teaching allocations arising from institutions recovering funding by making good shortfalls in student numbers from 2007-08.
- b. 2008-09 allocations for NHS pensions and senior academic general practitioners' pay.
- c. Adjustments for 2009-10 to institution-specific targeted allocations within teaching grant arising from the review of exceptional funding for institutions.
- d. 2009-10 funding for institutional learning and teaching strategies and for research-informed teaching within the allocations for teaching enhancement and student success.
- e. 2008-09 funding for very high cost and vulnerable science subjects.
- f. Other miscellaneous changes to recurrent grant since HEFCE 2008/40. This includes changes to 2008-09 non-mainstream elements of

teaching grant, such as for widening participation, arising from recent data reconciliations and audits.

17. 2008-09 Moderation shows, for comparison purposes, any moderation funding provided in 2008-09, either as previously announced in HEFCE 2008/40, or newly allocated in-year as a result of 2008-09 contract range holdback.

18. 2008-09 Total adjusted recurrent grant is the sum of the previous six columns.

19. 2009-10 Total recurrent grant is taken from the final column of Table 1.

20. Percentage change in total recurrent grant shows the overall percentage change in recurrent grant between 2008-09 and 2009-10.

Table 1 Recurrent grant for academic year 2009-10



Table 2 Comparison with 2008-09 academic year recurrent grant

Table 3 Non-recurrent funding for 2009-10

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
DIUS	Department for Innovation, Universities and Skills
ELQ	Equivalent or lower qualification
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
LLN	Lifelong Learning Network
PGT	Postgraduate taught
PGR	Postgraduate research
PT	Part-time
QR	Quality-related research
RAE	Research Assessment Exercise
RDP	Research degree programme
SWOUT	Sandwich year-out
UG	Undergraduate
UOA	Unit of assessment



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