

# 2011-12 Recurrent grant tables for higher education institutions: guidance

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# Executive summary

## Purpose

1. This document provides guidance on the 2011-12 recurrent grant tables for higher education institutions (HEIs) and the recurrent grant comparison for 2010-11 and 2011-12.

## Key points

2. This document is aimed at those in planning and finance offices who need to have a good understanding of how HEFCE grant is calculated. It provides an overview of our recurrent funding methods and explains in detail how the figures in the 2011-12 recurrent grant tables have been derived. Abbreviated references are used in this document; the full title or descriptions are given at the end.

## Further information and requests for changes

3. If you have any questions about your grant allocation, please contact your HEFCE institutional team in the first instance. Those who are new to HEFCE's funding method may wish to read our publication 2010/24 'Guide to funding: how HEFCE allocates its funds', which explains our recurrent funding methods for 2010-11. Changes for 2011-12 are detailed in this document and in the annex to the grant letter. Publications referred to in this document are available on the HEFCE web-site at [www.hefce.ac.uk/pubs/](http://www.hefce.ac.uk/pubs/).

4. While we do not require a response to this document, there may be circumstances in which institutions wish to request changes to their allocations. If we are to be able to implement changes in time for confirmation in the funding agreements to be issued in July, then we will need to receive details by specific deadlines. These are as follows:

a. The allocations announced here do not include any new transfers of funding and student numbers between institutions, including those that arise from further education colleges' (FECs') choices of direct or indirect funding routes for their HEFCE-funded programmes. Where we have already been notified of agreed transfers for 2011-12, we will inform the institutions of the funding consequences as soon as possible. They will be included in the final allocations announced with the funding agreements in July. If institutions wish any further transfers to take effect from the academic year 2011-12, they should have formal agreements in place and should notify their HEFCE institutional team **by 20 April 2011**. Before making any transfers, we require written agreement from all parties concerned.

b. Most of the funding for widening participation (WP) and for teaching enhancement and student success (TESS) is allocated on the basis of 2009-10 data submitted to the Higher Education Statistics Agency (HESA). We have set aside £5 million for allocation by July to allow for changes to such underlying data. Notification of any HESA corrections must be submitted **by 20 April 2011** using the guidance provided on the HEFCE web-site at [www.hefce.ac.uk/learning/datacoll/derived/help/guides.htm](http://www.hefce.ac.uk/learning/datacoll/derived/help/guides.htm).

c. If you believe that the allocations should change for any other reason, please provide your HEFCE institutional team with full details **by 20 April 2011**. Please note that we will not agree to requests to defer additional student numbers (ASNs) from 2011-12 to 2012-13. Institutions have the option to decline ASNs and associated funding for 2011-12 if they no longer plan to increase overall student numbers. In addition, we will not generally process changes to ASN allocations where the overall change to funding for the particular allocation (mainstream ASNs or co-funded employer engagement ASNs, for example) is less than £25,000 or 10 per cent of the allocation, whichever is the smaller figure. In issuing this guidance, we have taken the following factors into consideration:

- i. The fact that ASNs are generally monitored at an overall level, rather than at the level of a particular course.
- ii. The burden on institutions to provide the necessary information to fully describe changes, and the burden on HEFCE to process the changes.

5. The deadlines set out above will ensure that any changes can be incorporated in the final allocations to be considered by our Board and issued to institutions in July. Responses after the above dates will not be reflected in revised grant tables.

## **Overview of the recurrent funding methods**

### **The funding method for teaching**

6. We introduced our main funding method for teaching in our allocations for 1998-99. The method, as implemented in 2010-11, is explained in our publication HEFCE 2010/24 'Guide to funding: how HEFCE allocates its funds'. The method is summarised below.

7. Two broad principles underlie the method:

- a. That similar activities should be funded at similar rates, with variations from these rates based on previously determined factors.
- b. That institutions seeking to increase their student numbers should do so through allocations agreed by HEFCE of additional funded places.

### **Mainstream teaching funding**

8. Over 83 per cent of our teaching grant is allocated as mainstream teaching funding. For this element, we calculate a standard level of teaching resource for each institution. This is a notional resource level, based on the institution's student profile across different subject-related price groups, but also incorporating London weighting (if applicable) and a weighting factor to reflect the activity of students who do not complete all their initial study intentions for the year (the 'partial completion weighting'). Standard resource covers both our mainstream teaching grant and tuition fees. We compare this

standard resource with what the institution actually receives in HEFCE mainstream teaching grant plus our assumptions of income from tuition fees, which together we refer to as 'assumed resource'.

9. The main principle of the funding method is that similar activities should be funded at similar rates, so we want assumed resource to come within an acceptable margin of standard resource for the institution as a whole. This margin, of 5 per cent above and below standard resource, is called the tolerance band. If the difference between assumed resource and standard resource is more than 5 per cent, we may take action to ensure that the institution comes within the  $\pm 5$  per cent tolerance band over an agreed period. This may be by changing our funding levels, or by requiring changes in student numbers.

### **Standard resource**

10. We calculate standard resource by weighting students, expressed in FTEs, according to one of four price groups, which reflect the relative costs of provision in different subjects. Further weights are applied as appropriate to reflect the additional costs of provision in London, and to take account of partial completion by students who are not otherwise counted in our funding allocations. Standard resource is calculated for each institution pro rata to its total weighted FTEs.

### **Assumed resource**

11. Assumed resource comprises our mainstream teaching grant plus our assumptions of income from tuition fees. The starting point for calculating our grant is the mainstream teaching funding allocated the previous year. We then make adjustments where appropriate for holdback or reinstatement of grant (according to how the institution has met the terms of our funding agreement), reductions so that our grants remain within the funding available, funding for additional student places, and other miscellaneous adjustments and transfers. We calculate assumed fee income by applying specified fee rates to the same student FTEs used in calculating standard resource.

### **The funding agreement**

12. We have a funding agreement with each institution. This specifies what we expect the institution to deliver in return for the funding we provide. For 2011-12, the funding agreement will have five separate elements relating to mainstream teaching funding and resource levels, although not all will apply to all institutions:

- a. A contract range, expressed as a permitted range of percentage differences from standard resource. This is commonly the  $\pm 5$  per cent tolerance band, but may be extended for individual institutions. We include in our resource calculations all home and EU HEFCE-funded UG and PGT students in all modes of study.
- b. A student number control limiting the numbers of HEFCE-fundable or employer co-funded students starting FT UG or PGCE study in 2011-12.
- c. FTE targets for funding conditional upon delivery of growth. These apply to certain institutions that have been awarded additional funded places for 2010-11 or

2011-12. They relate to HEFCE-fundable UG and PGT FTE student numbers across all modes of study.

d. Funding available to be recovered in 2011-12 if institutions have had consolidated holdback of grant as a result of being above their contract range in 2010-11.

e. A contract full-time equivalent student number (CFTE), representing minimum FTEs on quota-controlled UG medical and dental courses.

13. The funding agreement may also show allocations and associated student FTEs for co-funded employer engagement provision outside the mainstream funding method. These are subject to separate conditions of grant and monitoring arrangements.

14. Institutions' funding may be adjusted in 2011-12 and subsequent years to reflect the extent to which they meet their funding agreement targets. The method by which we calculate such grant adjustments will be set out in a publication later this year. The method used for 2010-11 is described in HEFCE 2010/22, 'HEFCE grant adjustments 2010-11'.

## **Targeted allocations**

15. Targeted allocations were introduced from 2008-09 to replace most of the premiums that were previously included in our mainstream teaching grant.

16. From 2011-12 we have withdrawn the remainder of the targeted allocation relating to foundation degrees. This change follows the consultation in HEFCE 2009/25 'Review of teaching funding: Consultation on targeted allocations', the outcomes of which were announced in EP 11/2009, 'Changes to teaching funding targeted allocations for 2010-11', and Circular letter 02/2010, 'Funding for universities and colleges in 2010-11'.

17. Targeted allocations can be either variable or fixed. Variable allocations recognise costs that vary according to the volume of activity. Fixed allocations recognise largely fixed costs. For 2011-12 there are targeted allocations to contribute towards additional costs in the following areas:

- widening participation (variable)
- teaching enhancement and student success (variable)
- part-time undergraduates (variable)
- accelerated/intensive provision (variable)
- institution-specific costs (fixed)
- Maintaining capacity in strategically important and vulnerable subjects (SIVS) following ELQ policy (fixed)
- additional funding for very high cost and vulnerable science subjects (fixed).

Further details on these allocations are provided below.

## **Widening participation**

18. We are allocating £142 million for widening participation. The allocations being announced in March total £140 million. The balance has been set aside for allocation by July to allow for changes to underlying data. These may include changes to 2009-10 HESA or ILR data, or to the total assumed FTE student numbers to which the total allocations are scaled. The £140 million comprises:

- £60 million for widening access for full-time undergraduates from disadvantaged backgrounds
- £67 million for widening access for part-time undergraduates from disadvantaged backgrounds
- £13 million for widening access and improving provision for disabled students.

19. These different elements of widening participation funding are calculated as follows:

a. Widening access for people from disadvantaged backgrounds. This allocation recognises the extra costs associated with recruiting and supporting undergraduate students from disadvantaged backgrounds who are currently under-represented in higher education. The allocation is made on the basis of higher education participation rates and average educational achievement for census wards, and incorporates London weighting.

b. Widening access and improving provision for disabled students. This allocation reflects institutions' success in recruiting and retaining disabled students. It is based on the proportion of students who receive the Disabled Students Allowance (DSA), and incorporates London weighting.

## **Teaching enhancement and student success (TESS)**

20. We are allocating £264 million for TESS as a variable targeted allocation. The allocations being announced in March total £261 million. The balance has been set aside for allocation by July to allow for changes to underlying data. These may include changes to 2009-10 HESA or ILR data, or to the total assumed FTE student numbers to which the total allocations are scaled. The £261 million comprises:

- £170 million for improving retention of full-time undergraduates
- £54 million for improving retention of part-time undergraduates
- £28 million for institutional learning and teaching strategies
- £9 million for research-informed teaching.

21. These different elements of the TESS allocation are calculated as follows:

a. Improving retention of full-time undergraduate students. This allocation is distributed pro rata to weighted full-time undergraduate student FTEs, where the weights reflect students' entry qualifications and age, and also London weighting.

- b. Improving retention of part-time students. This is distributed pro rata to London-weighted part-time undergraduate FTEs.
- c. Institutional learning and teaching strategies. This is distributed pro rata to a standard resource level for each institution for 2010-11, which counts students funded through mainstream and non-mainstream teaching grant.
- d. Research-informed teaching. This is calculated using 2011-12 quality-related research funding per student FTE (2010-11 mainstream and co-funded employer engagement FTEs). Where this rate is less than £500, the funds available are allocated in proportion to the product of the shortfall in the rate of funding and the student FTEs.

### **Part-time undergraduates**

22. We are allocating £66 million to support part-time undergraduate provision as a variable targeted allocation. The funding is distributed pro rata to part-time undergraduate student FTEs.

### **Accelerated/intensive provision**

23. We are allocating £41 million to support accelerated/intensive provision as a variable targeted allocation. The funding is distributed pro rata to weighted undergraduate students in price groups B, C or D and weighted postgraduate taught students in price groups B or C who are on long years of study. In each case this includes relevant proportions of students in media studies.

### **Institution-specific targeted allocation**

24. We are allocating £47 million to support institution-specific costs as a fixed targeted allocation. The allocation incorporates:

- a. The sum allocated for 2010-11, reduced by 1.09 per cent<sup>1</sup> to reflect the pro rata saving to 2010-11 teaching grant first announced in June 2010 (in Circular letter 14/2010) and then by a further 2.81 per cent to reflect the further pro rata reduction announced in February 2011 (in Circular letter 05/2011).
- b. A further reduction for 2011-12 of 4.28 per cent
- c. Any revisions to the overall total agreed for individual institutions, including as a result of the Review of Exceptional Funding for Institutions (REFI).

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<sup>1</sup> Throughout this document, references are made to adjusting figures to take account of a 1.09 per cent pro rata saving announced in June 2010 and a 2.81 per cent pro rata reduction announced in January 2011. The figures of 1.09 per cent and 2.81 per cent, wherever they occur, have been rounded to aid reading of this document, but in adjusting figures in our actual calculations we have used unrounded figures of 1.08868 per cent and 2.81095 per cent.



### **Maintaining capacity in SIVS following ELQ policy**

25. As part of our implementation of the ELQ policy, we are continuing to provide a fixed targeted allocation to support students studying in SIVS. This allocation is intended to allow institutions to maintain student numbers in SIVS, even if some of them are aiming for an ELQ. The total allocated in 2011-12 is £28 million and is a 4.28 per cent reduction on the funding provided in 2010-11, the latter incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the further pro rata reduction of 2.81 per cent announced in February 2011.

### **Additional funding for very high cost and vulnerable science subjects**

26. From 2007-08, we provided an additional £25 million for the very high cost and vulnerable laboratory-based subjects of Physics, Chemistry, Chemical Engineering and Mineral, Metallurgy and Materials Engineering. This has been allocated on the basis of student FTEs in these academic cost centres on the 2005-06 HESA student record, as described in Circular letter 13/2007. The total allocated in 2011-12 is £23 million and is a 4.28 per cent reduction on the funding provided in 2010-11, the latter incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the further pro rata reduction of 2.81 per cent announced in February 2011. This funding remains subject to the condition of grant set out in Circular letter 13/2007.

### **Other elements of teaching grant**

27. Besides targeted allocations, there are five other elements of teaching grant that are not included in the main teaching resource calculations and comparisons with standard resource. They are:

- Funding for employer co-funded provision
- Clinical academic consultants' pay
- Funding for NHS pension costs
- Senior academic general practitioners' pay
- Transitional funding for ELQs.

28. These are described in more detail in paragraphs 141 to 147 and some are subject to separate conditions of grant and monitoring arrangements.

### **The funding method for research**

29. There are six elements that make up our recurrent research funding:

- a. Mainstream quality-related research (QR) funding. We distribute this firstly by dividing the grant between the subject fields of the main panels in RAE2008, in proportion to the volume of research in each field assessed at 2\* or above weighted by the relative cost of research in different subjects. However, from 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) compared to 2008-09. In 2010-11 the funding available for geography and psychology was also enhanced to recognise that

around half of all research activity submitted to RAE2008 in these fields could reasonably be regarded as analogous to that submitted to the sciences. We have continued these policies in 2011-12.

Having determined the funding totals for each RAE main panel subject group, we then distribute the resulting sums between each unit of assessment (UOA), and between HEIs within each UOA, according to their volume of research, weighted by cost and their quality profile. The volume measure is the FTE number of research-active staff employed by an HEI and submitted in RAE2008 that is associated with research activity that has been assessed as being of at least 2\* quality.

- b. London weighting. For institutions in London, this is calculated as a proportion of mainstream QR.
- c. QR charity support fund. This is allocated on the basis of eligible charity research income. The allocation is London weighted.
- d. QR business research element. This is allocated on the basis of data returned to HESA on research income from industry.
- e. Fund for research degree programme (RDP) supervision. We distribute this according to the FTE number of research students in departments, weighted by the relative cost of research in their UOA and London weighting.
- f. QR National Research Libraries funding. This is additional support for five heavily used libraries of national importance.

## **Knowledge exchange/Higher education innovation funding**

30. Higher education innovation funding (HEIF) is provided to support knowledge exchange activities in HEIs, strengthening links with businesses, public services, communities and the wider public in order to increase economic and social impact. We are not including 2011-12 HEIF allocations in this grant announcement, because they are not finalised. Indicative allocations, which are subject to consultation, were shown in Circular letter 06/2011 'Higher Education Innovation Funding 2011-15: consultation on a threshold allocation; and indicative institutional allocations'. Allocations will be included in the recurrent grant tables that are issued with the funding agreement in July 2011.

## **Moderation funding**

31. As in previous years, we are providing funds to moderate the most 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.

32. In January the HEFCE Board decided that moderation funding should be limited to £30 million for the sector. This has therefore required a threshold in these provisional

allocations such that no institution sees a reduction of more than 3.9 per cent in cash terms compared with the equivalent, unmoderated figure for 2010-11. As in previous years, we do not provide moderation funding if it amounts to less than £100,000.

33. In all cases where the moderation funding is significant, we need an assurance that it is being used appropriately. We may 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.

34. Any moderation to overall teaching and research funding is shown in the summary in Table A and published in Table 1 of HEFCE 2011/07. Please note that the calculated moderation figure is provisional until our allocations are finalised. Any changes to grant for 2010-11 or 2011-12, 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 WP or TESS funding that arise because of incorrect underlying institutional data. As explained above, we have set aside funding for allocation by July to allow for corrections by institutions to their data. The distribution of this funding may result in consequential reductions to moderation funding.

## Conditions of grant

35. Our grants to institutions are conditional on the funds being used for the eligible activities set out in section 65(2) of the Further and Higher Education Act 1992. The conditions of grant that apply to funding are given in 'Model financial memorandum between HEFCE and institutions' (HEFCE 2010/19).

36. In July we will send institutions their funding agreement for 2011-12. 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.

37. Institutions should note the guidance on pay, in our grant letter from BIS, that it is "essential that the sector exercises pay restraint, at a time when there is a pay freeze in place across other sectors in receipt of public funding".

38. 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 2011-12 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 2011<sup>2</sup>. Qualifying courses and persons have the meaning prescribed in the Student Fees (Qualifying Courses and Persons) (England) Regulations 2007, as amended<sup>3</sup>. HEFCE Circular letter 15/2006, 'New condition of grant about tuition fees and

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<sup>2</sup> Statutory Instrument 2011/432, available from the web-site [www.legislation.gov.uk](http://www.legislation.gov.uk) under Browse Legislation/UK Statutory Instruments.

<sup>3</sup> Statutory Instrument 2007/778, as amended, at the time of writing, by Statutory Instruments 2007/2263, 2008/1640 and 2011/87, also available from the [legislation.gov.uk](http://www.legislation.gov.uk) web-site.

access agreements', sets out the arrangements for 2006-07, which also apply in 2011-12 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.

39. The additional funding provided to support moving full-time undergraduate numbers into strategically important and vulnerable subjects is subject to separate conditions of grant and monitoring arrangements, as set out in the award letter of 18 May 2010, or as may be separately notified.

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

41. Funding for RDP supervision is also subject to a separate condition of grant. We require all institutions to comply with the revised Section 1 of the Quality Assurance Agency for Higher Education (QAA) code of practice on postgraduate research programmes<sup>4</sup> in respect of those departments that attract RDP supervision grant.

## **Providing information**

42. The model financial memorandum between HEFCE and institutions (HEFCE 2010/19) and the funding agreement contain sections on providing information. These are part of the terms and conditions attached to the funding for 2011-12. The data required during 2011-12 include the data collected by HESA, the 2011 Higher Education Students Early Statistics (HESES) survey, and the 2011 Research Activity Survey. These data will enable us to monitor the delivery of teaching and research during 2011-12, and will inform our consideration of funding for 2012-13. HEIs are also required to submit the Higher education-business and community interaction survey and student contact details to enable the Council or its agents to conduct the National Student Survey. Institutions receiving allocations for co-funded employer engagement may also be required to submit a separate monitoring return at the end of the 2011-12 academic year.

43. Data collected from institutions inform our allocation of recurrent funds for teaching and research, and some non-recurrent allocations in response to specific initiatives. The Council will continue to audit these data selectively in this and future funding exercises, through audit visits. We will also use data which institutions provide to HESA or the Data Service to verify the data institutions send directly to us. We will use the outcomes of these data audits and reconciliations to review funding allocations both for the year in

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<sup>4</sup> The 'Code of practice for the assurance of academic quality and standards in higher education' is available from [www.qaa.ac.uk](http://www.qaa.ac.uk) under Standards and quality/Code of practice.

question and all subsequent years. We reserve the right to review funding allocations for the most recent seven-year period.

44. If we find, either through reconciliations with HESA or Data Service data, or any data audit, that erroneous data have resulted in institutions receiving incorrect funding allocations (including for widening participation and other targeted allocations), then we will adjust their funding accordingly (subject, where appropriate, to the appeals process and the availability of our funds).

45. 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](http://www.hefce.ac.uk) under Finance & assurance/Assurance and institutional risk/Guidance/Audit arrangements.

## **The recurrent grant tables**

46. There are eleven grant tables, which show how funding for the institution has been derived. They are described in detail in this document, but in summary are as follows.

- |         |   |
|---------|---|
| Table A | Provides summary details of funding for teaching, research, and moderation (largely derived from the calculations on subsequent tables). It also shows some allocations of special funding. Funding for HEIF is not included because it has not been finalised but will be incorporated in the funding agreements to be issued in July.   |
| Table B | Shows the (provisional) funding agreement targets relating to mainstream teaching funding or resource levels and the funding and FTEs associated with co-funded employer engagement allocations. It also identifies elements of recurrent grant that are subject to specific conditions, as explained in paragraphs 39 to 41.   |
| Table C | Shows the derivation of mainstream grant for teaching, starting from the baseline determined from last year's allocation. It also shows the comparison between standard resource and assumed resource; targeted allocations (including for WP and TESS); funding for co-funded employer engagement student numbers; other recurrent teaching grants; and remaining provisional transitional funding for ELQs. |
| Table D | Shows the derivation of the student FTEs used in calculating standard resource and assumed fee income for the mainstream teaching funding method.   |
| Table E | Shows the calculation of standard resource.   |
| Table F | Shows the calculation of assumed fee income.  |
| Table G | Shows the parameters used in the mainstream recurrent teaching funding model.   |

Table H	Shows the derivation of co-funded employer engagement student FTEs that are funded outside the mainstream teaching funding method. Such FTEs for 2010-11 are also used in calculating WP and TESS allocations.
Table I	Shows the calculation of the widening participation allocations.
Table J	Shows the calculation of the teaching enhancement and student success allocations.
Table K	Shows the allocations of funding for research.

47. In this document, each row and column of the accompanying grant tables is described beneath a bold sub-heading in the order that they appear in the tables. Italics have been used in the explanatory text to indicate that a row or column heading is being referenced, from either:

- the accompanying 2011-12 grant tables
- last year's 2010-11 grant tables, or
- the final issue of the 2010-11 grant adjustment report included with Caroline Charlton's letter of 11 February 2011.

48. Where either of the last two documents are referred to, this is made clear in the text. Otherwise references are to the 2011-12 grant tables.

## **Table A: 2011-12 Overall summary of funding**

49. This table is a summary of the grant allocations shown in Tables C and K, together with allocations for moderation, and some special funding. Funding for HEIF is not shown in these March grant tables, because it is not yet finalised; the HEIF allocations will be included in the funding agreements to be issued in July. Where figures are not simply copied from the other tables, explanations of how the figures are calculated are given in paragraphs 50 to 55.

### **Core funding**

50. This is the sum of the following items from Table C:

- *2010-11 Adjusted mainstream teaching grant*
- *Reduction to 2010-11 adjusted mainstream teaching grant*
- *2011-12 Erasmus fee compensation*
- *2011-12 Miscellaneous grant adjustments*
- *2011-12 Additional funding for moving FT UG numbers into SIVS.*

### **Mainstream additional funded places**

51. This is the sum of the following items from Table C:

- *Funding changes for dental intakes*
- *Additional funding for other ASNs within baseline FTEs*
- *Additional funding for 2011-12 ASNs.*

## **Moderation of teaching and research**

52. To help maintain stability, we are continuing our policy of phasing in reductions by moderating the allocations. In general, no institution will see a reduction in cash terms of more than 3.9 per cent compared with the equivalent, unmoderated figure for 2010-11. We do not provide moderation funding if it amounts to less than £100,000 for an institution. Please note that subsequent changes to 2010-11 or 2011-12 teaching and research funding or to underlying data may result in a change to any moderation funding shown here. We review our moderation policy annually.

53. The electronic version of the 2011-12 grant tables shows the moderation calculation at the bottom of Table A, but this is not included in the print range for the Table. The comparators used to calculate moderation funding are:

- a. 2010-11 Comparable grant, which is the sum of the following:
  - *Recurrent funding for teaching, research and HEIF from HEFCE 2010/30*. This is the sum of 'Total teaching funding', 'Total research funding' and 'Higher Education Innovation Fund (HEIF)' from Table 1 of HEFCE 2010/30
  - *2010-11 Adjustments to mainstream teaching grant*. This is the sum of:
    - *2010-11 Mainstream grant adjustment (after June 2010 pro rata saving)* (see paragraph 108)
    - *2010-11 Erasmus fee compensation (after June 2010 pro rata saving)* (see paragraph 109)
    - *2010-11 Miscellaneous grant adjustments* (see paragraph 110)
    - *UMF teaching funding to be held back from institution (after June 2010 pro rata saving)*, taken from the final issue of the 2010-11 grant adjustment report enclosed with Caroline Charlton's letter of 11 February 2011; plus any confirmed adjustment to this figure arising from a recent data audit or reconciliation exercise
    - *Medical and dental holdback (after June 2010 pro rata saving)*, also taken from the final issue of the 2010-11 grant adjustment report enclosed with Caroline Charlton's letter of 11 February 2011
  - *2010-11 Adjustments to co-funded employer engagement funded places*. This will be zero in the March grant tables. In later issues of grant tables this will incorporate any holdback of funding for co-funded employer engagement places, following the end-of-year monitoring return, and any miscellaneous adjustments to that funding, for example to reflect transfers of provision
  - *Minus 2010-11 HEIF allocation* which is 'Higher Education Innovation Fund (HEIF)' from Table 1 of HEFCE 2010/30
  - *Adjustments to other recurrent grants*. This is 'Adjustments to other recurrent grants', as shown in Table 2 of HEFCE 2011/07. These include confirmed changes to 2010-11 non-mainstream teaching grant arising from recent data audit and reconciliation exercises
  - *February 2011 reduction to 2010-11 teaching and research grants*. This is the sum of *Consolidated February 2011 pro rata reduction to 2010-11 mainstream teaching grant* (see paragraph 111) and 'Reduction to non-mainstream

teaching funding' and 'Reduction to research funding' from Circular letter 09/2011

- *2011-12 Adjustments to mainstream teaching grant.* This is the sum of *2011-12 Erasmus fee compensation* (see paragraphs 114 and 115) and *2011-12 Miscellaneous grant adjustments* (see paragraph 116)
- *2011-12 Mainstream additional funded places.* This is the sum of *Funding changes for dental intakes* (see paragraph 119), *Additional funding for other ASNs within baseline FTEs* (see paragraph 120) and *Additional funding for 2011-12 ASNs* (see paragraph 121)
- *Removal of University Modernisation Fund (after holdback and June 2010 pro rata saving).* This is the sum of the following:
  - *Removal of University Modernisation Fund (after June 2010 pro rata saving)* (see paragraph 107)
  - *Minus UMF teaching funding to be held back from institution (after June 2010 pro rata saving),* taken from the final issue of the 2010-11 grant adjustment report enclosed with Caroline Charlton's letter of 11 February 2011; and any confirmed adjustment to this figure arising from a recent data audit or reconciliation exercise
- *2011-12 Funding provided to transfer FT UG numbers into SIVS.* This is *2011-12 Additional funding for moving FT UG numbers into SIVS* (see paragraphs 117 and 118)
- *2011-12 Co-funded employer engagement additional funded places.* This is *Funding and FTEs associated with co-funded employer engagement: Funding associated with ASNs awarded for 2011-12* (see paragraphs 97 to 98)
- *2010-11 Foundation degree targeted allocations adjustment.* This is minus the 2010-11 foundation degrees targeted allocation (shown on the final issue of the 2010-11 grant Table C), amended as necessary following any data audit or reconciliation, and reduced for the June 2010 pro rata saving of 1.09 per cent and the February 2011 pro rata reduction of 2.81 per cent
- *Other adjustments for moderation purposes.* For individual institutions, this comprises certain previously agreed changes to the 2011-12 institution-specific targeted allocation.

The adjustments we make to 2010-11 grant for additional places awarded for 2011-12 ensure that institutions do not lose moderation funding as a result of being awarded additional funded places and, therefore, that there is no disincentive for them to apply for funded growth. The adjustments we make for comparison purposes relating to the 2010-11 targeted allocation for foundation degrees, the withdrawal of 2010-11 UMF teaching funding, funding changes for dental intakes and for certain changes to 2011-12 institution-specific targeted allocations are because these allocations were temporary and/or are being withdrawn over an agreed timescale. The adjustments ensure the withdrawal of funds does not result in moderation funding that could effectively extend that timescale.



b. 2011-12 Teaching and research funding. This is the sum of *Total teaching funding* and *Research funds* and is the total 2011-12 funding for teaching and research (as shown on Table 1 of HEFCE 2011/07).

54. We provide moderation funding as a short-term measure to support actions that will enable institutions to secure change and/or manage the transition to lower funding levels. In using the previous year's unmoderated, rather than moderated, grant as the point of comparison for calculating moderation funding, we ensure that we do not provide moderation funding for a prolonged period, where significant reductions in funding are due.

### **Special funding**

55. This section shows a small number of allocations of special funding, which are not announced elsewhere. It excludes special funding allocations that are claims-based or still to be finalised. London Whole Institutions allocations for 2011-12 have been maintained in cash terms. Funding for Museums and Galleries for 2011-12 has been maintained in cash terms, other than where these allocations have been subject to review.

## **Table B: 2011-12 Funding agreement targets (provisional)**

56. This table shows the provisional funding agreement targets relating to mainstream teaching grant for 2011-12 and the student number control. It also identifies any funding for co-funded employer engagement student places held outside the mainstream teaching grant, which are subject to separate monitoring arrangements, and elements of recurrent grant that are subject to specific conditions, as explained in paragraphs 39 to 41.

57. In July 2011, we will issue funding agreements for individual institutions, which will specify their updated targets for 2011-12. Institutions' funding may be adjusted in 2011-12 and subsequent years to reflect the extent to which they meet their funding agreement targets. The method by which we calculate such grant adjustments will be set out in a publication later this year. The method used for 2010-11 is described in HEFCE 2010/22, 'HEFCE grant adjustments 2010-11'.

58. As explained in paragraph 12, there are up to five separate elements of the funding agreement targets relating to mainstream teaching grant:

a. The **contract range for 2011-12**, expressed as a permitted range of percentage differences between standard and assumed resource that institutions should achieve through their recruitment in 2011-12. This is commonly the  $\pm 5$  per cent tolerance band.

b. **Funding conditional upon delivery of growth**. All institutions that have been awarded mainstream additional funded places for 2011-12, and many that

were awarded mainstream additional places for 2010-11, will have overall FTE targets. Paragraphs 61 to 69 provide full details.

c. The **consolidated 2010-11 contract range holdback recoverable in 2011-12**. This indicates the funding that can be recovered by institutions that had 2010-11 holdback, for not meeting their contract range, consolidated into funding for 2011-12. Paragraphs 78 to 82 provide details on how such funding can be recovered.

d. The **Medical and dental CFTE for 2011-12**, specifying minimum FTEs on quota-controlled undergraduate medical and dental courses.

e. The **Student number control for 2011-12**, placing a limit on the numbers of HEFCE-fundable and employer co-funded students starting FT UG or PGCE study in 2011-12. Paragraphs 83 to 84 provide further details.

59. Where institutions receive any co-funded employer engagement allocations held outside the mainstream, these are shown towards the bottom of Table B and are subject to separate conditions of grant and monitoring arrangements. See paragraphs 97 to 99.

## **Contract range for 2011-12**

60. For the majority of institutions, their 2011-12 contract range is equal to the  $\pm 5$  per cent tolerance band. We have reset institutions' contract ranges for 2011-12 to avoid requirements on institutions to migrate from a position above the tolerance band. The top of the contract range has been set to equal the higher of the *Percentage difference* shown on Table C (see paragraph 127), plus 5 per cent, or such other extended limit previously agreed for individual institutions.

## **Funding conditional upon delivery of growth**

61. As in previous years, we have set overall FTE targets for 2011-12 for institutions that have been awarded mainstream ASNs. The majority of ASNs for 2011-12 were allocated following Circular letters 05/2008 and 22/2009.

62. In previous years we have given institutions that have failed to secure the required overall growth in the year for which it is first awarded one further opportunity to deliver growth and retain the associated funding. However, opportunities to recover funding in 2012-13 if institutions have consolidated holdback of grant in 2011-12 (whether from shortfalls in the delivery of any remaining ASNs, or contract range holdback) may need to be through tuition fee income rather than HEFCE grant. The recovery of funding is generally dependent on additional recruitment in the following year, but the availability of funding for that new cohort of students should depend on the new funding regime, not continuation of the old one. We hope to confirm our approach in funding agreements to be issued in July.

63. Allocations for co-funded employer engagement places that are outside the mainstream teaching grant are not incorporated in funding conditional upon delivery of growth targets. They are shown on the lower section of grant Table B and are subject to separate monitoring arrangements.

64. Allocations of some ASNs for structural realignment and other miscellaneous adjustments to student numbers will not in themselves result in an institution being set FTE targets for funding conditional upon delivery of growth, but will be reflected in adjustments to the FTE baseline against which such growth targets are monitored.

65. Funding conditional upon delivery of growth FTE targets apply only to institutions that:

a. Were awarded mainstream additional funded places for 2010-11, but where the growth expected in that year has not yet been delivered. This does not apply where there were shortfalls in the delivery of University Modernisation Fund (UMF) places – those allocations were for 2010-11 only and there is no second chance in 2011-12 to make good any shortfalls in UMF student numbers that may have occurred.

b. Had *Additional funding for mainstreamed FTEs* (shown on the final issue of the 2010-11 grant Table C) but where the growth in HEFCE-fundable FTEs expected in that year has not yet been delivered.

c. Have been awarded mainstream additional funded places for 2011-12.

66. For other institutions, the heading will state that this target is not applicable.

67. When we award ASNs, we expect institutions to deliver an overall increase in student numbers. Developing new provision but within the same overall student numbers is not sufficient. If institutions do not deliver the additional students, then we hold back some or all of the funding provided for them. The expected growth is assessed against a baseline FTE level reflecting the position before the award of ASNs. Two FTE targets are then specified which relate to the two chances that institutions have to deliver their growth:

a. The first, lower target relates to delivery at the second attempt of ASNs awarded for 2010-11 (if these were not delivered first time). This also incorporates any previous non-mainstream directly or indirectly-funded ASNs that were brought within the institution's mainstream teaching grant for 2010-11 but where the resulting expected growth was not delivered at the first attempt.

b. The second, higher target relates to delivery at the first attempt of ASNs awarded for 2011-12.

68. If institutions did not deliver the ASNs awarded for 2010-11, then we will have held back some or all of the funding provided for them in that year, and consolidated the holdback, after adjusting for the February 2011 pro rata reduction of 2.81 per cent, into a reduced baseline for 2011-12. By meeting their first FTE target, institutions can have the ASN funding that has been deducted from their 2011-12 baseline (after the further pro rata reduction for 2011-12 of 4.28 per cent) reinstated. If institutions do not deliver their ASNs awarded for 2011-12 by meeting their second FTE target, then we will hold back some or all of the funding provided for them. We attribute any growth delivered firstly to the ASNs awarded for 2010-11.

69. This section of the grant table therefore shows:

a. A baseline FTE figure. Unless institutions reach this total, they will not be able to recover any 2010-11 ASN funding deducted from their 2011-12 baseline, and we will hold back all of any 2011-12 ASN funding.

b. A first FTE target, representing a second chance to achieve any additional mainstream places awarded for, or mainstreamed in, 2010-11 but not delivered in that year (though excluding any second chances to achieve the growth funded through the UMF for 2010-11). The funding for these places will have been held back in 2010-11 and deducted from the baseline funding for 2011-12. Also shown is the maximum funding that may be recovered, and the rate at which any recovered funds will be calculated per FTE in excess of the baseline FTEs. The maximum funding that may be recovered is *ASN funding to be held back from institution (after June 2010 pro rata saving)* shown in the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011, or as separately notified following data audit or reconciliation, multiplied by 0.9718905 to reflect the pro rata reduction of 2.81 per cent announced in February 2011 and then by 0.9572 to reflect the further reduction to teaching grants of 4.28 per cent being implemented for 2011-12.

c. A second FTE target, representing what institutions need to deliver to achieve the additional places awarded for 2011-12. If institutions do not meet this FTE target, they will be liable to holdback of 2011-12 ASN funding. Also shown is the maximum holdback that may apply, and the rate at which any holdback will be calculated per FTE for shortfalls against the target. Any amendments to the new ASNs for 2011-12 are likely to change the FTE and funding figures shown here.

## **Baseline FTEs**

70. We increase baseline FTEs from year to year:

a. To reflect the ASNs delivered the previous year. This increase is capped at the number of ASNs awarded, so that over-recruitment is not consolidated into higher baselines for subsequent years.

- b. For any other mainstream additional funded places awarded outside our main ASN process – such as for increases in medical or dental intakes, or some structural realignment ASNs.
- c. For other miscellaneous adjustments and transfers of students into or out of an institution, such as where FECs choose to be indirectly funded through an HEI, or for institutional mergers.

71. Where an institution has ASNs to deliver (either at the first or second attempt), we only reduce baseline FTEs where students are being transferred out of an institution to another institution or because of other miscellaneous reductions in student numbers and funding such as those arising from historic reductions in dental intake targets. We do not reduce baseline FTEs merely because an institution has recruited below its baseline for the previous year. This is to ensure that overall growth is delivered over the two years available.

## Calculation of FTE targets

72. In this section, unless stated otherwise, all references to 2010-11 figures are from the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011, or as separately notified following data audit or reconciliation.

### 2011-12 Baseline FTEs

73. *2011-12 Baseline FTEs* are equal to the sum of:

- a. *2010-11 Actual FTEs (HEFCE-fundable)* – however, for institutions that had *2010-11 Mainstreamed FTEs, 2010-11 ASN FTEs, 2010-11 ELQ safety net ASN FTEs or Additional FTE for UMF* (in each case from the final issue of 2010-11 grant Table D), these are subject to:
  - i. A ceiling of *2010-11 FTEs required to avoid reduction in UMF teaching funding*.
  - ii. A floor of *2010-11 Baseline FTEs*.
- b. *2011-12 FTE transfers* (from Table D – see paragraph 151).
- c. *2011-12 ASNs included in ASN target baseline* (from Table D – see paragraph 153).

### FTEs required to fully recover reduction in ASN funding

74. Where institutions did not have any ASN funding held back in 2010-11 (shown in the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011), other than for the UMF, this target is equal to the *2011-12 Baseline FTEs*.

75. For institutions that did have (non-UMF) ASN funding held back in 2010-11, *FTEs required to fully recover reduction in ASN funding* are calculated as follows:

a. Where the 2010-11 *Actual FTEs (HEFCE-fundable)* were less than the 2010-11 *FTEs required to fully recover reduction in ASN funding*, the 2011-12 target is equal to the sum of:

- 2011-12 *Baseline FTEs*
- 2010-11 *Mainstreamed FTEs* (from the final issue of 2010-11 grant Table D)
- 2010-11 *ASN FTEs* (from the final issue of 2010-11 grant Table D).

b. Where the 2010-11 *Actual FTEs (HEFCE-fundable)* were greater than or equal to the 2010-11 *FTEs required to fully recover reduction in ASN funding*, the 2011-12 target is equal to the sum of:

- 2010-11 *FTEs required to avoid reduction in ASN funding*
- 2011-12 *FTE transfers* (from Table D – see paragraph 151)
- 2011-12 *ASNs included in ASN target baseline* (from Table D – see paragraph 153).

**FTEs required to retain 2010-11 ELQ safety net ASN funding** (hidden for most institutions)

76. This target applies, and is visible, only to institutions that had 2010-11 ELQ safety net ASNs which they did not fully deliver in that year. It is equal to the sum of:

- FTEs required to avoid reduction in 2010-11 ELQ safety net ASN funding.*
- 2011-12 *FTE transfers* (from Table D – see paragraph 151).
- 2011-12 *ASNs included in ASN target baseline* (from Table D – see paragraph 153).

**FTEs required to avoid reduction in ASN funding**

77. This target only applies to institutions that have 2011-12 *ASN FTEs*, which are identified on Table D (see paragraph 154). *FTEs required to avoid reduction in ASN funding* are calculated as the sum of:

- FTEs required to fully recover reduction in ASN funding* (or *FTEs required to retain 2010-11 ELQ safety net ASN funding*, where applicable).
- 2011-12 *ASN FTEs* (see paragraph 154).

## **Consolidated 2010-11 contract range holdback recoverable in 2011-12**

78. Institutions have an opportunity in 2011-12 to recover any funding deducted from their baseline as a result of the consolidation of 2010-11 contract range holdback. The amount of consolidated contract range holdback that is recoverable in 2011-12 is shown here. The funding that may be recovered is *Contract range holdback (after June 2010 pro rata saving)* shown in the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011, or as separately notified following data audit or reconciliation, multiplied by 0.9718905 to reflect the pro rata reduction of 2.81 per cent announced in February 2011 and then by 0.9572 to reflect the further reduction to teaching grants of 4.28 per cent being implemented for 2011-12.

79. This funding will be paid to the extent that its reinstatement keeps an institution within its 2011-12 contract range. Institutions should note in particular that the sum that may be recovered in this way may be retrospectively recalculated to reflect the outcomes of any data reconciliations or audits.

80. Our intention is to give institutions one opportunity to recover their position before contract range holdback becomes a permanent reduction in grant. The sum recoverable therefore reflects the level of contract range holdback in 2010-11 identified from HESES10. However, at the end of each academic year, we reconcile the HESES return with the individualised student data reported to HESA. We are writing separately to HEIs about the reconciliation of 2009-10 data. These reconciliation exercises can have retrospective implications for grant. In particular, we may find that, based on its HESA data, an institution is subject to additional holdback in 2009-10 and we would expect to consolidate this into lower funding for 2010-11 and beyond. This consolidation would reduce an institution's baseline funding for 2010-11 and would therefore serve to reduce contract range holdback derived from HESES10. This in turn would mean that less funding would be recoverable in 2011-12. Similar retrospective adjustments to grant may also arise from data audits.

81. In the interests of being fair to all institutions that have holdback, whether derived from HESES or HESA data, we will retrospectively change the amount of funding that is recoverable in 2011-12 to reflect any grant adjustments arising from the reconciliation of HESA and HESES data for 2009-10 or earlier exercises or from any data audit. Institutions should be aware that if they set out to increase student numbers in order to recover the full sum identified on Table B, they may not receive that full sum if, through HESA-HESES reconciliation exercises or any data audit, it turns out to have been overstated. If we did not do this, then institutions that had holdback arising from HESA data would essentially have one more opportunity to recover funding than if the holdback had arisen as a result of the original HESES return.

### Example

82. University X has 2010-11 contract range holdback arising from HESES10 of £0.5 million. Its grant tables for 2011-12 show that this sum is recoverable in 2011-12.

During summer 2011, we discover through the reconciliation of HESA and HESES data for 2009-10 that it should have had contract range holdback of £0.3 million in 2009-10. By consolidating this into 2010-11, University X's original allocation would have been £0.3 million less and, therefore, contract range holdback arising from HESES10 would have been only £0.2 million. Overall the university still faces a reduction of £0.5 million in 2010-11, but now £0.3 million is attributable to the consolidation of 2009-10 holdback, rather than being entirely due to 'new' 2010-11 holdback. In this example, we would retrospectively change the amount of funding recoverable in 2011-12 by University X to £0.2 million – even if the university recruited sufficiently to have recovered the originally notified £0.5 million.

## **Student number control for 2011-12**

83. As in 2010-11 we are setting a limit on HEFCE-fundable and employer co-funded students starting FT UG or PGCE study for 2011-12. Where we are adjusting funding for institutions for over-recruiting FT UG and PGCE entrants in 2010-11 a further adjustment may apply in 2011-12 unless the institution takes action to offset the over-recruitment in 2010-11 by recruiting below its 2011-12 student number control limit. In addition, where we are applying a further adjustment in 2010-11 because an institution has failed to fully offset 2009-10 over-recruitment in 2010-11 a further adjustment may apply in 2011-12 unless the institution recruits sufficiently below its 2011-12 student number control limit.

84. This section of the grant tables specifies the 2011-12 student number control limit, the required shortfall against the limit to avoid a further reduction for any 2010-11 over-recruitment and the required additional shortfall against the limit to avoid a further reduction for any 2009-10 over-recruitment.

### **2011-12 Limit on students starting full-time undergraduate or PGCE study**

85. This shows the limit on HEFCE-fundable and employer co-funded students starting FT UG or PGCE study in 2011-12. This limit is as notified in Caroline Charlton's letter to individual institutions of 31 January 2011, or as amended following institutions' responses. We will make formulaic changes to the limit as necessary, including for 2011-12 employer co-funded full-time undergraduate ASNs, which are still to be confirmed, and to reflect institutional transfers that are not yet included and any changes necessary following data audit or reconciliation.

86. Years of instance meeting the following criteria count towards the student number control that we are setting for 2011-12:

- a. Either:
    - i. They are for HEFCE-fundable or employer co-funded full-time undergraduate students in the academic year 1 August 2011 to 31 July 2012
- and



The students have not been HEFCE-fundable or employer co-funded or 'model 2' LLN FT UG students in either of the preceding two academic years (that is, between 1 August 2009 and 31 July 2011) as students of the same institution. These categories include students who have not completed their year of instance or who started on a non-standard year of instance and would not be included in Tables 1 to 5 in the 2011 HESES survey but nevertheless meet the criteria in HESES Annex K to be HEFCE-fundable.

Or:

ii. They are for HEFCE-fundable or employer co-funded students aiming for a FT PGCE (whether a Postgraduate or Professional Graduate Certificate in Education) commencing an instance in the academic year 1 August 2011 to 31 July 2012.

b. The students have not withdrawn from their year of instance within two weeks: that is, they have undertaken sufficient activity to be required to be included in the HESA return.

87. Terms used in this definition are further defined as follows:

a. HEFCE-fundable: This is as defined in the annual HESES survey. The most recent guidance on this is in Annex K of HESES10.

b. Employer co-funded: This applies to students that are HEFCE non-fundable solely on the basis that they are to count towards the delivery of HEFCE allocations of student numbers co-funded with employers (see HESES10 Annex K paragraph 9b). This group of students may include those who are aiming for an equivalent or lower qualification (ELQ) and who, were they not co-funded, would not be exempt from the ELQ policy as defined in HESES Annex K.

c. 'Model 2' LLN students: those who have counted towards the delivery of LLN allocations that have been funded through a lead institution outside the mainstream HEFCE teaching grant (and therefore been reported as non-fundable in HESES) up to 2009-10. All LLNs reverted to the mainstream 'model 1' route by 2010-11 and therefore students at all LLNs will be included within the definition of HEFCE-fundable in 2010-11, but some students at LLNs may have counted towards 'model 2' allocations in 2009-10.

d. Students that have not actively studied as full-time undergraduates in the two preceding academic years: students who, during each academic year 2009-10 and 2010-11, have not undertaken full-time undergraduate study; or if they have, withdrew (on each occasion) within two weeks of starting the instance; or were otherwise 'dormant' during that period. In this context, full-time relates to study that, had it been carried through to completion, would have been full-time.

88. 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 2011-12 and/or 2012-13

academic year. This will be at a rate of £3,750 for each student above the limit, or such other rate as may be separately specified by BIS. This reduction may be repeated in subsequent years to the extent that we consider the excess students recruited in 2011-12 continue to contribute to excess student support costs. We will give institutions an opportunity to appeal for mitigation before finalising any such grant adjustment.

89. Institutions should assume that no margin above the limit specified for 2011-12 will apply before we seek to apply grant reductions.

#### **Excess FT UG and PGCE entrants in 2010-11**

90. This only applies where institutions exceeded their 2010-11 student number control limit. This is *Students in excess of 2010-11 student number control* shown in the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011, or as amended following data audit or reconciliation.

#### **Proportion of excess students expected to continue into 2011-12 (year 1 to year 2)**

91. This only applies where institutions exceeded their 2010-11 student number control limit. This is the proportion of the excess student numbers recruited in 2010-11 that we estimate will still be continuing their studies on similar programmes in 2011-12. We have calculated this proportion using individualised HESA data for 2007-08 and 2008-09.

#### **Required shortfall against the 2011-12 student number control limit to avoid further reduction for 2010-11 over-recruitment**

92. This only applies where institutions exceeded their 2010-11 student number control limit. This is *Excess FT UG and PGCE entrants in 2010-11* multiplied by *Proportion of excess students expected to continue into 2011-12 (year 1 to year 2)*. Where we find institutions have not delivered the required shortfall we will apply a further reduction relating to over-recruitment in 2010-11 at a rate of £3,750 for each student above the limit, or such other rate as may be separately specified by BIS. We will give institutions an opportunity to appeal for mitigation before finalising any such grant adjustment.

#### **Required shortfall against the 2010-11 student number control limit to avoid further reduction for 2009-10 over-recruitment not delivered**

93. This only applies where institutions exceeded their permitted number of FT UG and PGCE entrants in 2009-10 and did not sufficiently offset this in 2010-11. This is the higher of zero, or *Required shortfall against the 2010-11 student number control limit to avoid further reduction for 2009-10 over-recruitment* minus *Actual shortfall against the 2010-11 student number control limit to avoid further reduction for 2009-10 over-recruitment*, both of which are shown in the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011, or as amended following data audit or reconciliation.

#### **Proportion of excess students expected to continue into 2011-12 (year 2 to year 3)**

94. This only applies where institutions exceeded their permitted number of FT UG and PGCE entrants in 2009-10 and did not sufficiently offset this in 2010-11. This is the proportion of such excess student numbers that we estimate will still be continuing their

studies on similar programmes in 2011-12. We have calculated this proportion using individualised HESA data for 2007-08 and 2008-09.

### **Required further shortfall against the 2011-12 student number control limit to avoid further reduction for 2009-10 over-recruitment**

95. This is *Required shortfall against the 2010-11 student number control limit to avoid further reduction for 2009-10 over-recruitment not delivered* multiplied by *Proportion of excess students expected to continue into 2011-12 (year 2 to year 3)*. Where we find institutions have not delivered the required shortfall, in addition to any shortfall required to avoid a further reduction for 2010-11 over-recruitment (*Required shortfall against the 2011-12 student number control limit to avoid further reduction for 2010-11 over-recruitment*) we will apply a further reduction relating to over-recruitment in 2009-10 at a rate of £3,750 for each student above the limit, or such other rate as may be separately specified by BIS. We will give institutions an opportunity to appeal for mitigation before finalising any such grant adjustment.

96. Initially we will monitor compliance with the student number control through the HESES survey. We will undertake further monitoring using the end of year HESA data for 2011-12. This may result in an additional grant adjustment or changes to any grant adjustments we have previously confirmed.

### **Funding and FTEs associated with co-funded employer engagement**

97. This section shows FTEs and associated funding held outside the mainstream for co-funded employer engagement student numbers. Any funds shown here are subject to separate conditions of grant and monitoring arrangements.

98. Funding for *FTEs awarded up to 2010-11* is based on the 2010-11 allocations, incorporating the pro rata saving of 1.09 per cent and the further pro rata reduction of 2.81 per cent applied in 2010-11, and then reduced by 4.28 per cent. Funding for *ASNs awarded for 2011-12* is not yet included: this will be incorporated in the July grant tables. The student FTEs are shown in more detail in Table H (see paragraphs 180 to 184).

99. Circular letter 20/2010 announced changes to our monitoring and funding arrangements for co-funded employer engagement student numbers. We will be monitoring institutions' recruitment compared to their overall co-funded FTE target for 2010-11 in the co-funded employer engagement (CFEE) monitoring return later in the year. If institutions do not achieve their target, funding will be held back, and this reduction will be consolidated into the grant allocation for 2011-12. Any updated grant tables for 2011-12 issued in October 2011 will incorporate these reductions. Institutions will then have a second chance to recruit the students in 2011-12 and recover the funding removed from their co-funded core for 2011-12.

### **Other conditional elements of grant in 2011-12**

100. This section summarises other elements of grant which are subject to specific conditions in 2011-12.

101. *Funding provided for moving FT UG numbers into SIVS 2010-11 and Funding provided for moving FT UG numbers into SIVS 2011-12* are subject to separate conditions of grant and monitoring arrangements, as set out in the award letter of 18 May 2010, or as may be separately notified.

102. *Additional funding for very high cost and vulnerable science subjects* is subject to separate conditions of grant as described in Circular letter 13/2007, 'Additional funding for very high cost and vulnerable laboratory-based subjects'.

103. *RDP supervision funds* are also subject to a separate condition of grant. We require all institutions to comply with the revised Section 1 of the Quality Assurance Agency for Higher Education (QAA) code of practice on postgraduate research programmes in respect of those departments that attract RDP supervision grant.

## **Table C: 2011-12 Summary of recurrent funds for teaching**

104. This table summarises the calculation of 2011-12 recurrent funding for teaching. Some of the figures shown are derived from subsequent tables. The first section shows the derivation of mainstream grant for teaching, starting from the baseline determined from last year's allocation. It also shows the comparison between standard resource and assumed resource. The second section shows the targeted allocations, including for WP and TESS, allocations for co-funded employer engagement places, other recurrent teaching grants, and remaining provisional transitional funding for ELQs for 2012-13 and 2013-14.

### **Mainstream recurrent teaching grant**

#### **2010-11 Mainstream teaching grant**

105. This is the sum of *Core funding*, *Mainstream additional funded places* and *University Modernisation Fund: mainstream teaching grant element* taken from the final issue of 2010-11 grant Table A.

#### **June 2010 pro rata saving to 2010-11 mainstream teaching grant**

106. This is *2010-11 Mainstream teaching grant* multiplied by -0.0108868 to reflect the pro rata saving announced in June 2010.

#### **Removal of University Modernisation Fund (after June 2010 pro rata saving)**

107. This is *University Modernisation Fund: mainstream teaching grant element* taken from the final issue of 2010-11 grant Table A, multiplied by 0.9891132 to reflect the pro rata saving of 1.09 per cent announced in June 2010.

#### **2010-11 Mainstream grant adjustment (after June 2010 pro rata saving)**

108. This is the *Final adjustment to mainstream teaching grant 2011-12*, taken from the 'Final grant adjustments for 2010-11' report, issued in Caroline Charlton's letter to institutions of 11 February 2011.

### **2010-11 Erasmus fee compensation (after June 2010 pro rata saving)**

109. EP 02b/02, 'Change to tuition fee compensation for ERASMUS students' explained that from 2003-04 onwards, we would allocate tuition fee compensation for outgoing Erasmus students based on the most recent student data. The amount deducted here is the *2010-11 ERASMUS fee compensation* from the final issue of 2010-11 grant Table C, multiplied by 0.9891132 to reflect the pro rata saving of 1.09 per cent announced in June 2010.

### **2010-11 Miscellaneous grant adjustments**

110. This includes any miscellaneous transfers and adjustments to 2010-11 mainstream teaching grant agreed since the final issue of the grant tables and funding agreement. In particular, it includes recent adjustments arising from data audit and reconciliation exercises.

### **Consolidated February 2011 pro rata reduction to 2010-11 mainstream teaching grant**

111. This is the sum of the previous six rows multiplied by -0.0281095 to reflect the pro rata reduction to teaching grant announced in February 2011. Please note that this differs from the adjustment applied to 2010-11 mainstream teaching grant, as announced in Circular letter 09/2011, as that adjustment incorporates reductions to teaching grants which apply only to 2010-11, such as UMF teaching funding. As this funding was provided only for 2010-11, it is not appropriate to reflect the February 2011 pro rata reduction relating to UMF teaching funding in determining mainstream teaching grant for 2011-12.

### **2010-11 Adjusted mainstream teaching grant**

112. This is the sum of the figures in the preceding seven rows.

### **Reduction to 2010-11 Adjusted mainstream teaching grant**

113. This is -4.28 per cent of the *2010-11 Adjusted mainstream teaching grant*.

### **2011-12 Erasmus fee compensation**

114. We are providing fee compensation for outgoing Erasmus students at a rate that reflects the 'higher amount' permissible under the fee regulations for a student on a non-Erasmus year abroad. This includes Erasmus students who are spending a full-year abroad working, such as those under the British Council's Language Assistant scheme.

115. The 2010-11 student numbers used to calculate this allocation are those recorded as being subject to regulated £0 fees on Table 4 of HESES10 (excluding those recorded against ITT (QTS)). The funding is calculated at a rate of £1,680 per student.

### **2011-12 Miscellaneous grant adjustments**

116. This comprises any miscellaneous transfers and adjustments to 2011-12 funding, as agreed with individual institutions.

### **2011-12 Additional funding for moving FT UG numbers into SIVS**

117. In 2010-11 we allocated funds for institutions shifting the balance of their recruitment towards SIVS. Circular letter 06/2010 announced the initiative and invited bids for funds. We are continuing this initiative in 2011-12 to allow institutions to maintain intakes at the levels in 2010-11.

118. Funding has been calculated as *Additional funding for moving FT UG numbers in to SIVS subjects* from the final issue of 2010-11 grant Table C, reduced by 1.09 per cent to reflect the pro rata saving to 2010-11 teaching grant announced in June 2010, 2.81 per cent to reflect the pro rata reduction to 2010-11 teaching grant announced in February 2011 and by 4.28 per cent to reflect the further reduction to teaching grants being implemented for 2011-12. The students are identified on Table D, as described in paragraph 155.

### **Funding changes for dental intakes**

119. This shows changes to funding in 2011-12 due to changes in intakes to quota-controlled UG dental courses since 2006-07. The students are identified on Table D, as described in paragraph 153.a. The funding changes have been calculated at standard resource rates (for price group A) less assumed fee income of £1,345.

### **Additional funding for other ASNs within baseline FTEs**

120. This shows the funding for ASNs that are not conditional upon the delivery of overall FTE targets. Generally such funding has been allocated for structural realignment of provision – for example where the funding responsibility for certain provision is transferring to HEFCE over a number of years. In such cases it is more appropriate to monitor overall resource levels via the contract range, where some flexibility applies. Although the additional funding is not conditional upon the delivery of overall FTE targets, the associated student numbers (shown on Table D) are included within institutions' baseline FTEs (see paragraph 153.b). Funding has been calculated at standard resource rates less assumed fee income.

### **Additional funding for 2011-12 ASNs**

121. This shows the funding for 2011-12 ASNs (see paragraph 154), allocated largely in response to Circular letter 22/2009. Funding has been calculated at standard resource rates less assumed fee income.

### **2011-12 Mainstream teaching grant**

122. This is the sum of the previous eight rows.

### **2011-12 Assumed fee income**

123. This is taken from the final column of Table F (see paragraphs 172 to 177).

### **2011-12 Assumed teaching resource**

124. This is the sum of the previous two rows, and is our assumption of actual resource, which we use for comparison with standard resource.

### **2011-12 Standard resource**

125. This is taken from the final column of Table E (see paragraphs 157 to 171).

### **Difference**

126. This is the difference between the *2011-12 Assumed teaching resource* and the *2011-12 Standard resource*.

### **Percentage difference**

127. This is the difference above expressed as a percentage of the *2011-12 Standard resource*. The aim of the funding method is that this percentage should come within  $\pm 5$  per cent.

## **Targeted allocations**

128. Targeted allocations include those for:

- widening participation
- teaching enhancement and student success
- part-time undergraduates
- accelerated/intensive provision
- specialist institutions (the institution-specific targeted allocation)
- maintaining capacity in SIVS following the ELQ policy
- very high cost and vulnerable science subjects.

129. These elements of funding are part of recurrent teaching grant, but are not included in the resource-based calculations of the mainstream funding method.

## **Widening participation**

130. This section shows a summary of the WP allocations – the figures are copied directly from Table I. The full calculations for each of the three separate elements are shown in detail on Table I, with accompanying explanatory text in paragraphs 185 to 215.

## **Teaching enhancement and student success**

131. This section shows a summary of the TESS allocations – the figures are copied directly from Table J. The full calculations for each of the four separate elements are shown in detail on Table J, with accompanying explanatory text in paragraphs 216 to 243.

## **Other targeted allocations**

### **Part-time undergraduates**

132. We are allocating £66 million to support part-time undergraduate provision as a variable targeted allocation. This is the cash total allocated for 2010-11, incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the pro rata reduction of 2.81 per cent announced in February 2011, reduced by a further 4.28 per cent to reflect the reduction to teaching grant for 2011-12.

133. The funding is distributed pro rata to part-time undergraduate student FTEs that are funded through mainstream teaching grant, but excluding 2011-12 ASNs. The FTEs used for this purpose are part-time undergraduates in *2011-12 Base FTEs* from Table D (see paragraph 152). We do not include employer co-funded students in these calculations, as the rate of funding we provide for them already takes account of this former premium. The rate of funding is approximately £650 per part-time undergraduate FTE.

#### **Accelerated/intensive provision**

134. We are allocating £41 million to support accelerated/intensive provision as a variable targeted allocation. This is the cash total allocated for 2010-11, incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the pro rata reduction of 2.81 per cent announced in February 2011, reduced by a further 4.28 per cent to reflect the reduction to teaching grant for 2011-12.

135. The funding is distributed pro rata to weighted undergraduate students in price groups B, C or D and weighted postgraduate taught students in price groups B or C who are on long years of study. In each case this includes relevant proportions of students in media studies. The FTEs used for this purpose are the relevant categories of students on long years of study in *2011-12 Base FTEs* from Table D (see paragraph 152). We do not include employer co-funded students in these calculations, as the rate of funding we provide for them already takes account of this former premium. The rate of funding is approximately £899 per FTE weighted by price group. The price group weights are unchanged since last year and are described in paragraph 159.

#### **Institution-specific targeted allocation**

136. We are allocating £47 million to support institution-specific costs as a fixed targeted allocation. The allocation incorporates:

- a. The cash sum allocated for 2010-11, incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the pro rata reduction of 2.81 per cent announced in February 2011.
- b. A further reduction of 4.28 per cent to reflect the reduction to teaching grant for 2011-12.
- c. Any revisions to the overall total, including as a result of the phased implementation of outcomes from the Review of Exceptional Funding for Institutions (REFI), as set out in letters to individual institutions in January 2009 or as subsequently notified.

#### **Maintaining capacity in SIVS following ELQ policy**

137. As part of our implementation of the ELQ policy, we are continuing to provide a fixed targeted allocation to support students studying in SIVS. This allocation is intended to allow institutions to maintain capacity in SIVS, even where some students are aiming



for an ELQ. The total allocated in 2011-12 is £28 million. This is the cash total allocated for 2010-11, incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the pro rata reduction of 2.81 per cent announced in February 2011, reduced by a further 4.28 per cent to reflect the reduction to teaching grant for 2011-12.

### **Additional funding for very high cost and vulnerable science subjects**

138. Circular letter 13/2007 announced that we were allocating an additional £75 million over the three-year period 2007-08 to 2009-10 to support very high cost science subjects, which are strategically important to the economy and society but vulnerable because of relatively low student demand. Circular letter 18/2008 announced that this funding would be extended for a further year to 2010-11, and we are now extending funding for a further year. From 2009-10 it has been provided as a targeted allocation within recurrent teaching grant.

139. The funding supports Chemistry; Physics; Chemical Engineering; and Mineral, Metallurgy and Materials Engineering, to help maintain capacity in these subjects in universities and colleges while demand from students grows. The allocations for 2011-12 are calculated by reducing the funds allocated for 2010-11, incorporating the pro rata saving of 1.09 per cent announced in June 2010 and the pro rata reduction of 2.81 per cent announced in February 2011, and reduced by a further 4.28 per cent to reflect the reduction to teaching grant for 2011-12. The total allocated for 2011-12 is £23 million.

140. Full details of the formulaic allocation method for this stream are given in Circular letter 13/2007. This also specifies a condition of grant, which continues to apply to this funding.

### **Funding for co-funded employer engagement**

141. This shows the allocation of funding for co-funded employer engagement places. This is part of teaching grant, but is not included in the resource-based calculations of the mainstream funding method.

142. This allocation only applies to institutions with places for co-funded employer engagement. For those institutions, a breakdown of the funding and associated FTEs is shown on Table B – see paragraphs 97 and 98, with further detail about FTE numbers on Table H.

### **Other recurrent teaching grants**

143. This shows the allocations for other recurrent teaching grants outside the mainstream allocation. These elements of funding are part of recurrent teaching grant, but are not included in the resource-based calculations of the main funding method.

### **Clinical consultants' pay**

144. This allocation recognises the additional costs that arise from applying the Consultant Contract (England) 2003 to clinical academics. The allocations for 2011-12 are calculated by reducing the funds allocated for 2010-11 to take account of the pro rata

saving of 1.09 per cent and the pro rata reduction of 2.81 per cent applied in 2010-11, and to reflect the reduction to teaching grant for 2011-12 of 4.28 per cent.

### **Senior academic GPs' pay**

145. From April 2005, we have allocated funding to enable senior academic general practitioners (SAGPs) to be paid in line with their hospital-based colleagues. The funding has been based on the full-time equivalent number of HEFCE-funded SAGPs that institutions employed on 31 March 2005, using data provided by the Universities and Colleges Employers Association. The allocations for 2011-12 are calculated by reducing the funds allocated for 2010-11 to take account of the pro rata saving of 1.09 per cent and the pro rata reduction of 2.81 per cent applied in 2010-11, and to reflect the reduction to teaching grant for 2011-12 of 4.28 per cent.

### **NHS pensions scheme compensation**

146. Employers' contributions to the NHS pension scheme increased from 7 per cent to 14 per cent from April 2004. Since then, we have provided compensation to institutions for the increased costs that fall to HEFCE grant as a result of the change. The allocations for 2011-12 are calculated by reducing the funds allocated for 2010-11 to take account of the pro rata saving of 1.09 per cent and the pro rata reduction of 2.81 per cent applied in 2010-11, and to reflect the reduction to teaching grant for 2011-12 of 4.28 per cent.

### **Transitional funding for ELQs**

147. Funding for non-exempt ELQs is being phased out over a period of up to six years. The 2010-11 grant Table C showed *Remaining provisional transitional funding for ELQs* for the period 2011-12 to 2013-14. Transitional funding for 2011-12 has been reduced from the amount shown in the 2010-11 grant tables to take account of the pro rata saving of 1.09 per cent and the pro rata reduction of 2.81 per cent applied in 2010-11, and to reflect the reduction to teaching grant for 2011-12 of 4.28 per cent. Adjustments may also have arisen as a result of recently completed data audit or reconciliation exercises.

### **Remaining provisional transitional funding for ELQs**

148. This section shows any remaining provisional transitional funding for ELQs for 2012-13 and 2013-14. As with *Transitional funding for ELQs* for 2011-12 (see paragraph 147), the amounts have been recalculated to take account of the pro rata saving of 1.09 per cent and the pro rata reduction of 2.81 per cent applied in 2010-11, and to reflect the further reduction to teaching grant for 2011-12 of 4.28 per cent. This funding remains provisional and its continuation in 2012-13 and 2013-14 may be subject to the review of our teaching funding method.

### **Table D: 2011-12 Derivation of assumed FTEs**

149. Table D shows how we have derived the institution's 2011-12 assumed FTEs for use in calculating standard resource and assumed fee income for the mainstream teaching funding method. All figures refer to student numbers and all are FTEs displayed to two decimal places. However, the calculations are done to several decimal places, so there may be some rounding differences within the table.

**2010-11 HESES FTEs**

150. These are the home and EU HEFCE-funded student numbers expressed in FTE terms. Sandwich year-out students count as 0.5 FTE. Part-time students are taken from Column 4a of HESES Table 3.

**2011-12 FTE transfers**

151. This includes any transfers of student numbers into or out of an institution.

**2011-12 Base FTEs**

152. This is the sum of the previous two columns and represents the assumed FTEs for 2011-12 excluding those associated with ASN allocations. We use these Base FTEs as the scaling factors in the variable targeted allocations for part-time undergraduates and accelerated/intensive provision, and (together with 2010-11 co-funded employer engagement FTEs shown on Table H) for WP and TESS.

**2011-12 ASNs included in ASN target baseline**

153. This includes:

- a. In price group A, any changes to funded student numbers as a result of changes to intakes to quota-controlled undergraduate dental courses since 2006-07.
- b. Any other ASNs for 2011-12 where the associated funding is not conditional upon delivery of overall FTE targets – hence these ASNs are included within baseline FTEs. Typically these ASNs have been allocated for structural realignment of provision – for example where the funding responsibility for certain provision is transferring to HEFCE over a number of years. In such cases it is more appropriate to monitor overall resource levels via the contract range, where some flexibility applies.

**2011-12 ASN FTEs**

154. This shows other mainstream ASNs not included in the previous column. These were generally awarded following Circular letter 22/2009.

**FTE transfer for SIVS**

155. This is the same as the *FTE transfer for SIVS* shown on the final issue of 2010-11 grant Table D.

**2011-12 Assumed FTEs**

156. This is the sum of the previous four columns. It is the FTEs used in the standard resource and assumed fees calculations.

## Table E: 2011-12 Calculation of standard resource

157. This table shows how we weight the assumed FTEs derived on Table D according to price group, and then incorporate London weighting and the partial completion weighting. The final column shows the conversion of total weighted FTEs into standard resource. All figures except standard resource are expressed in FTE terms and are displayed to two decimal places. However, the calculations are done to several decimal places, so there may be some rounding differences within the table.

### 2011-12 Assumed FTEs

158. This is taken from the final column of Table D.

### 2011-12 FTEs weighted by price group

159. This is the *2011-12 Assumed FTEs* weighted by price group. The weights are:

- price group A – 4
- price group B – 1.7
- price group C – 1.3
- price group D – 1.

### Partial completion weighting (applied to FTEs weighted by price group)

160. This weighting is applied to the *2011-12 FTEs weighted by price group*. The weighting that is applied is shown on Table G.

161. The weighting factor is derived from 2009-10 HESA<sup>5</sup> data in order to avoid significant complication and burden for institutions both relating to the data that they provide and to our funding method. The weighting takes account of activity completed by students who are reported as non-completions.

162. In broad terms, we have calculated the weighting from 2009-10 HESA data for students reported as non-completions (HESA field Completion of year of instance, 'FUNDCOMP' = 2). For such students we have identified, using the HESA fields Module FTE, 'FTE', and Module Outcome, 'MODOUT':

a. The FTE associated with modules that were completed. Where this FTE value is less than 0.16 (equivalent to 20 credit points), such students have been excluded from any further calculations. This reflects the decision reported in paragraph 22a of HEFCE 2007/23.

b. The FTE associated with modules that were not completed.

163. Further information on how we have identified the FTE associated with such partially completing students is provided in Section B and Appendix 15 of our document,

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<sup>5</sup> Where FECs have transferred to an indirect franchise arrangement through a HEI this also includes the 2009-10 ILR for the colleges.

'2009-10 statistics derived from HESA data for monitoring and allocation of funding', which is available from the HEFCE web-site at [www.hefce.ac.uk/learning/datacoll/hesa/](http://www.hefce.ac.uk/learning/datacoll/hesa/).

164. The basis for the weighting is that it should be set at a level that reflects how institutions would move relative to the tolerance band if partial completions are included in our resource calculations, compared to the position when they are excluded. The method step-by-step can be summarised as follows:

a. Step 1: We calculate price group weighted FTEs, standard resource, assumed fee income and assumed resource for each institution, using the HESES re-creation from 2009-10 HESA data, but excluding the partial completion weighting that applied in that year (it was then known as the flexible study measure). From this, we calculate the percentage difference between standard and assumed resource. The mainstream teaching grant for each institution within the assumed resource calculation is the sum of the following items, each of which are taken from the final issue of 2010-11 grant Table C, or as may have subsequently been revised (such as following data audit and reconciliation):

- i. *2009-10 Mainstream teaching grant*
- ii. *2009-10 Efficiency saving relating to mainstream teaching grant*
- iii. *2009-10 Mainstream grant adjustment (after 2009-10 efficiency saving)*
- iv. *2009-10 Miscellaneous grant adjustments.*

b. Step 2: We calculate the additional standard resource and assumed fee income for partially completing students. For standard resource, this takes account of the FTE only of completed modules; for the assumed fee income, this takes account of the FTE associated with both completed and uncompleted modules. We then re-calculate the percentage difference between standard and assumed resource for the institution taking account of this extra resource for partial completions.

c. Step 3: The weighting is calculated such that, when applied to price group weighted FTEs in the standard resource calculation in Step 1, the percentage difference between standard and assumed resource matches that in Step 2.

165. The formulae in these steps can be described as follows:

*Variables*

Step 1	WFTE1	Price group weighted FTEs from 2009-10 HESES re-creation
	STD1	Standard resource based on 2009-10 HESES re-creation, but excluding the 2009-10 flexible study measure
	AR1	Assumed resource based on 2009-10 HESES re-creation
	BP	Base price for 2009-10

Step 2	STD2	Standard resource associated with partially completing students, where students have completed at least 0.16 FTE
	FEE2	Assumed fee income associated with partially completing students for both completed and uncompleted modules

*Formulae*

166. In Step 1 we calculate:

$$PDIFF1 = \frac{AR1 - STD1}{STD1}$$

167. In Step 2 we calculate:

$$PDIFF2 = \frac{(AR1 + FEE2) - (STD1 + STD2)}{STD1 + STD2}$$

168. In Step 3 we calculate:

$$STD3 = \frac{AR1}{(1 + PDIFF2)}$$

$$\text{Weighting} = \frac{(STD3 - STD1) \div BP}{WFTE1}$$

**London weighting (applied to FTEs weighted by price group)**

169. This weighting is applied to the *2011-12 FTEs weighted by price group*. The weighting that is applied is shown on Table G.

**Total weighted FTEs**

170. This is the sum of the previous three columns.

**2011-12 Standard resource**

171. This is the *Total weighted FTEs* multiplied by the base price for 2011-12 of £3,670. The total of this column is the *2011-12 Standard resource* shown on Table C. We calculate the base price each year, by dividing total mainstream teaching resources (including assumed fee income) by total weighted FTEs, for the sector as a whole. The base price for 2011-12 is over 7 per cent lower than for 2010-11. This reduction is largely due to the reductions to teaching grant applied in 2010-11 and in 2011-12. We did not recalculate the 2010-11 base price to reflect the June 2010 pro rata saving of 1.09 per cent, nor for the February 2011 pro rata reduction of 2.81 per cent made to 2010-11 teaching grants. These reductions, and the further reduction for 2011-12 of 4.28 per cent,

therefore act to reduce the base price for 2011-12 compared to that for 2010-11. The base price will also have been affected by the changes in weighted assumed student FTEs between 2010-11 and 2011-12 and by the recalculation of the partial completion weighting. The relative effects of these last two factors, compared to the sector as a whole, will also be a reason for institutions' movements in or outside the tolerance band between the positions shown on their HESES10 return and on the 2011-12 grant Table C.

## Table F: 2011-12 Calculation of assumed fee income

172. This table shows the calculation of the assumed fee income for 2011-12, which is used in the comparison of teaching resources in Table C. The method adopted calculates for each mode and level an average assumed fee per FTE student. This is then applied to the *2011-12 Assumed FTEs* derived on Table D. Most figures are displayed to the nearest whole number. However, the calculations are done to several decimal places, so there may be some rounding differences within the table.

### 2010-11 Estimated FTEs

173. The FTEs are taken from the HEFCE-fundable student numbers on the HESES fee Table 4, recorded in price groups A, B, C, D, Media studies, INSET (QTS), but excluding all those recorded in the 'NHS bursaried courses' or 'Foundation degree bridging courses' rows. Any FT or SWOUT UG students recorded against the 'Non-regulated' fee level rows on HESES Table 4 have also been excluded. FT students are weighted at 1 FTE; SWOUT and PT students are weighted at 0.5 FTE.

### Total fee income

174. This is calculated by multiplying the FTEs in the previous column by an appropriate fee. The level used for 2011-12 per student FTE recorded in HESES10 Table 4 for each mode and level of study is shown in the following table.

Level	2010-11 rates shown in HESES Fee level	Rates for 2011-12		
		FT	SWOUT	PT
			(Divide HESES numbers by 2 to derive FTE)	
UG	Regulated full fee	£1,345	N/A	£1,330
	Regulated half fee	£665	£1,330	£1,330
	Regulated £0	£0	£0	N/A
	Non-regulated	N/A	N/A	£1,345
PGT	Regulated full fee	£1,345	£1,330	£1,330
	Regulated half fee	£665	£1,330	£1,330
	Non-regulated	£3,670	£3,670	£3,670

### Derived average fee per estimated FTE

175. This is calculated by dividing the *Total fee income* by the *2010-11 Estimated FTEs*.

### **2011-12 Assumed FTEs**

176. These are the same assumed FTE students used in calculating standard resource. They are taken from the final column in Table D (although the latter does not disaggregate sandwich year-out students).

### **2011-12 Assumed fees**

177. This is the *Derived average fee per estimated FTE*, multiplied by the *2011-12 Assumed FTEs*. The total of this column is the *2011-12 Assumed fee income* used in the comparison of teaching resource in Table C.

## **Table G: 2011-12 Parameters in the mainstream recurrent teaching funding model**

178. This table summarises the parameters used in the mainstream recurrent teaching model for 2011-12 for the institution. These parameters will be used when we recalculate standard and assumed resource using 2011-12 student data, in order to monitor whether institutions have met their contract range, and to calculate any consequential grant adjustments. The table shows:

- a. The base price for 2011-12 used in calculating standard resource. Paragraph 171 provides some comment on how the base price has changed since 2010-11.
- b. The price group weightings used in calculating standard resource and the accelerated/intensive provision targeted allocation.
- c. The assumed fees per FTE used in calculating assumed resource. The table in paragraph 174 gives more details of the assumed fee rates.
- d. The attribution between price groups for funding purposes, of provision recorded in HESES in the Media studies price group.
- e. London weighting and the partial completion weighting used in calculating standard resource. In general London weighting is provided at a level of 8 per cent for institutions based in inner London and 5 per cent for institutions based in outer London. However, from 2010-11 we have calculated variable weightings for London-based institutions where a significant proportion of their teaching activity takes place outside the inner or outer London boundaries. Weightings have not been changed if any change would have been less than 0.5 percentage points.

## **Table H: 2011-12 Derivation of co-funded employer engagement FTEs**

179. This table shows the FTEs that have informed the calculation of funding for co-funded employer engagement places. All figures are FTEs and are rounded to two decimal places. FTEs for ASNs awarded for 2011-12 and any transfers of FTEs awarded up to 2010-11 and in 2011-12 are not yet included: these will be incorporated in the July



grant tables. Any updated 2011-12 grant tables issued in October 2011 will also incorporate any adjustments to reflect how institutions have met their targets for delivery of co-funded places, arising from the 2010-11 CFEE monitoring return (see paragraph 99).

#### **FTEs awarded up to 2010-11**

180. These are *Total 2010-11 FTEs for co-funded employer engagement* taken from the final issue of the 2010-11 grant Table H. They reflect what was originally allocated incorporating any adjustments requested by institutions, for example to reflect any transfers of co-funded provision; they do not reflect what institutions may have recruited. They are the employer co-funded *FTEs awarded up to 2010-11* shown on Table B (see paragraph 98). These FTEs are used in calculating funding for WP and TESS. However, they are not used for the variable targeted allocations for part-time undergraduates and accelerated/intensive provision, because the rate of funding provided for employer co-funded places continues to incorporate these former premiums.

181. In a subsequent issue of grant tables, Table H will instead show the FTEs reported for 2010-11 in the CFEE monitoring return. This change to 2010-11 FTEs will result in consequential changes to institutions' WP and TESS allocations for 2011-12.

#### **Adjustments to FTEs awarded up to 2010-11**

182. This column will be hidden in the tables in March. From July this will incorporate any changes to FTEs awarded up to 2010-11 agreed with institutions, for example for transfers of co-funded provision.

#### **2011-12 ASN FTEs**

183. This column will be hidden in the tables in March. From July any additional FTEs awarded for 2011-12 will be shown. The total will also be shown on Table B (see paragraph 97) as employer co-funded *ASNs awarded for 2011-12*. These FTEs will not be used in calculating variable targeted allocations.

#### **Total 2011-12 FTEs for co-funded employer engagement**

184. This column will be hidden in the tables in March. This is the sum of the previous three columns and shows the total FTEs expected in 2011-12. Failure to achieve this FTE total in 2011-12 is likely to lead to a reduction in the funding we have provided for co-funded employer engagement places this year, as shown on grant Table B (see paragraph 97).

### **Table I: 2011-12 Widening participation allocations**

185. This table shows a detailed breakdown of the calculation of the widening participation allocations for 2011-12. Paragraphs 186 to 215 explain the definitions of qualifying populations for each of the three allocations, and how the allocations are calculated using the underlying data. Totals in the table may differ from the sum of individual rows due to rounding.

## Widening access for students from disadvantaged backgrounds: full-time

### Headcount of young/mature new entrants (HESA/ILR FT UG) in quintiles 1 and 2, weighted by 2 and 1 respectively (rows 1 to 4)

186. Using postcode information from 2009-10 HESA<sup>6</sup> student data, each student in the population (see paragraphs 188 and 189) is mapped to a 2001 Census area statistics ward. These wards are assigned to quintiles based, for young students (under 21 on entry), on young participation rates; and, for mature students, on the proportion of 16-74 year olds with an HE qualification. Each student is weighted according to the relevant quintile assignment of their ward:

Quintile	Weighting
1 Lowest young HE participation (young students) or lowest average adult HE attainment (mature students)	2
2	1
3, 4, 5	0

187. Mature students who already hold an HE qualification at the same level as, or higher than, their current qualification aim, or have unknown entry qualifications, are given a weighting of zero, irrespective of their postcode.

### Headcount of new entrants (HESA/ILR FT UG) all quintiles, all ages

188. This is the total headcount of FT UG HEFCE-funded UK-domiciled new entrants eligible to be counted in HESSES Column 4, taken from 2009-10 HESA student data.

189. Some students are excluded from the population:

- those with a postcode that has been identified in our young participation analysis as being associated with an infeasible number of young entrants in relation to our population estimates. Typically this would be a postcode relating to a boarding school
- those whose postcode is marked as a non-geographic postcode in the National Statistics Postcode Directory
- those with a postcode that, although valid, is not mapped to the required Census 2001 geography in the National Statistics Postcode Directory.

However, these students are counted in the scaling population (see paragraph 191) and therefore receive an average weight for the purpose of allocating funds.

### Full-time widening access average weight

190. This is calculated as:

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<sup>6</sup> Where FECs have transferred to an indirect franchise arrangement through a HEI this also includes the 2009-10 ILR for the colleges.

Total weighted headcount of new entrants (HESA/ILR FT UG) in quintiles 1  
and 2 [sum of the first four rows]

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*Headcount of new entrants (HESA/ILR FT UG) all quintiles, all ages*

### **FT+SWOUT UG (incl. FD) total FTEs**

191. This is the population to which the allocation is scaled. The figure is the sum of FT + SWOUT UGs included in:

- 2011-12 Base FTEs (from the third column of Table D)
- FTEs awarded up to 2010-11 (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the CFEE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of WP funding between all institutions.

### **London weighting**

192. The allocation is London weighted using the London weighting shown on grant Table G.

### **Weighted FTEs**

193. This is the product of the figures in the previous three rows.

### **Funding rate per weighted FTE (£)**

194. For 2011-12, funding for widening access of full-time students is allocated at a rate of approximately £192.54 per full-time weighted FTE.

### **Allocation (£)**

195. This is the product of the figures in the previous two rows.

## **Widening access for students from disadvantaged backgrounds: part-time**

### **Headcount of new entrants (HESA/ILR PT UG) in quintiles 1 and 2, weighted by 2 and 1 respectively (rows 1 and 2)**

196. Using postcode information from 2009-10 HESA<sup>7</sup> student data, each student in the population (see paragraphs 198 and 199) is mapped to a 2001 Census area statistics ward. These wards are assigned to quintiles based on the proportion of 16-74 year olds with an HE qualification. Each student is weighted according to the relevant quintile assignment of their ward:

Quintile	Weighting
1 Lowest average adult HE attainment	2
2	1
3, 4, 5	0

<sup>7</sup> Where FECs have transferred to an indirect franchise arrangement through a HEI this also includes the 2009-10 ILR for the colleges.

197. Students who already hold an HE qualification at the same level as, or higher than, their current qualification aim, or have unknown entry qualifications, are given a weighting of zero, irrespective of their postcode.

#### **Headcount of new entrants (HESA/ILR PT UG) in all quintiles**

198. This is the total headcount of PT UG HEFCE-funded UK-domiciled new entrants eligible to be counted in HESSES Column 4, taken from 2009-10 HESA student data.

199. Some students are excluded from the population:

- those with a postcode that has been identified in our young participation analysis as being associated with an infeasible number of young entrants in relation to our population estimates. Typically this would be a postcode relating to a boarding school
- those whose postcode is marked as a non-geographic postcode in the National Statistics Postcode Directory
- those with a postcode that, although valid, is not mapped to the required Census 2001 geography in the National Statistics Postcode Directory.

However these students are counted in the scaling population (see paragraph 201) and therefore receive an average weight for the purpose of allocating funds.

#### **Part-time widening access average weight**

200. This is calculated as:

$$\frac{\text{Total weighted headcount of new entrants (HESA/ILR PT UG) in quintiles 1 and 2 [sum of the first two rows]}}{\text{Headcount of new entrants (HESA/ILR PT UG) in all quintiles}}$$

#### **PT UG (incl. FD) total FTEs**

201. This is the population to which the allocation is scaled. The figure is the sum of PT UGs included in:

- *2011-12 Base FTEs* (from the third column of Table D)
- *FTEs awarded up to 2010-11* (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the CFE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of WP funding between all institutions.

#### **London weighting**

202. The allocation is London weighted using the London weighting shown on grant Table G.

#### **Weighted FTEs**

203. This is the product of the figures in the previous three rows.

### **Funding rate per weighted FTE (£)**

204. For 2011-12, funding for widening access of part-time students is allocated at a rate of approximately £1,356.71 per part-time weighted FTE.

### **Allocation (£)**

205. This is the product of the figures in the previous two rows.

## **Widening access and improving provision for disabled students**

### **Headcount of home and EU students in receipt of DSA**

206. This is the headcount of eligible students who were recorded as being in receipt of the DSA on 2009-10 HESA<sup>8</sup> student data.

### **Total (HESA/ILR all modes all levels) student headcount**

207. This is the total headcount of students who would be eligible for receipt of the DSA, were they disabled.

### **Proportion of students in receipt of DSA**

208. This is calculated as:

$$\frac{\text{Headcount of home and EU students in receipt of DSA}}{\text{Total (HESA/ILR all modes all levels) student headcount}}$$

### **Quartile weight**

209. Each institution is assigned to one of four quartiles, according to the proportion of students in receipt of the DSA, although this is smoothed to ensure that no institution falls by more than one quartile since the previous year. Separate weightings are attached to each of the four quartiles, as shown in the following table.

<b>Quartile</b>	<b>Weighting</b>
A (lowest proportion)	1
B	2
C	3
D (highest proportion)	4

### **Total FTEs**

210. This is the population to which the allocation is scaled. The figure is the sum of:

- 2011-12 Base FTEs (from the third column of Table D)
- FTEs awarded up to 2010-11 (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the

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<sup>8</sup> Where FECs have transferred to an indirect franchise arrangement through a HEI this also includes the 2009-10 ILR for the colleges.

CREE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of WP funding between all institutions.

### **London weighting**

211. The allocation is London weighted using the London weighting shown on grant Table G.

### **Funding rate per weighted FTE (£)**

212. For 2011-12, funding for widening access and improving provision for disabled students is allocated at a rate of approximately £5.32 per weighted FTE.

### **Minimum (£)**

213. The minimum allocation for each HEI is £10,000.

### **Allocation (£)**

214. This is the higher of:

- the *Minimum (£)* and
- the product of the figures in the four rows preceding the *Minimum (£)*.

### **Further information about underlying data**

215. A fuller description of how 2009-10 HESA data are used to inform widening participation allocations is provided in Section B and Appendix 13 of our document, '2009-10 statistics derived from HESA data for monitoring and allocation of funding', which is available from the HEFCE web-site at [www.hefce.ac.uk/learning/datacoll/hesa/](http://www.hefce.ac.uk/learning/datacoll/hesa/). We have set aside £2 million for allocation by July 2011 to allow for changes to underlying data. Notification of any HESA data corrections must be submitted via an action plan **by 20 April 2011**, using the guidance provided on the HEFCE web-site at [www.hefce.ac.uk/learning/datacoll/derived/help/guides.htm](http://www.hefce.ac.uk/learning/datacoll/derived/help/guides.htm).

## **Table J: 2011-12 teaching enhancement and student success allocations**

216. This table shows a detailed breakdown of the calculation of the TESS allocations for 2011-12. Paragraphs 217 to 243 explain the definitions of qualifying populations for each of the four allocations, and how the allocations are calculated using the underlying data. Totals in the table may differ from the sum of individual rows due to rounding.

## Improving retention: full-time

### Headcount of young/mature, medium/high risk new entrants (HESA/ILR FT+SWOUT UG) weighted by 1, 1.5 or 2.5 (rows 1 to 4)

217. Using age and entry qualification information from 2009-10 HESA<sup>9</sup> student data, each student in the population (see paragraph 219) is assigned to one of six categories which are then weighted as shown in the following table.

	Young	Mature
<b>Low risk</b>	0	0
<b>Medium risk</b>	1	1.5
<b>High risk</b>	1.5	2.5

218. For this allocation, mature students are those aged 21 or over on entry. The assignment of students to risk categories based on entry qualifications and age is as shown in the following table.

	Young	Mature
<b>Low risk</b>	A-levels/Highers/vocational A-levels with more than 260 tariff points, or unknown tariff points (if student entered via UCAS) Baccalaureate Degree or higher Unknown qualifications <sup>†</sup>	A-levels/Highers/vocational A-levels with more than 320 tariff points Degree or higher Unknown qualifications <sup>†</sup>
<b>Medium risk</b>	A-levels/Highers/vocational A-levels with between 161 and 260 tariff points, or with unknown tariff points (if student did not enter via UCAS) Foundation course Vocational A-levels only Other HE qualification (below degree level)	A-levels/Highers/vocational A-levels with between 0 and 320 tariff points, or with unknown tariff points (if student did not enter via UCAS)* Other HE qualification (below degree level) Foundation course Access course Vocational A-levels only
<b>High risk</b>	A-levels/Highers/vocational A-levels with between 0 and 160 tariff points BTEC Access course Other qualifications No qualifications	BTEC Baccalaureate Other qualifications No qualifications

\* Mature new entrants who entered via UCAS and whose highest qualification on entry is A-levels or equivalent, but have unknown tariff points are excluded from the population and therefore receive the average weighting for their institution (see paragraph 219)

<sup>9</sup> Where FECs have transferred to an indirect franchise arrangement through a HEI this also includes the 2009-10 ILR for the colleges.

† New entrants with unknown entry qualifications are given a zero weighting. Institutions should ensure that highest qualification on entry is recorded if students are to be weighted appropriately in the allocation method for this stream of funding.

### **Total headcount of (HESA/ILR FT+SWOUT UG) new entrants**

219. This is the total headcount of HEFCE-fundable UK-domiciled FT+SWOUT UG new entrants eligible to be counted in HESES Column 4 taken from 2009-10 HESA student data, excluding:

- mature new entrants who entered via UCAS and whose highest qualification on entry is A-levels or equivalent but who do not have detailed qualifications on entry information recorded
- new entrants whose detailed qualifications on entry information includes information on the types of qualification achieved but not the associated grade with each qualification type.

In both cases we are not able to determine the total tariff points of the student. However these new entrants are counted in the scaling population (see paragraph 221) and therefore receive an average weight for the purpose of allocating funds.

### **Full-time improving retention average weight**

220. This is calculated as:

$$\frac{\text{Total weighted headcount of medium/high risk new entrants (HESA/ILR FT+SWOUT UG) [sum of the first four rows]}}{\text{Total headcount of (HESA/ILR FT+SWOUT UG) new entrants}}$$

### **FT+SWOUT UG (incl. FD) total FTEs**

221. This is the population to which the allocation is scaled. The figure is the sum of FT + SWOUT UGs included in:

- 2011-12 Base FTEs (from the third column of Table D)
- FTEs awarded up to 2010-11 (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the CFEE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of TESS funding between all institutions.

### **London weighting**

222. The allocation is London weighted using the London weighting shown on grant Table G.

### **Weighted FTEs**

223. This is the product of the figures in the previous three rows.

### **Funding rate per weighted FTE (£)**

224. For 2011-12, funding for improving retention of full-time students is allocated at a rate of approximately £319.92 per full-time weighted FTE.



### **Allocation (£)**

225. This is the product of the figures in the previous two rows.

## **Improving retention: part-time**

### **PT UG (incl. FD) total FTEs**

226. This is the population on which the allocation is based. The figure is the sum of PT UGs included in:

- *2011-12 Base FTEs* (from the third column of Table D)
- *FTEs awarded up to 2010-11* (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the CFE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of TESS funding between all institutions.

### **London weighting**

227. The allocation is London weighted using the London weighting shown on grant Table G.

### **Funding rate per London weighted FTE (£)**

228. For 2011-12, funding for improving retention of part-time students is allocated at a rate of approximately £448.30 per part-time London weighted FTE.

### **Allocation (£)**

229. This is the product of the figures in the previous three rows.

## **Research-informed teaching**

230. The total sum allocated through this funding stream is £9 million. Not all institutions receive an allocation: it is allocated only to institutions whose QR funding per student FTE falls below a threshold. This element is calculated using 2011-12 QR funding per student FTE (2010-11 mainstream and co-funded employer engagement FTEs). Where this rate is less than £500, the funds available are allocated in proportion to the product of the shortfall in the rate of funding and the student FTEs. The allocation does not apply to FECs that have fewer than 100 directly-funded FTEs (mainstream and co-funded employer engagement).

### **Total FTEs**

231. This is the population on which the allocation is based. The figure is the sum of:

- *2011-12 Base FTEs* (from the fourth column of Table D)
- *FTEs awarded up to 2010-11* (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the CFE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of TESS funding between all institutions.

### **2011-12 QR allocation**

232. This is the *Research funds* shown on Table A.

### **QR funds per eligible student FTE**

233. This is *2011-12 QR allocation* divided by *Total FTEs* (see paragraph 231).

### **Difference per FTE for those under minimum threshold of £500**

234. This is the higher of:

- £0 and
- £500 minus *QR funds per eligible student FTE*.

### **Allocation resulting from minimum threshold for QR per student**

235. This is *Difference per FTE for those under minimum threshold of £500* multiplied by *Total FTEs* (see paragraph 231).

### **Scaling factor**

236. This scaling factor of approximately 5.24 per cent is applied to scale the sector total *Allocation resulting from minimum threshold for QR per student* down to the total funding available of £9 million.

### **Research-informed teaching allocation (£)**

237. This is *Allocation resulting from minimum threshold for QR per student* multiplied by *Scaling factor*.

## **Institutional learning and teaching strategies**

238. The total sum allocated through this funding stream is £28 million. The funding is distributed pro rata to 2010-11 eligible resource (although taking account of both mainstream and co-funded employer engagement student numbers) but does not apply to FECs that have fewer than 100 FTEs (mainstream and co-funded employer engagement).

### **Total FTEs**

239. This is the population on which the allocation is based. The figure is the sum of:

- *2011-12 Base FTEs* (from the third column of Table D)
- *FTEs awarded up to 2010-11* (from Table H). In a subsequent issue of grant tables we expect to use employer co-funded FTEs recruited in 2010-11 (taken from the CFE monitoring return) instead of the numbers awarded up to 2010-11. This will result in changes to the distribution of TESS funding between all institutions.

### **Total 2010-11 resource**

240. This is calculated by multiplying the *Total FTEs* (see paragraph 239) by the price group weights, London weighting, partial completion weighting and base price for 2010-11 as shown on the 2010-11 grant Table G.

### **Rate of funding**

241. This is approximately 0.5p and is calculated by dividing, for the whole sector (excluding FECs with fewer than 100 directly-funded FTEs), *Total 2010-11 resource* by *Total FTEs*.

### **Institutional learning and teaching strategies allocation (£)**

242. This is *Total 2010-11 resource* multiplied by *Rate of funding* (in the preceding row).

### **Further information about underlying data**

243. A fuller description of how 2009-10 HESA data are used to inform improving retention allocations is given in Section B and Appendix 14 of our document, '2009-10 statistics derived from HESA data for monitoring and allocation of funding', which is available from the HEFCE web-site at [www.hefce.ac.uk/learning/datacoll/hesa/](http://www.hefce.ac.uk/learning/datacoll/hesa/). We have set aside £3 million for allocation by July 2011 to allow for changes to underlying data. Notification of any HESA data corrections must be submitted via an action plan **by 20 April 2011**, using the guidance provided on the HEFCE web-site at [www.hefce.ac.uk/learning/datacoll/derived/help/guides.htm](http://www.hefce.ac.uk/learning/datacoll/derived/help/guides.htm).

## **Table K: 2011-12 Recurrent funds for research**

244. The head of the page provides a summary of the total allocations of recurrent research funding, comprising:

- Mainstream QR
- London weighting on mainstream QR
- QR charity support fund
- QR business research element
- RDP supervision fund
- QR funding for National Research Libraries.

245. Table K also shows a breakdown by UOA of mainstream QR funding, London weighting on mainstream QR, RDP supervision fund and the QR charity support fund. Within the electronic version of these grant tables, there are a number of hidden columns which help to show how the mainstream QR funding by UOA is derived. These have been hidden solely so that, when printed, the table shows the important funding information in as clear and uncluttered a way as possible. However, the content of these hidden columns is described below and we refer to them in the following description of the funding figures by UOA.

### **Mainstream QR**

246. This is the sum of *Mainstream QR funds* for each UOA shown in the table *Distribution of QR by unit of assessment*. The calculation of *Mainstream QR funds* is described below. A total of £1,053 million is being allocated for 2011-12. There are three steps to determining the mainstream QR allocations:

a. Step 1: Our first step in distributing mainstream QR is to decide how much to allocate to different subjects. The total 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. In 2009-10 and 2010-11 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), compared to 2008-09, and we have continued this policy in 2011-12.

b. For 2010-11 we also enhanced the mainstream QR grant allocated for research in geography and psychology and we have continued this policy in 2011-12. These subjects did not benefit from the protection for research grant in science disciplines introduced in the allocations for 2009-10. We recognise that around half of the research activity in these disciplines returned to RAE2008 could reasonably be regarded as more analogous to work in science disciplines than in the other social sciences. We therefore enhanced the grant in these disciplines in 2010-11 by 5.5 per cent to reflect this: unlike the science disciplines these UOAs had seen a reduction of 11 per cent in 2009-10, compared with what would otherwise have been provided, as a result of the protection given to science, engineering, medicine and mathematics.

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

	<b>Weighting</b>
High cost laboratory and clinical subjects	1.6
Intermediate cost subjects	1.3
Others	1.0

d. Steps 2 and 3: The next steps are to disaggregate the totals for each main panel subject group between its constituent 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 as reaching 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:

<b>Quality level (with abbreviated description)</b>	<b>Funding weighting</b>
4* (Quality that is world-leading)	9
3* (Quality that is internationally excellent)	3
2* (Quality that is recognised internationally)	0.294
1* (Quality that is recognised nationally)	0

Quality level (with abbreviated description)	Funding weighting
Unclassified (Quality that falls below the standard of nationally recognised work)	0

### London weighting on mainstream QR

247. This is the sum of *London weighting on mainstream QR* for each UOA shown in the table *Distribution of QR by unit of assessment*. It is calculated as 12 per cent for inner London and 8 per cent for outer London of the *Mainstream QR funds* for each UOA. It totals £32 million for the sector as a whole. London weighting is also incorporated separately in the funding for the *QR charity support fund* and *RDP supervision fund*.

### QR charity support fund

248. This is the sum of the *Charity support fund* for each UOA shown in the table *Distribution of QR by unit of assessment*. The calculation of the *Charity support fund* is described below. A total of £198 million is being allocated for 2011-12.

### QR business research element

249. A total of £64 million is being allocated as the QR business research element. The calculation is based on an average of 2007-08 and 2008-09 income reported against academic departments and academic services in the HESA Finance Statistics Return, from the following sources:

- a. UK industry, commerce and public corporations (2007-08 data from Table 4 Column 5, 2008-09 data from Table 5b Column 5).
- b. EU industry, commerce and public corporations (2007-08 data from Table 4 Column 8, 2008-09 data from Table 5b Column 8).
- c. Non-EU industry, commerce and public corporations (2007-08 data from Table 4 Column 11, 2008-09 data from Table 5b Column 11).

### RDP supervision fund

250. This is the sum of the *RDP supervision fund* for each UOA shown in the table *Distribution of QR by unit of assessment*. The calculation of the *RDP supervision fund* is described below. A total of £205 million is being allocated for 2011-12.

### QR funding for National Research Libraries

251. These allocations totalling £6 million are for five heavily used libraries of national importance. Funding for these libraries for 2011-12 has been reallocated pro rata to the full economic costs they incur in providing a service to external users. These costs have been identified through an analysis based on the Transparent Approach to Costing (TRAC).

### Total QR

252. This is the sum of the previous six rows.

## Distribution of QR by unit of assessment

### Overall quality profile (%)

253. These five columns show the quality profile outcomes for each UOA for which funding is provided. The percentages at each quality level match those published in RAE 01/2008, 'Research Assessment Exercise 2008: the outcome'.

### Hidden columns: Volume (notional staff FTE)

254. These six columns show the volume in each unit of assessment for which funding is provided. The total of the first five columns is the number of research active category A staff in the RAE2008 submission. The volume at each quality level is calculated by multiplying the total volume by the percentages for each quality level given in the *Overall quality profile (%)*. *Total funded volume* is the sum of the volume associated with levels 4\*, 3\* and 2\*.

### Hidden columns: Quality weighted volume

255. These six columns show the *Notional staff FTE* at each quality level and in total, weighted to reflect the quality profile for the UOA. The quality weightings for each quality level are:

Quality level	Quality weighting
4*	9
3*	3
2*	0.294
1*	0
Unclassified	0

### Mainstream QR funds

256. For each UOA, this is calculated in proportion to each institution's share of the sector total *Quality-weighted volume*.

### London weighting on mainstream QR

257. This is calculated as 12 per cent for inner London and 8 per cent for outer London of the *Mainstream QR funds* for each UOA.

### RDP supervision fund

258. Funding for RDP supervision is allocated only for those UOAs for which mainstream QR is provided. It is calculated pro rata to the home and EU PGR FTEs in years 1 to 3 FT or years 1 to 6 PT, taken from the 2010 RAS forms R1a and R1b, weighted by the research cost weights and London weighting. The rate of funding for them is approximately £3,447 per weighted FTE PGR student.

### Charity support fund

259. For each UOA for which mainstream QR is allocated, this is the product of:

- The average of 2008-09 and 2009-10 income from charities in each UOA, taken from the 2009 and 2010 RAS form R2
- A London weighting factor. The weighting factors are 1.12 for institutions in inner London, 1.08 for those in outer London and 1 for other institutions
- The rate of funding of approximately 26p for each £1 of London-weighted research income from charities.

## **Guidance on the ‘Recurrent grant comparison for 2010-11 and 2011-12’**

260. The ‘Recurrent grant comparison for 2010-11 and 2011-12’ is provided as part of the grant letter to the head of the institution. It shows the different elements of recurrent grant for the institution and how they have changed between the two years, together with a summary of the percentage changes in these allocations for the sector as a whole. The table also shows, both for the institution and the sector as a whole, how changes in particular elements of grant contribute to the overall percentage change in recurrent grant.

261. In preparing the comparison of funding for 2010-11 and 2011-12, we have made a number of adjustments to derive the comparison figures for 2010-11, compared with the sums that were included in the final issue of the 2010-11 grant tables and HEFCE 2010/30. In general, these adjustments have been to take account of subsequent changes, including those that have arisen as a result of institutions’ HESSES and HEIFES returns for 2010-11 and the pro rata reductions of £122 million to recurrent teaching grant and £27.6 million to recurrent research grant announced in February 2011.

### **Teaching grant**

262. All of the 2011-12 allocations are taken from grant Table A.

#### **Core funding (excluding UMF)**

263. The comparison figure for 2010-11 is the sum of the following items:

- a. *2010-11 Adjusted mainstream teaching grant* from grant Table C (see paragraph 112).
- b. *2011-12 Erasmus fee compensation* from grant Table C (see paragraph 114).
- c. *2011-12 Miscellaneous grant adjustments* from grant Table C (see paragraph 116).

#### **University Modernisation Fund (UMF)**

264. This is the sum of:

- *University Modernisation Fund: mainstream teaching grant element* from the final issue of 2010-11 grant Table A reduced by 1.09 per cent to reflect the June 2010 pro rata saving on teaching grants
- *UMF teaching funding to be held back from institution (after June 2010 pro rata saving)* shown in the 'Final grant adjustments for 2010-11' report included with Caroline Charlton's letter of 11 February 2011, or as amended following data audit or reconciliation.

### **Non-mainstream funded places**

265. The comparison figure for 2010-11 is *Funding for co-funded employer engagement* from grant Table C (see paragraph 141) divided by 0.9572 in order to remove the 4.28 per cent reduction applied for 2011-12.

### **Widening participation**

266. This is *Widening participation* from the final issue of 2010-11 grant Table A, or as subsequently revised, reduced by 1.09 per cent to incorporate the June 2010 pro rata saving applied for 2010-11.

### **Teaching enhancement and student success**

267. This is *Teaching enhancement and student success* from the final issue of 2010-11 grant Table A, or as subsequently revised, reduced by 1.09 per cent to incorporate the June 2010 pro rata saving applied for 2010-11. In addition the 2010-11 allocations for research-informed teaching and institutional learning and teaching strategies have been further reduced for the 2.81 per cent pro rata reduction announced in February 2011.

### **Other targeted allocations**

268. This is *Other targeted allocations* from the final issue of 2010-11 grant Table A, or as subsequently revised, reduced by 1.09 per cent to incorporate the June 2010 pro rata saving and 2.81 per cent to incorporate the February 2011 pro rata reduction applied for 2010-11.

### **Other recurrent teaching grants**

269. This is *Other recurrent teaching grants* from the final issue of 2010-11 grant Table A, reduced by 1.09 per cent to incorporate the June 2010 pro rata saving and 2.81 per cent to incorporate the February 2011 pro rata reduction applied for 2010-11.

## **Research grant**

### **Mainstream QR**

270. This is the sum of the following items from the grant Table K:

- a. *Mainstream QR*
- b. *London weighting on mainstream QR.*

271. The 2010-11 comparison figure is the sum of the same two items from the final issue of the 2010-11 grant Table K.



### **February 2011 reduction to research grant**

272. This is -1.72177 per cent of *Research funds* from the final issue of 2010-11 grant Table A.

### **Other elements of research grant**

273. The other four elements of research grant on the comparison table are available from the 2011-12 grant Table K and the final issue of 2010-11 grant Table K.

### **Moderation of teaching and research**

274. The 2010-11 comparison figure is the sum of:

a. *Moderation of teaching and research* from the final issue of 2010-11 grant Table A.

b. *Final in-year moderation* taken from the report on Final grant adjustments for 2010-11 enclosed with Caroline Charlton's letter of 11 February 2011, or as subsequently revised.

275. The 2011-12 allocation is *Moderation of teaching and research* from grant Table A.

## Explanation of abbreviations, terms and references

ASNs	Additional student numbers
Assumed resource	Actual mainstream HEFCE grant for teaching, plus our assumption of income from tuition fees
BIS	The Department for Business, Innovation and Skills
CFTE	Contract full-time equivalent student number, representing minimum FTEs on quota-controlled undergraduate medical and dental courses
Circular letter 15/2006	New condition of grant about tuition fees and access agreements
Circular letter 13/2007	Additional funding for very high cost and vulnerable laboratory-based subjects
Circular letter 05/2008	Allocation of funds for additional student numbers in 2009-10 and 2010-11
Circular letter 18/2008	Changes to funding priorities 2008-11
Circular letter 22/2009	Additional student numbers for 2010-11
Circular letter 02/2010	Funding for universities and colleges in 2010-11
Circular letter 06/2010	Support for moving full-time undergraduate numbers into strategically important and vulnerable subjects (SIVS) in 2010-11
Circular letter 14/2010	Higher education funding for academic years 2009-10 and 2010-11 including new student entrants
Circular letter 20/2010	Changes to co-funding conditions of grant and monitoring arrangements
Circular letter 04/2011	Higher Education Innovation Fund 2011-2015: Board decisions on method and funding
Circular letter 05/2011	Funding for universities and colleges for 2010-11 and 2011-12
Circular letter 09/2011	Changes to recurrent grant for 2010-11
Contract range	The range of permissible percentage differences between standard and assumed resource
DSA	Disabled Students Allowance
ELQ	Equivalent or lower qualification
EP 02b/02	Change to tuition fee compensation for ERASMUS students
EP 11/2009	Changes to teaching funding targeted allocations for 2010-11
FD	Foundation degree
FEC	Further education college
Final issue of the 2010-11 grant tables	The grant tables for 2010-11 enclosed with the funding agreement issued on 20 July 2010, or as subsequently revised in Caroline Charlton's letter to individual institutions of 13 October 2010
FT	Full-time. This includes students on sandwich courses who are not on their year-out
FTE	Full-time equivalent

Funding agreement targets	The different controls on student numbers which form part of the funding agreement with each institution. They comprise, for mainstream teaching grant: the contract range; the consolidated 2010-11 contract range holdback recoverable in 2011-12; the target FTEs on which funding for ASNs is contingent; the medical and dental contract FTE; and the student number control that limits the number of HEFCE-fundable and employer co-funded students starting FT UG or PGCE study. They also include funding and FTE targets for allocations outside the mainstream teaching grant
HEFCE 2007/23	Review of the teaching funding method: outcomes of second consultation on changes to the method from 2009-10
HEFCE 2009/25	Review of teaching funding: Consultation on targeted allocations'
HEFCE 2010/19	Model financial memorandum between HEFCE and institutions
HEFCE 2010/22	HEFCE grant adjustments 2010-11
HEFCE 2010/24	Guide to funding: how HEFCE allocates its funds
HEFCE 2010/30	Recurrent grants for 2010-11: revised allocations
HEFCE 2011/07	Recurrent grants for 2011-12 This publication will be available to institutions through the HEFCE extranet from 15 March 2011, but embargoed until 0001 on 17 March 2011
HEFCE-fundable	Home and EC students recorded under the HEFCE-fundable columns in HESES. It includes independently-funded students
HEFCE-funded	Home and EC students recorded under the HEFCE-funded columns in HESES. It excludes independently-funded students
HEI	Higher education institution
HEIFES	Higher Education in Further Education: Students Survey (publication HEFCE 2010/27)
HESA	Higher Education Statistics Agency
HESA data	Data from HESA's individualised student record
HESES	Higher Education Students Early Statistics Survey (publication HEFCE 2010/26)
INSET	In-service education for teachers
ILR	The Data Service's individualised learner record
ITT	Initial teacher training
LLN	Lifelong Learning Network
Moderation	Funding outside teaching and research grant that we provide to smooth large reductions in HEFCE funding. We determine the basis and thresholds for moderation annually
PGR	Postgraduate research
PGT	Postgraduate taught
PT	Part-time
QR	Quality-related research (funds)
QTS	Qualified teacher status
RAE	Research Assessment Exercise

RAE 01/2008	2008 Research Assessment Exercise: the Outcome
RAS	Research Activity Survey (publication HEFCE 2010/28)
RDP	Research degree programme
REFI	Review of exceptional funding for institutions. This has considered the case for continuing institution-specific targeted allocations that replaced the former premium for specialist institutions
SIVS	Strategically important and vulnerable subjects
Standard resource	A notional resource level calculated by our mainstream teaching funding model
SWOUT	Sandwich year-out
Targeted allocation	Targeted allocations provide additional funding for WP, TESS, part-time undergraduates, accelerated/intensive provision, institution-specific costs, maintaining capacity in SIVS following the ELQ policy, and very high-cost and vulnerable science subjects
TESS	Teaching enhancement and student success. This comprises funding for improving retention, research-informed teaching and institutional learning and teaching strategies
Tolerance band	A band of $\pm 5$ per cent of standard resource, within which we expect institutions' assumed resource to fall
TRAC	Transparent Approach to Costing
UG	Undergraduate
UOA	Unit of assessment, used in the RAE and research funding method
WP	Widening participation. This comprises funding for full-time and part-time undergraduates from disadvantaged backgrounds and for widening access and improving provision for disabled students