

## News release

**Date:** Tuesday, 4 June 2019

**Title:** Funding for higher education in 2019/20

£148.9 million will be allocated to higher education (HE) providers in Wales for the 2019/20 academic year.

This includes £76.2 million for recurring research funding, with the remainder given to universities and other providers to support teaching part-time undergraduate courses, full-time undergraduate expensive subjects, degree apprenticeships and capital developments.

Following additional funding from the Welsh Government at the end of March 2019, the overall allocation in 2018/19 increased from an anticipated £138.2 million to £160.5 million.

This mostly resulted from further targeted allocations outlined in [HEFCW's revised grant notification letter from the Welsh Government](#).

The £148.9 million funding will be allocated as summarised below:

<b>Funding Available for Allocation</b>			
	<b>Academic Year</b>	<b>Academic Year</b>	<b>Academic Year</b>
<b>Funding Category</b>	<b>2018/19 original</b>	<b>2018/19 revised</b>	<b>2019/20</b>
Research <sup>1</sup>	£76.2m	£76.2m	£76.2m
Part-time Teaching <sup>2</sup>	£25.5m	£25.4m	£26.5m
Full-time Teaching <sup>3</sup>	£15.2m	£17.2m	£20.8m
Funding Adjustment	-£12.5m	-£12.5	£0
<b>Total teaching and research recurrent funding<sup>4</sup></b>	<b>£104.4m</b>	<b>£106.3m</b>	<b>£123.5m</b>
Degree apprenticeships		£1.7m	£6.3m
Strategic Initiatives	£5.0m	£11.2m	£7.0m
Additional remit letter funds		£10.1m	£0
Fee Mitigation Funding <sup>5</sup>	£10.0m	£10.0	£0
PGT Masters Interim Support <sup>6</sup>	£8.8m	£8.8m	£2.1m
<b>Total Revenue Funding</b>	<b>£128.2m</b>	<b>£148.1m</b>	<b>£138.9m</b>
Capital	£10.0m	£12.4m	£10m
<b>Total Revenue and Capital</b>	<b>£138.2m</b>	<b>£160.5m</b>	<b>£148.9m</b>

<sup>1</sup> Includes QR quality-based research funding, and PGR postgraduate research funding.

<sup>2</sup> Includes credit-based funding, premiums, per head (also known as per capita) funding, adjustment for part-time under-recruitment, part-time fee waiver, and Open University mitigation funding.

<sup>3</sup> Includes expensive subjects premium, higher cost subjects premium (from 2019/20), funding for additional medical places (AY 2018/19 only) and per head (per capita) funding for undergraduate and postgraduate taught provision.

<sup>4</sup> The recovery of funding due to part time under-recruitment and funding for additional medical places (AY2018/19 only) are included in this sub-total but not in the institutional allocations in table 6.

<sup>5</sup> Allocated to deal with immediate issues arising from not being able to increase full-time undergraduate/PGCE tuition fees above £9,000 in 2018/19.

<sup>6</sup> Provided through HEFCW for a single year in 2018/19 before the Student Loans Company (SLC) postgraduate teaching support package was implemented for 2019/20. The 2019/20 funding is for continuing part-time postgraduate taught masters students. This funding is allocated by the university to eligible students.

The allocations in 2019/20 comprise the following funding categories:

## **Research**

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

## **Part-time teaching**

This funding contributes 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 head' funding for part-time postgraduate taught provision. This is awarded for every taught student irrespective of mode or level, and includes full as well as part-time postgraduate taught students.

## **Full-time teaching, including expensive and higher cost subjects**

Most of this funding is provided as an expensive subjects premium - additional funding per student to support full-time undergraduate courses in clinical medicine, clinical dentistry and performing arts. Following the Welsh Government's agreement to the recommendations of the [Diamond review of higher education funding and student finance](#), we have started to implement the proposals that related to funding higher education. In practice, this means allocating an additional £2.2 million for expensive subjects in 2019/20, and allocating £2.8 million for the higher cost subjects of non-clinical medicine and dentistry, science and engineering, technology, mathematical sciences, IT, and computing. Further funding increases are expected in each of the next three years, as indicated in our [2019-20 remit letter](#), to implement the Diamond review recommendations.

Full-time teaching funding also includes 'per head' funding for full-time undergraduate and PGCE, and postgraduate taught students.

### **Degree apprenticeships**

Funding to support digital degree apprenticeships was made available by the Welsh Government in 2018/19. Further funding is available in 2019/20 for digital, engineering and advanced manufacturing apprenticeships, and the [process for allocating those apprenticeships](#) is currently in progress.

### **Strategic funding and additional Remit Letter funding**

These are various amounts of funding provided to support a number of strategically-important initiatives, including ongoing programmes such as Reaching Wider, which improves access for, and the retention of, under-represented students; GO Wales: Achieve through Work Experience; and other initiatives highlighted in our [Remit Letter](#) for research and innovation, civic engagement, well-being and health, and enhancing HE-FE collaboration in innovation and engagement activity.

### **Capital funding**

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

Dr David Blaney, Chief Executive of HEFCW, said: "We welcomed the additional funding we received at the end of the previous academic year, which has allowed providers to further develop civic engagement activities in their communities, work in partnership as higher and further education providers, bolster their research and innovation infrastructure, and build support for student health and well-being.

"Our annual, recurring funding allocations for teaching and research in the academic year to come will start to increase by some 6% compared to the previous year's equivalent funding, which included fee mitigation funding. This increase follows changes to the student support arrangements, the outcome of the first phase of the Diamond review recommendations. As a

consequence, we are now starting to apply the second phase of the Diamond recommendations, which relates to investment in higher education in Wales.

“It is good to see funding now being made available for specific developments. We are pleased to increase the funding available for conservatoire and clinical medical and dentistry courses to levels comparable to equivalent provision in the other UK nations. We are also pleased to start funding other higher cost provision, along with increasing funding for part-time courses that do not attract higher tuition fees.

“Our funding for degree apprenticeships was introduced last year and is increasing. As we start to see a growth in income from the Welsh Government, we and the higher education sector are better able to plan strategically for more sustainable investment in HE. In anticipation of the expected future funding increases, we have just published a consultation on proposals for a new funding scheme for HE providers, which could see them receive [an additional £15 million a year](#) from 2020/21 for innovation and engagement.

“It is undeniably a challenging time for the higher education sector, in Wales and elsewhere in the UK. These funding allocations are important for supporting the ongoing resilience of our higher education providers. An investment in providers is an investment in students and staff; in the economy and body of knowledge; and in society and localities. The funding will provide strength in the face of uncertainties, as well as improvements to facilities, which are an important factor in an ever-competitive recruitment market. Furthermore, funding to bolster universities’ research base helps them to secure further competitive funding streams. We welcome the commitment by Government to its ongoing investment in higher education and the prosperity of the nation.”

## **Ends**

Table 6 taken from [circular W19/14HE](#): Funding comparison AY 2018/19 and AY 2019/20

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Table 6: Funding comparison AY 2018/19 and AY 2019/20

HE institutions	Allocations 2018/19 <sup>(1)</sup> (£)								Allocations 2019/20 <sup>(1)</sup> (£)							Change 2018/19 to 2019/20 (£)	Percentage change 2018/19 to 2019/20
	PT UG credit based funding (£)	PT and PGT per capita and premium funding <sup>(2)</sup> (£)	FT UG/PGCE per capita and premium funding <sup>(3)</sup> (£)	QR (£)	PGR (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Funding adjustment (£)	Total 2018/19 <sup>(4)</sup> (£)	PT UG credit based funding (£)	PT and PGT per capita and premium funding <sup>(2)</sup> (£)	FT UG/PGCE per capita and premium funding <sup>(3)</sup> (£)	QR (£)	PGR (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Total 2019/20 (£)		
University of South Wales	5,055,911	1,366,540	1,845,550	1,530,192	159,136	1,800,000	-962,110	10,795,219	4,522,259	1,243,690	3,533,756	1,530,192	200,421	585,240	11,615,559	820,340	7.6%
Aberystwyth University	419,011	60,644	29,515	7,010,422	359,907		-878,854	7,000,645	320,900	52,963	314,486	7,010,422	350,048		8,048,819	1,048,175	15.0%
Bangor University	249,817	51,620	31,955	7,218,736	565,442		-906,458	7,211,112	207,952	42,402	346,148	7,218,736	619,327		8,434,565	1,223,453	17.0%
Cardiff University	1,164,812	453,143	10,598,760	39,796,996	2,716,400		-6,115,249	48,614,863	1,321,634	405,409	12,087,212	39,796,996	2,693,525		56,304,776	7,689,913	15.8%
University of Wales Trinity Saint David	2,336,419	482,725	32,665	298,936	16,848		-299,243	2,868,350	2,041,451	359,136	125,177	298,936	22,980		2,847,681	-20,669	-0.7%
Swansea University	792,141	359,101	2,564,645	13,749,083	1,232,599		-2,062,699	16,634,870	638,420	298,552	3,393,059	13,749,083	1,165,421		19,244,535	2,609,666	15.7%
Cardiff Metropolitan University	559,416	204,014	35,340	1,065,119	120,004		-196,832	1,787,061	449,863	204,566	254,320	1,065,119	118,613		2,092,481	305,419	17.1%
Wrexham Glyndŵr University	2,244,565	480,335	13,155	214,955			-277,503	2,675,508	2,249,003	263,720	92,781	214,955			2,820,460	144,952	5.4%
Open University in Wales	6,366,398	1,870,700				1,655,490	-718,307	9,174,281	8,533,326	1,882,483			1,655,490		12,071,299	2,897,018	31.6%
Centre for Advanced Welsh and Celtic Studies				192,904			-21,765	171,139				192,904			192,904	21,765	12.7%
<b>Total<sup>(4)</sup></b>	<b>19,188,489</b>	<b>5,328,823</b>	<b>15,151,585</b>	<b>71,077,344</b>	<b>5,170,336</b>	<b>3,455,490</b>	<b>-12,439,020</b>	<b>106,933,047</b>	<b>20,284,810</b>	<b>4,752,920</b>	<b>20,146,939</b>	<b>71,077,344</b>	<b>5,170,336</b>	<b>2,240,730</b>	<b>123,673,078</b>	<b>16,740,031</b>	<b>15.7%</b>
FE Institutions	Allocations 2018/19 <sup>(1)</sup> (£)								Allocations 2019/20 <sup>(1)</sup> (£)							Change 2018/19 to 2019/20 (£)	Percentage change 2018/19 to 2019/20
	PT UG credit based funding (£)	PT and PGT per capita and premium funding <sup>(2)</sup> (£)	FT UG/PGCE per capita and premium funding <sup>(3)</sup> (£)	QR (£)	PGR (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Funding adjustment (£)	Total 2018/19 with funding adjustment <sup>(4)</sup> (£)	PT UG credit based funding (£)	PT and PGT per capita and premium funding <sup>(2)</sup> (£)	FT UG/PGCE per capita and premium funding <sup>(3)</sup> (£)	QR (£)	PGR (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Total 2019/20 (£)		
Grŵp Llandrillo Menai	433,970	147,158	2,150				-48,964	534,313	694,344	170,195	7,442				871,981	337,668	63.2%
Grŵp NPTC Group	56,376	20,115	250				-6,361	70,380	101,313	20,434	1,924				123,671	53,291	75.7%
Gower College Swansea	50,111	24,441					-5,654	68,898	61,396	29,386					90,782	21,885	31.8%
<b>Total<sup>(4)</sup></b>	<b>540,456</b>	<b>191,714</b>	<b>2,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-60,979</b>	<b>673,591</b>	<b>857,054</b>	<b>220,015</b>	<b>9,366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,086,435</b>	<b>412,844</b>	<b>61.3%</b>
<b>Total HEIs and FEIs<sup>(4)</sup></b>	<b>19,728,946</b>	<b>5,520,536</b>	<b>15,153,985</b>	<b>71,077,344</b>	<b>5,170,336</b>	<b>3,455,490</b>	<b>-12,499,999</b>	<b>107,606,637</b>	<b>21,141,863</b>	<b>4,972,934</b>	<b>20,156,305</b>	<b>71,077,344</b>	<b>5,170,336</b>	<b>2,240,730</b>	<b>124,759,512</b>	<b>17,152,875</b>	<b>15.9%</b>

£

(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 allocations are the expensive subjects premium and the higher cost 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. Additional performance element funding is allocated to University of South Wales in respect of the performance element provision at Royal Welsh College of Music and Drama.

## Technical notes

1. Full allocations are on the HEFCW website under [Publications – Circulars – HEFCW’s Funding Allocations 2019/20 \(Circular W19/14HE\)](#).

### 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 2018/19 have increased since the original allocations were published last year as we received a revised funding annex to the remit letter for 2018-19 from the Welsh Government in March 2019, which included a number of funding adjustments to the FY 2018-19 budget. These provided additional funding to HEFCW to address specific Welsh Government priorities and additional funding to HE providers. The net effect of these in-year changes, together with funding for some initiatives carried forward from the previous year, was an overall funding increase of £22.3 million against the original AY 2018/19 allocations.

4. The budget for AY 2019/20 is based on a proportion of the confirmed budget for FY 2019-20, and a proportion of the indicative budget for FY 2020-21. The total funding allocation for AY 2019/20 is £148.9 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 2019-20. Should any adjustments be made, they will result in a revision to the individual allocations for AY 2019/20. Furthermore, if the FY 2020-21 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 2019/20 and the associated allocations.

6. **Recurring teaching and research** funding is based on calculations for each provider using our long-standing funding methodology and developments consulted on during 2018/19 to introduce funding for higher cost provision (see circular [W18/24HE](#)). A **funding adjustment** was made in each of the last three years to reflect the actual budget available each year, and was 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. There is no equivalent funding adjustment proposed in 2019/20 due to the increase in the funding available.



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 and as illustrated further in the 2019-20 remit letter.

### ***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, maintaining higher cost 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 2019/20 academic year.
- an 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. This premium was the only remaining funding available for full-time undergraduate and PGCE students through HEFCW's funding allocations apart from per capita (per head) funding of £5 for every enrolled student. Additionally, this year sees the phased return of 'higher cost subjects' funding, covering non-clinical medicine and dentistry, science and engineering, technology, mathematical sciences, IT and computing.

## **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](http://www.hefcw.ac.uk/policy_areas/research/funding_research.aspx)

11. The AY 2019/20 QR allocations by university are in Table 2 of the circular and are based on the same formula as AY 2018/19.

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/](http://www.ref.ac.uk/)

13. Table 6 provides a comparison with AY 2018/19 recurring funding allocations by institution.

14. HEFCW has monitored the overall impact in recent years 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 once again provide funding of £1.655 million to the OU, the same amount as the previous three years, in recognition of lost strategy funding, lost premium funding and lost part-time postgraduate funding. Given the reinstatement of some strategic funding allocations, which the OU will be able to access, this amount will be reviewed before AY 2020/21.

### **About HEFCW**

The Higher Education Funding Council for Wales – HEFCW – is the public body operating between Welsh Government and higher education providers. 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 and other designated providers. We also provide funding for higher education teaching and research, and apply our influence and expertise to help deliver Welsh Government priorities for higher education that also have wider societal and economic benefits.