

News release

Date: Wednesday, 30 May 2018

Title: Funding for higher education in 2018/19

The body that funds and regulates higher education in Wales will allocate £138.2 million of public funding to universities and other higher education (HE) providers in the forthcoming academic year.

The funding includes institutional allocations for research, part-time undergraduate courses, full-time undergraduate expensive subjects and capital developments.

This follows additional allocations of £21.4 million to HE providers for the 2017/18 academic year mostly resulting from further funding outlined in HEFCW's revised Remit Letter from the Welsh Government.

HEFCW's allocations in 2018/19 comprise the following funding categories:

Funding Category	Funding Available for Allocation	
	Academic Year	
	2017/18	2018/19
Research ¹	£80.4m	£78.9m
Part-time Teaching ²	£26.9m	£25.5m
Full-time Teaching ³	£15.0m	£15.2m
Strategic Initiatives	£6.7m	£2.3m
Baseline allocation prior to funding adjustment	£129.0m	£121.9m
Funding Adjustment	-£22.5m	-£12.5m
Funding Allocation after adjustment	£106.5m	£109.4m
Fee Mitigation Funding ⁴	£0.0m	£10.0m
PGT Masters Interim Support ⁵	£0.0m	£8.8m
Additional remit letter funds	£8.2m	£0.0m
Total Revenue Funding	£114.7m	£128.2m
Capital	£6.0m	£10.0m
Total Revenue and Capital	£120.7m	£138.2m

The £138.2 million funding is provided in support of:

Research

Quality research (QR) funding is provided to support the research infrastructure of HE providers and is allocated based on the outcomes of the 2014 Research

¹ Includes QR, PGR and Sêr Cymru I and II.

² Includes credit based funding, premiums, per capita, PT adjustment for under recruitment, PT fee waiver and Open University mitigation funding.

³ Includes Expensive Subjects Premium and per capita for Undergraduate (UG) and Postgraduate Taught (PGT) provision.

⁴ Deals with immediate issues arising from not being able to increase full-time undergraduate/PGCE tuition fees above £9,000 in AY 2018/19

⁵ Provided by HEFCW for a single year before implementing the Student Loans Company (SLC) postgraduate teaching support package in AY 2019/20.

Excellence Framework (REF2014), where almost a third of submitted research by Welsh universities was considered 'world-leading'.

Postgraduate Research Training (PGR) funding, which is provided to support the development of highly-skilled researchers.

HEFCW's contribution to the Welsh Government's **Sêr Cymru** programme, which provides additional investment to boost research capacity in selected areas of science in Wales, and to increase levels of external research grant income secured.

Part-time teaching

This funding mainly provides a contribution towards the cost of part-time courses. It includes premium (supplementary) funding to recognise providers' successes in recruiting and retaining students from disadvantaged areas, disabled students and students receiving their tuition in Welsh. It also includes some per capita funding for part-time postgraduate taught provision.

Full-time teaching funding, including expensive subjects

Most of this funding is provided as an expensive subjects premium - additional funding per student to support higher-cost full-time undergraduate courses in medicine, dentistry and performing arts. The balance of full-time teaching funding relates to per capita funding for full-time undergraduate and PGCE, and postgraduate taught students.

Strategic funding

These are various amounts of funding provided in support of a number of strategically important initiatives, including Reaching Wider, which improves access for, and the retention of, under-represented students.

Capital funding

This contributes towards the cost of effective development and improved efficiency of HE providers' estate.

Funding adjustments

A funding reduction of £12.5 million has been applied to the baseline funding allocation for 2018/19, compared to a £22.5 million reduction in 2017/18. The baseline comprises the main funding allocations based on the funding methods for research, teaching and strategic initiatives. A funding reduction has to be applied to the baseline funding in order to reflect the actual available budget. Following the reduction of £12.5 million for the 2018/19 academic year, it is anticipated that there will be no further funding reductions from 2019/20.

Dr David Blaney, Chief Executive of HEFCW, said: "We have already been able to target the welcome additional funding for higher education in the last academic year at areas of strategic importance to the education and economy of Wales, such as engaging with communities and innovation.

"Our allocations for the forthcoming academic year, while still below the baseline funding level we were able to distribute in 2015/16, are starting to reflect a new funding landscape, where we will be able to make sure our higher education providers are better resourced, thanks to the commitment that our available funding will increase each year for the lifetime of the Government. The capital funding available this year will help institutions to enhance the quality and efficiency of their facilities, which can have a direct positive impact on the experience of students and staff.

"The commitment by Government to support both students from Wales and Welsh institutions over the coming years demonstrates the value put on investing in our research, higher education and future graduates, and in the prosperity of the nation."

Ends

Tables below (taken from circular W18/10HE).

Table 1 Overall funding allocations for 2018/19.

Table 6 Funding comparison AY 2017/18 and AY 2018/19

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Overall Funding Allocations 2018/19					Table 1
	FY	AY	FY	AY	FY
	2017-18	2017/18	2018-19	2018/19	2019-20
	£	£	£	£	£
Recurrent Grant (Budget) FY allocation 1	117,997,000		108,519,000		124,760,000
Budget Adjustments 2	-3,665,000		0		0
Less - Depreciation	-90,000		-90,000		-90,000
Less - Running Costs	-3,419,085		-3,419,085		-3,640,507
Actual Cost Adjustment	637,759				
	111,460,674		105,009,915		121,029,493
Fee Mitigation Funding	0		5,000,000		5,000,000
PGT Masters Interim Support	0		5,000,000		5,000,000
Capital Allocation	5,900,000		10,000,000		10,000,000
Total FY Resource	117,360,674		125,009,915		141,029,493
53% of 2018-19				55,149,610	
44% of 2019-20				53,536,878	
		115,916,782		108,686,488	
Fee Mitigation assumed to be spent in AY		0		10,000,000	
PGT Masters Interim Support assumed to be spent in AY		0		8,833,776	
Capital Spend		5,900,000		10,000,000	
Total AY Resource		121,816,782		137,520,264	
Cash Balance brought forward from previous year		1,991,095		3,101,515	
Available Resource for Allocation		123,807,877		140,621,779	
Research					
Quality Research (QR)		71,077,344		71,077,344	
Postgraduate Research (PGR)		5,170,336		5,170,336	
Sêr Cymru		4,127,495		2,659,174	
Total		80,375,175		78,906,854	
Part-time Undergraduate (PT UG) Funding					
PT UG credit based Teaching		20,289,148		19,728,946	
Per capita		107,080		103,095	
Welsh Medium premium		204,432		159,836	
Access and Retention premium		5,233,186		4,997,280	
Disability premium		156,900		165,000	
Total		25,990,746		25,154,157	
OU Mitigation funding		1,655,490		1,655,490	
PT adjustment for under recruitment in prior years		-859,222		-1,495,005	
Part-time Fee Waiver		80,000		85,000	
Postgraduate Taught (PGT) Funding					
Per capita PT		38,830		39,040	
Per capita FT		17,525		20,885	
Disability premium PGR		30,000		35,400	
Total		86,355		95,325	
Full-time Undergraduate (FT UG) and Postgraduate Certificate in Education (PGCE) funding					
Per capita		334,850		342,385	
Expensive subjects premium		14,637,880		14,811,600	
Total		14,972,730		15,153,985	
Strategy and Initiative Allocations					
including:					
Reaching Wider		1,798,089		1,731,920	
GO Wales		900,000		560,000	
Strategic Development Fund		2,225,149		-933,000	
Learning and Teaching Fund		860,879		550,522	
Other Strategy and Initiatives		905,663		376,801	
Total		6,689,780		2,286,243	
Fee Mitigation		0		10,000,000	
PGT Masters Interim Support		0		8,833,776	
Additional Remit letter funds					
Supplementary funding to support Expensive Subjects Premium (ESP) performance arts training		1,700,000		0	
Civic Mission		1,800,000		0	
Institute of Coding		1,200,000		0	
HE and FE Collaboration		3,500,000		0	
Total		8,200,000		0	
Sector Agency Contribution					
Jisc		2,001,470		2,001,470	
L&T Fund Sector Agency Contribution -					
- NSS		155,000		155,000	
- Wise Wales		40,000		20,000	
Equality Challenge Unit		61,987		61,987	
International Initiatives		68,018		68,018	
Leadership Foundation		40,000		40,000	
National Coordinating Centre for Public Engagement (NCCPE)		5,893		5,893	
RCUK Vitae		2,437		2,437	
The Conversation		15,000		15,000	
National Council for Universities and Business (NCUB)		30,000		30,000	
HEI contribution to sector agency costs		-2,399,497		-2,399,805	
Total		20,308		0	
Adjustment as a result of changes to HEFCW budget		-22,500,000		-12,500,000	
Total Revenue Allocations		114,711,362		128,175,825	
Capital Allocations		5,995,000		10,000,000	
Total Revenue and Capital Allocations		120,706,362		138,175,825	
Balance		3,101,515		2,445,954	
NOTES					
1 - Grant In Aid (GIA) details taken from remit letters (all non-GIA items in separate non-GIA budget)					
2 - Budget Adjustments in 2017-18, £3.665m SLC contribution expectation					

Table 6: Funding comparison AY 2017/18 and AY 2018/19

HE institutions	Allocations 2017/18 ⁽¹⁾ (£)									Allocations 2018/19 ⁽¹⁾ (£)									Change 2017/18 to 2018/19 £	Percentage change 2017/18 to 2018/19
	PT UG credit based funding (£)	PT and PGT per capita and premium funding ⁽²⁾ (£)	FT UG/PGCE per capita and premium funding ⁽³⁾ (£)	QR (£)	PGR (£)	Mitigation funding ⁽⁵⁾ (£)	Total 2017/18 (£)	Funding adjustment (£)	Total 2017/18 with funding adjustment ⁽⁴⁾ (£)	PT UG credit based funding (£)	PT and PGT per capita and premium funding ⁽²⁾ (£)	FT UG/PGCE per capita and premium funding ⁽³⁾ (£)	QR (£)	PGR (£)	Mitigation funding ⁽⁵⁾ (£)	Total 2018/19 (£)	Funding adjustment (£)	Total 2018/19 with funding adjustment ⁽⁴⁾ (£)		
University of South Wales	5,927,310	1,730,735	1,846,560	1,530,192	140,130	0	11,174,927	-1,899,054	9,275,873	5,055,911	1,366,540	1,845,550	1,530,192	159,136		9,957,329	-962,110	8,995,219	-280,654	-3%
Aberystwyth University	469,871	62,518	31,065	7,010,422	372,155	0	7,946,032	-1,589,851	6,356,181	419,011	60,644	29,515	7,010,422	359,907		7,879,499	-878,854	7,000,645	644,464	10%
Bangor University	249,789	52,799	31,375	7,218,736	536,966	0	8,089,665	-1,620,837	6,468,828	249,817	51,620	31,955	7,218,736	565,442		8,117,570	-906,458	7,211,112	742,284	11%
Cardiff University	1,095,874	391,966	10,595,560	39,796,996	2,995,943	0	54,876,340	-11,016,243	43,860,097	1,164,812	453,143	10,598,760	39,796,996	2,716,400		54,730,112	-6,115,250	48,614,862	4,754,765	11%
University of Wales Trinity Saint David	2,634,856	508,043	30,585	298,936	7,297	0	3,479,717	-595,470	2,884,247	2,336,419	482,725	32,665	298,936	16,848		3,167,593	-299,243	2,868,350	-15,898	-1%
Swansea University	699,532	397,376	2,384,575	13,749,083	1,044,951	0	18,275,517	-3,609,527	14,665,990	792,141	359,101	2,564,645	13,749,083	1,232,599		18,697,569	-2,062,699	16,634,870	1,968,880	13%
Cardiff Metropolitan University	414,827	140,315	36,990	1,065,119	72,893	0	1,730,144	-314,397	1,415,747	559,416	204,014	35,340	1,065,119	120,004		1,983,893	-196,832	1,787,061	371,315	26%
Wrexham Glyndŵr University	2,264,986	541,603	13,320	214,955		0	3,034,865	-502,103	2,532,762	2,244,565	480,335	13,155	214,955			2,953,011	-277,503	2,675,508	142,746	6%
Open University in Wales	6,001,602	1,799,374				1,655,490	9,456,466	-1,215,119	8,241,347	6,366,398	1,870,700			1,655,490		9,892,588	-718,307	9,174,281	932,934	11%
Centre for Advanced Welsh and Celtic Studies				192,904		0	192,904	-39,056	153,848							192,904	-21,765	171,139	17,291	11%
Total ⁽⁴⁾	19,758,648	5,624,728	14,970,030	71,077,344	5,170,336	1,655,490	118,256,576	-22,401,657	95,854,919	19,188,489	5,328,823	15,151,585	71,077,344	5,170,336	1,655,490	117,572,067	-12,439,021	105,133,046	9,278,127	10%
FE Institutions	Allocations 2017/18 ⁽¹⁾ (£)									Allocations 2018/19 ⁽¹⁾ (£)									Change 2017/18 to 2018/19	Percentage change 2017/18 to 2018/19
	PT UG credit based funding (£)	PT and PGT per capita and premium funding ⁽²⁾ (£)	FT UG/PGCE per capita and premium funding ⁽³⁾ (£)	QR (£)	PGR (£)	Mitigation funding ⁽⁵⁾ (£)	Total 2017/18 (£)	Funding adjustment (£)	Total 2017/18 with funding adjustment ⁽⁴⁾ (£)	PT UG credit based funding (£)	PT and PGT per capita and premium funding ⁽²⁾ (£)	FT UG/PGCE per capita and premium funding ⁽³⁾ (£)	QR (£)	PGR (£)	Mitigation funding ⁽⁵⁾ (£)	Total 2018/19 (£)	Funding adjustment (£)	Total 2018/19 with funding adjustment ⁽⁴⁾ (£)		
Grŵp Llandrillo Menai	472,963	137,517	2,460			0	612,941	-86,694	526,247	433,970	147,158	2,150				583,277	-48,964	534,313	8,067	2%
Grŵp NPTC Group	44,189	10,426	240			0	54,855	-8,947	45,908	56,376	20,115	250				76,741	-6,361	70,380	24,472	53%
Gower College Swansea	13,347	15,282				0	28,629	-2,702	25,927	50,111	24,441					74,552	-5,654	68,898	42,971	166%
Total ⁽⁴⁾	530,499	163,225	2,700	0	0	0	696,425	-98,343	598,082	540,456	191,714	2,400	0	0	0	734,570	-60,979	673,591	75,509	13%
Total HEIs and FEIs ⁽⁴⁾	20,289,147	5,787,953	14,972,730	71,077,344	5,170,336	1,655,490	118,953,000	-22,500,000	96,453,000	19,728,946	5,520,536	15,153,985	71,077,344	5,170,336	1,655,490	118,306,636	-12,500,000	105,806,636	9,353,636	10%

(1) Allocations shown here place ITT (QTS) provision at the delivering institution. (2) Premiums consist of the access and retention premium (PT UG), the Welsh medium premium (PT UG) and the disability premium (PT UG and PGR). (3) FT UG/PGCE premium allocation is the expensive subjects premium. (4) Totals may not sum exactly due to rounding. (5) Mitigation funding is allocated to the Open University in Wales because of their unique position in receiving part-time funding only and no income from increased full-time fees under the new regime. See paragraphs 56 to 58 of the circular text.

Technical notes

1. Full allocations are on the HEFCW website under [Publications – Circulars – HEFCW’s Funding Allocations 2018/19 \(Circular W18/10HE\)](#).

Welsh Government budget and funding adjustments

2. The Welsh Government allocates its budget to us on a financial year (FY) basis. We distribute funding, however, by academic year (AY). Allocations to higher education institutions and further education colleges can be subject to in-year adjustments if our own budget from the Welsh Government changes.

3. The funding allocations for AY 2017/18 have increased since the original allocations were published last year as HEFCW received a revised funding annex to the remit letter for 2017-18 from the Welsh Government in March 2018, which included a number of funding adjustments to the FY 2017-18 budget. These provided additional funding to HEFCW to address specific Welsh Government priorities and additional funding to HE providers. *(Further details are set out in paragraphs 7-12 of the Funding Allocations 2018/19 circular, W18/10HE)*. The net effect of these in-year changes was an overall funding increase of £21.4 million against the original AY 2017/18 allocations.

4. The budget for AY 2018/19 is based on a proportion of the confirmed budget for FY 2018-19, and a proportion of the indicative budget for FY 2019-20. The total funding allocation for AY 2018/19 is £138.2 million.

5. The funding allocations in this press release and associated circular do not reflect any potential in-year funding adjustments that might be made later by the Welsh Government to HEFCW’s budget for FY 2018-19. Should any adjustments be made, they will result in a revision to the individual allocations for AY 2018/19. Furthermore, if the FY 2019-20 budget is different to the amount assumed for this allocation, there will be an impact on the resource available for higher education providers in AY 2018/19 and the associated allocations.

6. **Baseline** funding is based on calculations for each provider using our usual funding methodology. The **funding adjustment** is made following these calculations to reflect the actual budget available, and is calculated for each institution by applying a pro

rata reduction across each provider's total funding for QR, PGR, part-time credit-based teaching and the Expensive Subjects Premium. As each one of these areas is of equal strategic priority, it is a matter for each individual HE provider to determine how to apply the funding reduction in its own institution.

7. Following the Welsh Government's implementation of the recommendations from the Diamond review of higher education funding and student finance arrangements, HEFCW's future income is expected to increase each year for the lifetime of the current Government, as stated in HEFCW's remit letter from the Welsh Government for FY 2018-19.

Funding allocations and priorities

8. The funding allocated to higher education providers continues to be allocated according to Welsh Government priorities. HEFCW targets activities (such as protecting part-time provision, rewarding excellence in research and recruiting and retaining students from low-participation backgrounds) that a funding system which relies on full-time undergraduate tuition fees alone would not deliver.

9. HEFCW is particularly targeting funding for:

- quality research (QR), which focuses on supporting research at the highest levels of performance, to maintain Wales's competitiveness at the leading edge.
- the protection, as far as possible, of part-time undergraduate teaching funding at a sector level. HEFCW continues to fund through the credit-based funding method for part-time courses for the 2018/19 academic year.
- a higher rate expensive subject premium for full-time undergraduate clinical medicine/dentistry and conservatoire performing arts courses. This is in addition to the fees of £9,000 per student that providers receive for these courses. Institutional allocations for expensive subjects are subject to a maximum payment, which is based on quotas or previously agreed funding arrangements. The combination of £9,000 fees plus the HEFCW expensive subject premium provides

resources per student comparable to the amounts provided in 2011/12 (after taking account of efficiency gain adjustments). This premium is the only remaining funding available for full-time undergraduate and PGCE students through HEFCW's funding allocations apart from "per capita" funding of £5 for every enrolled student.

Funding Quality Research

10. The funding for quality research (QR) takes account of the quality and volume of research in Wales, as reported in the 2014 Research Excellence Framework (REF).

More: www.hefcw.ac.uk/policy_areas/research/funding_research.aspx

11. The AY 2018/19 QR allocations by university are in Table 2 of the circular and are based on the same formula as AY 2017/18.

12. The Research Excellence Framework (REF2014) is the UK-wide system for assessing research in UK higher education institutions using panels of experts in individual academic subject areas, which assess the quality, impact and environment of institutions' research submissions. It was carried out jointly by the four UK higher education funding bodies. The first REF was completed in 2014 (replacing the former Research Assessment Exercise (RAE)). www.ref.ac.uk/

13. Table 6 provides a comparison with AY 2017/18 recurrent funding allocations by institution.

14. HEFCW has monitored the overall impact of funding reductions on the Open University (OU) in Wales, given that the OU has no full-time undergraduate fee income (or full-time postgraduate courses) to offset any reductions in other budget lines. This year HEFCW will provide funding of £1.655 million to the OU, the same amount as the previous two years, in recognition of lost strategy funding, lost premium funding and lost part-time postgraduate funding.

About HEFCW

The Higher Education Funding Council for Wales – HEFCW – is the public body that sits between universities and the Welsh Government. We regulate fee levels at higher education providers, ensure a framework is in place for assessing the quality of higher education and scrutinise the performance of universities. We distribute resources for higher education teaching and research, and help to deliver Welsh Government priorities for higher education for the wider benefit of society and the economy.