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Press release

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Title: New Funding Settlement for HE in Wales

The Higher Education Funding Council for Wales has announced grant allocations of over £335 million for 2006/07. All of the sector's 12 HEIs will see increases on their grants for 2005/06. In cash terms, the average increase for HEIs on 2005/06 grants is 2.84%. In individual HEIs, the range is from 2.05% to 3.60%.

The Council's remit extends fully to effecting strategic interventions to seek to ensure that the sector meets the broad goals set by the Welsh Assembly Government.

Against this background, the Council has:

- provided significant additional support for widening access, with an increase of 52.2% in Widening Access Premium payments;
- protected research funding from the impact of efficiency gains being applied on other funds in order to support the sector in its preparations for the forthcoming Research Assessment Exercise (RAE);
- made provision to continue to support institutions in meeting the costs of additional employer contributions to the Teachers' Pension Fund, with these funds being transferred into the core over the next three years;

- applied a moderate efficiency gain of 0.4% to teaching funds in order to smooth the impact of fluctuations in the WAG grant settlement, and to fund developments in those strategic interventions outlined above;
- continued to demonstrate its commitment to franchise activity by retaining it as the priority in the funding model;
- maintained its substantial level of support for research development through the Research Investment Fund which was introduced in 2004/05 for HEIs to use strategically, at their discretion to, for example, bring on emerging research, enhance existing areas of research strength, or reshape their research portfolio; and
- agreed a significant increase of some 24% for the Third Mission Fund which was established in June 2004 in support of these activities, with the intention to double the size of the fund over three years.

The allocations are the fourth under the deal introduced with *Reaching Higher*, the Assembly Government's 10-year strategy for higher education, published in March 2002. Under the deal, there is funding above the baseline, provided HEIs show their commitment to the twin priorities of the strategy - reconfiguration and widening access.

Above baseline funding available for 2006-07 will be £14.4 million, of which £2 million is committed for support of widening access. The remainder is currently earmarked to support reconfiguration and collaboration in the sector but, at the request of the Minister, the Council continues to examine additional strategic uses of this funding.

Professor Phil Gummatt, Chief Executive of HEFCW, said:

"I am delighted that the Council has been able to make substantial additional funds available to support widening access for next year. I am also very pleased that we have further increased the support for wealth and knowledge creation as well as for economic and social development through increased funding for research and third mission activity. Over the coming year, we will continue to seek ways in which we can target funding selectively in support of strategic priorities."

Professor Roger Williams, Chairman of the Council, said:

"The Council recognises the continued commitment of the Assembly Government to securing reconfiguration within the sector which is both substantial and sustainable. Achieving significant change to the landscape of higher education in Wales in a way which makes sense beyond the limits of specific historical institutional interests takes considerable time and effort and requires visionary thinking within the sector. I am delighted that we are beginning to see further progress in these areas, particularly in respect of substantial investment in research based collaboration. We look forward to being able to support visionary and bold reconfiguration proposals over the next year."

Allocations of recurrent grant for 2006/07 compared with 2005/06 are at Annex A. Annex B compares the distribution of the Council's total grant, recurrent and capital, baseline and above baseline, for the 2006/07 academic year with that for the 2005/06 academic year. Allocations for 2005/06 include the additional Widening Access Premium allocations (Circular W06/03HE refers).

End.

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Notes to Editors

1. Full details of the Council's allocations of recurrent grant for 2006/07 are in Circular W06/09HE, *Recurrent Grant 2006/07*.

2. Background on HEFCW

The Higher Education Funding Council for Wales (HEFCW) is an Assembly Sponsored Public Body, established in May 1992, which assumed responsibility for funding higher education in Wales on 1 April 1993.

Under the Further and Higher Education Act 1992, the Council is responsible for the administration of funds made available by the Assembly in support of the provision of education, the undertaking of research by higher education institutions, and the provision of prescribed courses of higher education at further education institutions.

Under the Education Act 1994, the Council is responsible for accrediting providers of initial teaching training for school teachers and commissioning research to improve the standards of teachers and teacher training.

In addition to its funding responsibilities, the Council provides advice to the National Assembly for Wales on the funding needs, aspirations and concerns of the higher education sector in Wales.

3. Further Education Colleges

HEFCW directly funds some higher education provision within Further Education Colleges (FECs). Funding for their HE provision forms only a very small part of the income for FECs. The mainstay of financial support for these institutions is the ELWa National Council. For this reason, the Council has never sought to moderate the funding outcome (by uplifting to GDP) for these institutions in terms of their higher education provision. This means that year-on-year funding for higher education provision in FECs can vary considerably as a consequence of their performance in terms of student numbers.