

## News release

**Date:** 4 August 2020

**Title:** Funding for higher education in 2020/21

£171.5 million will be allocated to higher education (HE) providers in Wales for the 2020/21 academic year.

The allocation includes £78.4 million for recurrent research funding, with the remainder given to universities and other providers to support teaching part-time undergraduate courses, full-time undergraduate expensive and high cost subjects, degree apprenticeships, capital developments, and innovation and engagement.

The funding allocation for the academic year 2020/21 is £21 million lower than previously anticipated due to the revisions made by Welsh Government to their original budget allocations in response to the Covid-19 pandemic. This means that HEFCW has only been able to apply some of the expected uplift in funding for innovation and engagement, higher cost subjects, part-time undergraduate provision, postgraduate research provision and disability premium that was consulted on as part of the [Diamond funding review](#) settlement.

However, the Welsh Government confirmed on 22 July that higher education providers would have access to a Higher Education Investment and Recovery Fund for Wales, worth £27 million. This additional funding is not included in today's allocations.

This separate fund is designed to support universities to maintain jobs in teaching, research and student services, invest in projects to support the wider economic recovery, and support students suffering from financial hardship. HEFCW will consult on proposals for allocating this separate fund.

The £171.5 million for 2020/21 will be allocated as follows:

<b>Funding Available for Allocation</b>			
	<b>Academic Year</b>	<b>Academic Year</b>	<b>Academic Year</b>
	<u>2019/20 circular</u>	<u>2019/20 revised</u>	<u>2020/21 circular</u>
<b>Funding expenditure</b>	<u>£ million</u>	<u>£ million</u>	<u>£ million</u>
Research <sup>1</sup>	£76.2	£84.8	£78.4
Innovation and engagement <sup>2</sup>		£7.5	£7.5
Full-time undergraduate teaching <sup>3</sup> , and PGCE	£20.8	£20.4	£26.8
Part-time teaching <sup>4</sup>	£26.5	£27.8	£29.2
<b>Baseline recurrent funding total</b>	<b>£123.5</b>	<b>£140.5</b>	<b>£141.9</b>
Strategic initiatives	£7.0	£11.2	£4.9
Well-being and health, including mental health	£0	£3.8	£2.0
Research funding revenue	£0	£2.1	£0
Degree apprenticeships	£6.3	£6.8	£9.0
PGT master's interim support and bursaries <sup>5</sup>	£2.1	£5.0	£3.7
<b>Total Programme spend Funding</b>	<b>£138.9</b>	<b>£169.4</b>	<b>£161.5</b>
Capital	£10	£11.2	£10
<b>Total</b>	<b>£148.9</b>	<b>£180.6</b>	<b>£171.5</b>

Following additional funding from the Welsh Government before the end of March 2020, the overall allocation in the previous academic year (2019/20) increased from an anticipated £148.9 million to £180.6 million. This mostly resulted from further targeted allocations outlined in HEFCW's [revised funding notification letters](#) from the Welsh Government.

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

<sup>2</sup> Includes Research Wales Innovation Fund (RWIF) in 2020/21 and Innovation Capacity Development Fund in 2019/20.

<sup>3</sup> Includes expensive subjects premium, higher costs subjects premium, per capita and disability premium (2020/21 only). Also includes unconfirmed funding for additional medical places.

<sup>4</sup> Includes part-time and PGT teaching and OU additional support.

<sup>5</sup> Interim support 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 was for continuing part-time postgraduate taught master's students. This category also includes funding for eligible students through the postgraduate taught incentive bursary schemes.

## **2020/21 priorities**

### **Research**

**Quality research (QR)** funding, to support the research infrastructure of HE providers. It is allocated based on the outcomes of the 2014 Research Excellence Framework (REF 2014), where almost a third of submitted research by Welsh universities was considered 'world-leading'.

**Innovation and engagement** support, through the newly-established Research Wales Innovation Fund, for commercialisation, income-driven activities, new business growth and skills support, and civic mission and public engagement.

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

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

Most of this funding is provided as an expensive subjects premium (ESP) - additional funding to support full-time undergraduate courses in clinical medicine, clinical dentistry and performing arts. This also includes funds for the higher cost subjects (HCS) of non-clinical medicine and dentistry, science and engineering, technology, mathematical sciences, IT, and computing.

In 2019/20 HEFCW started to implement the [Diamond review of higher education funding and student finance](#) proposals that related to funding higher education. Accordingly, in 2019/20 HEFCW increased the ESP and started to provide funding for higher cost subjects. In 2020/21 HEFCW is providing a further £4.4m for HCS bringing the total to £7.2m.

HEFCW has reintroduced a funding premium to support disabled full-time undergraduate and PGCE students, worth £1.5 million in 2020/21.

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

## **Part-time teaching**

This funding contributes towards the cost of part-time courses. It includes premium (supplementary) funding of £4.9 million to recognise providers' successes in recruiting and retaining part-time undergraduate students from disadvantaged areas, £393k to support part-time and full-time postgraduate disabled students, and £82k to support part-time undergraduate students receiving their tuition in Welsh. It also includes some 'per head' funding for part-time undergraduate and postgraduate taught provision, recognising the cost of registering each individual student. This is awarded for every taught student irrespective of mode or level, and applies to full-time as well as part-time postgraduate taught students.

## **Degree apprenticeships**

Funding is available in 2020/21 for digital, engineering and advanced manufacturing degree apprenticeships.

## **Strategic 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; and GO Wales: Achieve through Work Experience.

## **Well-being and health**

This year, £2 million will be provided for institutions to support well-being and health including mental health.

## **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 were able to allocate £181 million in 2019/20 as a consequence of starting to increase funding for higher education on the basis of the Diamond review recommendations, which was a substantial increase to the

anticipated £149 million that we reported on last year. This year, we welcome the £171 million from the Welsh Government to support universities and colleges in their core business of teaching and research, along with supporting well-being and health, including mental health, innovation and engagement, and developing the estate.

“We understand the ongoing economic challenges in the middle of a global health crisis, and budgets across Welsh Government have been impacted. We therefore also welcome the introduction of the new £27 million Higher Education Investment and Recovery Fund, which recognises the negative impact of the Covid-19 crisis on the higher education sector. This funding will strengthen support for students, and help secure higher education’s role in the economic and social recovery.

“As part of our national infrastructure, Welsh universities have already shown they are essential in meeting the challenges we face in building a post-Covid-19 nation. Research, innovation, skills growth, and delivering government priorities will all be part of this, all the while delivering a world-class teaching and student experience, and managing their own financial pressures.

“Continued investment in higher education providers is crucial. They are a key player in encouraging social mobility, and are embedded in their communities. Working with businesses, they can offer education and training that responds to local and national needs, and are significant employers throughout the country. But in order to fulfil all these expectations, they must be resilient, and strong. We are grateful to the Welsh Government for recognising the value of higher education, and we will continue to make the case for additional and sustained investment to continue to implement the funding recommendations of the Diamond and Reid reviews as further funds become available.”

**Contact:** Emma Rączka, Senior Communications Manager

029 2085 9667

[emma.raczka@hefcw.ac.uk](mailto:emma.raczka@hefcw.ac.uk)

Table 6: Funding comparison AY 2019/20 and AY 2020/21 taken from [circular W20/20HE](#)

HE institutions	Allocations 2019/20 <sup>(1)</sup> (£)								Allocations 2020/21 <sup>(1)</sup> (£)								Change 2019/20 to 2020/21 (£)	Percentage change 2019/20 to 2020/21
	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 (£)	Innovation and engagement funding <sup>(6)</sup> (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Total 2019/20 <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 (£)	Innovation and engagement funding <sup>(6)</sup> (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Total 2020/21 <sup>(4)</sup> (£)		
University of South Wales	4,522,259	1,243,690	3,533,756	1,630,256	251,455	684,770	585,240	<b>12,451,426</b>	4,306,015	1,114,465	4,583,969	1,530,192	281,040	636,059	585,240	<b>13,036,981</b>	585,555	4.7%
Aberystwyth University	320,900	52,963	314,486	7,473,766	439,183	724,426		<b>9,325,724</b>	400,673	50,638	912,739	7,010,422	325,856	862,462		<b>9,562,790</b>	237,066	2.5%
Bangor University	207,952	42,402	346,148	7,695,873	777,029	1,051,726		<b>10,121,130</b>	134,137	67,523	964,096	7,218,736	828,586	1,078,736		<b>10,291,815</b>	170,684	1.7%
Cardiff University	1,321,634	405,409	12,087,212	42,430,690	3,379,390	1,377,862		<b>61,002,197</b>	1,357,138	417,187	13,300,703	39,796,996	3,353,449	1,342,846		<b>59,568,319</b>	-1,433,877	-2.4%
University of Wales Trinity Saint David <sup>(7)</sup>	2,041,451	359,136	125,177	523,832	28,832	871,787		<b>3,950,215</b>	1,805,275	364,183	537,495	491,840	12,919	858,116		<b>4,069,828</b>	119,613	3.0%
Swansea University	638,420	298,552	3,393,059	14,658,050	1,462,178	1,141,907		<b>21,592,166</b>	416,853	240,365	4,653,769	13,749,083	1,531,337	1,282,428		<b>21,873,835</b>	281,669	1.3%
Cardiff Metropolitan University	449,863	204,566	254,320	1,135,681	148,817	777,784		<b>2,971,029</b>	434,888	262,617	796,395	1,065,119	153,696	702,706		<b>3,415,420</b>	444,391	15.0%
Wrexham Glyndŵr University	2,249,003	263,720	92,781	229,196		473,143		<b>3,307,843</b>	2,071,532	295,713	366,858	214,955		447,851		<b>3,396,909</b>	89,067	2.7%
Open University in Wales	8,533,326	1,882,483				396,595	1,655,490	<b>12,467,895</b>	10,133,328	2,511,667				288,794	1,655,490	<b>14,589,278</b>	2,121,384	17.0%
<b>Total <sup>(4)</sup></b>	<b>20,284,810</b>	<b>4,752,920</b>	<b>20,146,939</b>	<b>75,777,344</b>	<b>6,486,883</b>	<b>7,500,000</b>	<b>2,240,730</b>	<b>137,189,625</b>	<b>21,059,838</b>	<b>5,324,357</b>	<b>26,116,024</b>	<b>71,077,344</b>	<b>6,486,883</b>	<b>7,500,000</b>	<b>2,240,730</b>	<b>139,805,177</b>	<b>2,615,551</b>	<b>1.9%</b>

  

FE Institutions	Allocations 2019/20 <sup>(1)</sup> (£)								Allocations 2020/21 <sup>(1)</sup> (£)								Change 2019/20 to 2020/21 (£)	Percentage change 2019/20 to 2020/21
	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 (£)	Innovation and engagement funding <sup>(6)</sup> (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Total 2019/20 <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 (£)	Innovation and engagement funding <sup>(6)</sup> (£)	Mitigation funding and additional performance element funding <sup>(5)</sup> (£)	Total 2020/21 <sup>(4)</sup> (£)		
Grŵp Llandrillo Menai	694,344	170,195	7,442					<b>871,981</b>	780,582	170,136	23,615					<b>974,332</b>	102,351	11.7%
Grŵp NPTC Group	101,313	20,434	1,924					<b>123,671</b>	146,159	31,985	7,430					<b>185,574</b>	61,903	50.1%
Gower College Swansea	61,396	29,386						<b>90,782</b>	44,801	27,512						<b>72,313</b>	-18,469	-20.3%
<b>Total <sup>(4)</sup></b>	<b>857,054</b>	<b>220,015</b>	<b>9,366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,086,435</b>	<b>971,543</b>	<b>229,633</b>	<b>31,045</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232,220</b>	<b>145,785</b>	<b>13.4%</b>

  

<b>Total HEIs and FEIs <sup>(4)</sup></b>	<b>21,141,863</b>	<b>4,972,934</b>	<b>20,156,305</b>	<b>75,777,344</b>	<b>6,486,883</b>	<b>7,500,000</b>	<b>2,240,730</b>	<b>138,276,060</b>	<b>22,031,381</b>	<b>5,553,990</b>	<b>26,147,069</b>	<b>71,077,344</b>	<b>6,486,883</b>	<b>7,500,000</b>	<b>2,240,730</b>	<b>141,037,397</b>	<b>2,761,337</b>	<b>2.0%</b>
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<sup>(1)</sup> Allocations shown here place ITT (QTS) provision at the delivering institution <sup>(2)</sup> Premiums consist of the access and retention premium (PT UG), the Welsh medium premium (PT UG) and the disability premium (PT UG, FT & PT PGT and FT & PT PGR). <sup>(3)</sup> FT UG/PGCE premium allocations are the expensive subjects premium, the higher cost subjects premium and the disability premium. <sup>(4)</sup> Totals may not sum exactly due to rounding. <sup>(5)</sup> 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 66 and 67 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. See paragraph 68 of the circular text. <sup>(6)</sup> Innovation and engagement funding consists of the Research Wales Innovation Fund in AY 2020/21 and the Innovation Capacity Development Fund in AY 2019/20. <sup>(7)</sup> University of Wales Trinity Saint David includes University of Wales Centre for Advanced Welsh and Celtic Studies.

## Technical notes

1. Full allocations are on the HEFCW website under [Publications – Circulars – HEFCW's Funding Allocations 2020/21 \(Circular W20/20HE\)](#).

**Diamond review:** Professor Sir Ian Diamond's [Review of Higher Education Funding and Student Finance Arrangements in Wales](#)

**Reid review:** Professor Graeme Reid's [Review of Government Funded Research and Innovation in Wales](#)

### HEFCW funding consultations:

24 May 2019: [Consultation on implementing the £15 million Research Wales Innovation Fund](#)

1 October 2019: [Consultation on distribution of additional £12 million funding for academic year 2020/21](#)

### Welsh Government budget and funding adjustments

2. The Welsh Government allocates its budget to us on a financial year (FY) basis. HEFCW distributes 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 2019/20 increased since the original allocations were published in June 2019, as HEFCW received three revised Welsh Government remit letter funding annexes in July 2019, December 2019 and January 2020, and they included a number of funding adjustments to the FY 2019-20 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 £31.7 million against the original AY 2019/20 allocations.

4. The budget for AY 2020/21 is based on a proportion of the confirmed budget for FY 2020-21, and a proportion of the indicative budget for FY 2021-22. The total funding allocation for AY 2020/21 is £171.5 million.

5. The funding allocations in this press release and associated circular do not reflect any potential in-year funding adjustments – up or down - that might be made later by the Welsh Government to HEFCW's budget for FY 2020-21. Should any adjustments be made, they will result in a revision to the individual allocations for AY 2020/21. Furthermore, if the FY 2021-22 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 2020/21 and the associated allocations.

6. **Recurrent 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](#)).

7. Following the Welsh Government's implementation of the recommendations from the Diamond review of higher education funding and student finance arrangements, and before the Covid-19 crisis, HEFCW's future income was expected to increase each year for the lifetime of the current Government.

### ***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; and innovation and engagement.
- 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 2020/21 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.
- a higher cost subjects premium, covering full-time undergraduate 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 2020/21 QR allocations by university are in Table 2a of the circular and are based on the same formula as AY 2019/20.

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/). The next REF exercise will report in 2021.

13. Table 6 provides a comparison with AY 2019/20 recurrent funding allocations by institution.

## **Open University in Wales**

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 four years, in recognition of lost strategy funding, lost premium funding and lost part-time postgraduate funding. As the OU in Wales will benefit from new funding streams such as innovation and engagement funding, and as HEFCW is funding growth in part-time provision, the rationale for the amount will be reviewed for future years.

## **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.