

Press release

Date: Tuesday, 27 March 2007

Title: Higher education to receive £424 million in next academic year

The Higher Education Funding Council for Wales has announced grant allocations of more than £424 million for higher education in 2007/08.

The average increase for formula funding allocations for higher education institutions – HEIs - on their 2006/07 grants is 3.84% in cash terms. The maximum increase for an individual HEI is 5.87%.

In the grant allocations, the announcement confirms:

- an additional £3m towards meeting the full economic costs of research which is funded by charities;
- a further increase of some 20% for the Third Mission Fund - which has now doubled in size over three years;
- continued support in meeting the costs of additional employer contributions to the Teachers' Pension Fund, with these funds being transferred into the core over the next two years;
- HEFCW's commitment to franchise activity by retaining it as the priority in the funding model; and
- HEFCW's support for research development through the Research Investment Fund.

Professor Philip Gummett, Chief Executive of HEFCW, said: "The higher education sector plays a crucial role in developing Wales as a knowledge economy. For this reason, I am very pleased that, once again, 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 Sir Roger Williams, Chairman of the Council, said: "Although this settlement provides sufficient funding for a small real terms increase for the sector as a whole, higher education in Wales will continue to have to work hard to retain its competitiveness in the UK and beyond, particularly in the light of funding settlements elsewhere in the UK.

"As a net generator of income, higher education represents an excellent investment of public funds and we will continue to press for the levels of funding which will allow higher education to make a full contribution to establishing Wales as a 'small but clever nation which punches above its weight.'"

Ends

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Notes

Full details of the Council's allocations of recurrent grant for 2007/08 are in Circular **W07/12HE, Recurrent Grant 2007/08**.

Allocations of recurrent grant for 2007/08 compared with 2006/07 are at **Annex A. Annex B** compares the distribution of the Council's total grant, recurrent and capital, baseline and above baseline, for the 2007/08 academic year with that for the 2006/07 academic year.

The *Reaching Higher* context

- The allocations are the fifth 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 2007/08, including *Reaching Higher* capital, will be £17.7 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, HEFCW continues to examine additional strategic uses of this funding and has committed to doubling the level of funding which is allocated to its Strategic Development Fund.

- The settlement is made in the context of **no assumptions for growth beyond the next financial year** being possible in advance of the forthcoming Comprehensive Spending Review, although the impact of this has been mitigated through **the increase of £6 million of funding** agreed by the Welsh Assembly in December.
- The further increase of some 20% for the **Third Mission Fund** - established in June 2004 in support of these activities – means the Fund has now doubled in size over three years.
- HEFCW's support for research development is demonstrated through the **Research Investment Fund**. The Fund 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.
- The Higher Education Wales (HEW) publication, *Building an Opportunity Society and a Knowledge Economy*, stated that the direct economic output of the higher education sector was highly significant in Wales. Without considering the impact of raised skill levels and knowledge transfer, it stated, **the sector contributed more than £1.64 billion to the Welsh economy in 2004-05.**
- The document also noted that our **universities gained export earnings for Wales of at least £114 million in 2004-05**. HE is a key export earner not only by attracting EU and overseas research funds but also by attracting thousands of tourist 'days' in Wales from the families and friends of the 10,000 international students in Wales.

Higher Education Funding Council for Wales (HEFCW)

The Higher Education Funding Council for Wales (HEFCW) is an Assembly Sponsored Public Body responsible for administering funds made available by the Welsh Assembly Government in support of:

- the provision of education in higher education institutions (HEIs);
- the undertaking of research by HEIs; and

- the provision of prescribed courses of higher education at further education institutions.

HEFCW is also 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, HEFCW provides advice to the Welsh Assembly Government on the funding needs, aspirations and concerns of the higher education sector in Wales.

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 Welsh Assembly Government's Department for Education, Lifelong Learning and Skills. For this reason, HEFCW 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.

ANNEX A: FUNDING COMPARISON 2006/07 AND 2007/08

HE

Institution	Allocations 2006/07 (£)									Allocations 2007/08 (£)									Percentage Change	
	Teaching	PGR	QR	RIF	Per Capita	Widening Access	Welsh Medium	Disability	TOTAL	Teaching	PGR	QR	RIF	Per Capita	Widening Access	Welsh Medium	Disability	GDP related Supplement		TOTAL ⁽¹⁾
University of Glamorgan	44,403,229	335,799	1,195,714	691,014	757,894	1,463,715	13,727	56,800	48,917,891	45,691,566	344,312	1,276,052	691,014	740,386	1,422,156	14,200	72,160		50,251,846	2.73%
University of Wales, Aberystwyth	22,870,192	387,273	4,975,902	1,039,832	409,099	278,507	262,692	76,000	30,299,498	23,477,853	397,090	5,159,435	1,039,832	424,522	284,643	250,083	90,420		31,123,878	2.72%
University of Wales, Bangor	21,104,011	549,670	7,716,792	464,695	326,342	274,182	502,046	74,400	31,012,138	21,665,223	563,604	8,268,248	464,695	346,837	278,443	514,274	88,440		32,189,764	3.80%
Cardiff University	62,673,206	2,860,178	37,076,756	49,696	961,127	574,459	6,016	78,400	104,279,837	65,269,712	2,932,684	40,471,195	49,696	963,425	588,844	7,062	114,400		110,397,018	5.87%
University of Wales, Lampeter	4,320,987	89,041	1,165,379	117,077	147,660	193,733	13,055	20,400	6,067,332	4,435,693	91,298	1,242,112	117,077	155,047	186,031	5,881	30,360		6,263,500	3.23%
University of Wales Swansea	25,814,438	903,774	7,265,862	1,231,388	456,325	581,553	21,798	55,400	36,330,539	26,498,082	926,685	7,535,128	1,231,388	464,957	531,241	18,842	76,120	14,488	37,296,931	2.86%
University of Wales Institute, Cardiff	23,466,998	64,524	924,521	252,575	342,545	484,753	112,030	78,800	25,726,747	24,091,447	66,160	972,772	252,575	342,498	476,302	92,838	83,160	33,326	26,411,079	2.66%
University of Wales, Newport	16,752,480	30,461	327,172	93,260	384,817	771,909	30,005	44,400	18,434,505	17,198,105	31,233	338,904	93,260	417,921	826,657	14,187	56,980		18,977,248	2.94%
North East Wales Institute of Higher Education	13,687,042			120,202	236,711	375,545	6,741	52,800	14,479,041	14,050,878	6,532		120,202	260,058	390,501	14,981	74,580		14,917,734	3.03%
Swansea Institute of Higher Education	13,508,421	5,646		81,218	238,764	347,910		33,600	14,215,560	13,867,581	5,789		81,218	247,272	360,629	5,172	36,520		14,604,181	2.73%
Trinity College Carmarthen	4,825,372				90,658	100,321	361,022	9,800	5,387,174	4,953,859				93,056	107,130	432,194	10,120		5,596,360	3.88%
Centre for Advanced Welsh and Celtic Studies			241,618						241,618			245,535							245,535	1.62%
Total ⁽¹⁾	253,426,377	5,226,366	60,889,715	4,140,959	4,351,942	5,446,589	1,329,132	580,800	335,391,880	261,200,000	5,365,387	65,509,381	4,140,959	4,455,980	5,452,578	1,369,716	733,260	47,814	348,275,074	3.84%

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Institution	Allocations 2006/07 (£)									Allocations 2007/08 (£)									Percentage Change	
	Teaching	PGR	QR	RIF	Per Capita	Widening Access	Welsh Medium	Disability	TOTAL	Teaching	PGR	QR	RIF	Per Capita	Widening Access	Welsh Medium	Disability	GDP related Supplement		TOTAL ⁽¹⁾
Bridgend College	63,503				1,473	3,093			68,069	65,206				2,031	4,215				71,452	4.97%
Coleg Sir Gâr	1,018,759				14,730	18,060		21,200	1,072,749	1,045,749				9,324	9,675		20,020		1,084,769	1.12%
Coleg Llandrillo	1,144,550				18,167	25,721		800	1,189,238	1,175,059				38,266	60,515		1,100		1,274,940	7.21%
Coleg Menai	47,872				848	2,062	2,594		53,376	49,150				1,015	1,376	5,437			56,979	6.75%
Neath Port Talbot College	107,065				1,964	4,515			113,544	109,945				46	215				110,206	-2.94%
Coleg Morgannwg	324,685				4,821	11,209			340,714	301,824				4,385	9,289				315,498	-7.40%
Swansea College	44,107				1,071	2,621			47,800	45,274				877	731				46,882	-1.92%
Total ⁽¹⁾	2,750,541				43,075	67,281	2,594	22,000	2,885,491	2,792,208				55,944	86,017	5,437	21,120		2,960,726	2.61%

Total HE and FE ⁽¹⁾	256,176,918	5,226,366	60,889,715	4,140,959	4,395,017	5,513,870	1,331,726	602,800	338,277,371	263,992,208	5,365,387	65,509,381	4,140,959	4,511,924	5,538,595	1,375,153	754,380	47,814	351,235,800	3.83%
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⁽¹⁾ Totals may not sum exactly due to rounding

HIGHER EDUCATION FUNDING COUNCIL FOR WALES GRANT

Annex B

BASELINE

RECURRENT

GRANT FOR TEACHING

	2006/07	2007/08	% Increase
	(£)	(£)	
Main formula grant	256,188,050	264,040,020	
Per capita	4,395,017	4,511,924	
Widening access premium ⁽¹⁾	5,513,870	5,538,595	
Welsh Medium premium	1,331,726	1,375,153	
Disabilities premium	602,800	754,380	
TOTAL	268,031,463	276,220,072	

TEACHING RELATED GRANTS

Widening access	1,742,852	1,794,212	
Teaching and learning strategies	2,176,355	2,434,246	
Welsh medium (Fund, Unit & Special Initiatives)	384,110	499,327	
ITT Special Initiatives	70,000	6,000	
ITT Strategy	1,131,380	1,166,470	
ERASMUS fee reimbursement	361,200	924,070	
PT fee waiver	1,000,000	1,000,000	
ITT Partnerships	254,010	260,770	
Cardiff University - North Wales Clinical School	1,013,100	1,053,400	
TOTAL	8,133,007	9,138,495	

Teachers' Pension Scheme

1,623,700 1,040,260

GRANT FOR RESEARCH

RAE Quality based grant ⁽²⁾	60,889,715	65,509,381	
Initiatives - Wales			
Research Investment Fund	4,140,959	4,140,959	
UW Board of Celtic Studies	232,731	238,921	
UW Press	123,329	126,609	
Initiatives - UK			
Overseas Research Students Awards Scheme (ORSAS)	356,000	375,898	
Research Libraries Network (RLN)	54,700	81,000	
TOTAL	65,797,434	70,472,768	

GRANT FOR POSTGRADUATE RESEARCH TRAINING

5,226,366 5,365,384

NON MAINSTREAM GRANTS

Procurement HE	34,500	30,500	
Joint Information Systems Committee (JISC)	2,285,000	2,645,000	
Inherited Liabilities	12,000	6,500	
Leadership Foundation	140,000	140,000	
Clinical Pay Awards	1,300,000	1,300,000	
Modern Languages Review Implementation	75,000	25,000	
Equality Challenge Unit	45,750	46,967	
Welsh Higher Education in Brussels	40,000	40,000	
Welsh International Consortium (WIC)	66,950	66,950	
Welsh Video Conferencing Recurrent Costs	103,000	150,000	
Carbon Trust	20,000	20,000	
Equality Initiatives	50,000	50,000	
Disabilities Services	60,000	60,000	
Longitudinal Survey of the Destinations of Leavers	33,000	33,000	
RAE Costs	56,300	167,000	
Foundation Degree Study	80,000		
Carbon Trust Trial	42,000		
Subjects of Broader Importance		375,000	
Disability Scheme Evaluation		50,000	
International Unit		25,000	
Director of HEW post	25,000		
Strategic Development Fund ⁽³⁾	4,000,000	4,000,000	
Small Studies and Initiatives	421,676	459,760	
TOTAL	8,890,176	9,690,677	

THIRD MISSION FUNDING

Third Mission Fund	5,128,070	6,128,070	
GO Wales	2,535,000	1,735,000	
TOTAL	7,663,070	7,863,070	

Non-consolidated Supplement to specific institutions
RECURRENT TOTAL

24,669 365,365,216 379,790,726 3.9%

CAPITAL (allocation on FY basis translated to AY)

Research	10,762,000	10,762,000	0.0%
Teaching	7,634,000	7,634,000	0.0%
TOTAL	383,761,216	398,186,726	3.6%

ABOVE BASELINE

WELSH ASSEMBLY GOVERNMENT HE STRATEGY FUNDING
(allocation on FY basis translated to AY)

Reconfiguration and Collaboration (allocation on FY basis translated to AY)	12,471,332	12,700,000	
Widening Access	2,060,000	2,000,000	
Reaching Higher Capital	2,000,000	3,000,000	
TOTAL	16,531,332	17,700,000	

GRAND TOTAL 400,292,548 415,886,726 3.7%

OPEN UNIVERSITY funding - transfer from DIES

7,671,000 7,874,000 2.6%

⁽¹⁾ Includes funding for additional Widening Access Premium - and additional £800k in 2005/06, and £2.5m in 2006/07 and 2007/08

⁽²⁾ Expenditure in 07/08 includes standard QR+ £3m extra funding to support charity-based research

⁽³⁾ Allocation in 06/07 was increased using clawback monies - from 07/08 phased increase until fund reaches £6,000,000