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REPORT OF THE COUNCIL ON THE FINANCIAL POSITION
AND BUDGET OF THE UNIVERSITY, RECOMMENDING
ALLOCATIONS FROM THE CHEST FOR 2012–13:

TABLES AND APPENDICES



UNIVERSITY OF
CAMBRIDGE

TABLE 1: CHEST 2010–11 ACTUAL OUT-TURN VERSUS BUDGET

	Budget 2010–11 £m	Actual 2010–11 £m	Variance 2010–11 £m
Income			
Grants from the Funding Council	182.7	181.0	(1.7)
Teacher Development Agency	2.8	2.7	(0.1)
Academic Fees	90.1	93.5	3.4
Research Grants and Contracts	40.0	34.6	(5.4)
Endowment Income and Interest Receivable	15.5	19.1	3.6
Other Operating Income	7.6	4.0	(3.6)
Cambridge Assessment	11.3	15.0	3.7
Other Services Rendered	1.5	1.0	(0.5)
TOTAL INCOME	351.5	350.9	0.6
Allocation/Expenditure			
Academic Departments	162.5	162.5	0.0
Academic Institutions and Services	26.1	26.1	0.0
Staff and Student Services	2.0	2.0	0.0
Unified Administrative Service (UAS)	31.7	31.7	0.0
College Fee	42.0	40.8	1.2
Estates related expenditure	38.4	35.6	2.8
Other administered funds	50.6	47.5	3.1
TOTAL EXPENDITURE	353.3	346.2	7.1
Surplus / (Deficit)	(1.8)	4.7	6.5

TABLE 2: CHEST 2011–12 LATEST FORECAST

	Original Budget 2011–12 £m	Latest Forecast 2011–12 £m	Changes to Chest 2011–12 £m
Income			
Grants from the Funding Council	178.2	178.2	0.0
Teacher Development Agency	2.3	2.3	0.0
Academic Fees	101.6	101.1	(0.5)
Research Grants and Contracts	38.0	34.9	(3.1)
Endowment Income and Interest Receivable	17.8	21.3	3.5
Other Operating Income	8.3	7.8	(0.5)
Cambridge Assessment	10.0	10.0	0.0
Other Services Rendered	1.3	2.0	0.7
TOTAL INCOME	357.5	357.6	0.1
Allocation/Expenditure			
Academic Departments	161.9	161.9	0.0
Academic Institutions and Services	27.3	27.3	0.0
Staff and Student Services	1.9	1.9	0.0
Unified Administrative Service (UAS)	32.1	32.1	0.0
College Fee	41.6	41.6	0.0
Estates related expenditure	39.7	38.5	1.2
Other administered funds	62.2	62.2	0.0
TOTAL EXPENDITURE	366.7	365.5	1.2
Surplus/(Deficit)	(9.2)	(7.9)	1.3

TABLE 3: CONSOLIDATED OPERATING BUDGET FOR 2012–13

	Chest £m	Research Grants and Contracts* £m	Trust Funds £m	Other Non-chest £m	Total budget £m
Income					
Grants from the Funding Council	168.6			3.2	171.8
Teacher Development Agency	0.1				0.1
Academic Fees	129.2			15.4	144.6
Research Grants and Contracts	35.0	270.2			305.2
Endowment Income and Interest Receivable	21.3		35.1	2.3	58.7
Other Operating Income	8.5	1.7		70.4	80.6
Cambridge Assessment	0.0 **				0.0
Other Services Rendered	2.1			47.5	49.6
TOTAL INCOME	364.8	271.9	35.1	138.8	810.6
Allocation/Expenditure					
School of Arts and Humanities	20.9	4.2	4.7	3.6	33.4
School of the Humanities and Social Sciences	34.6	9.3	4.2	11.8	59.9
School of the Physical Sciences	37.9	58.9	5.7	10.9	113.4
School of Technology	27.3	34.7	4.3	41.4	107.7
School of the Biological Sciences	31.8	74.7	3.9	8.1	118.5
School of Clinical Medicine	16.0	89.4	2.2	26.1	133.7
Total Schools	168.5	271.2	25.0	101.9	566.6
Academic Institutions and Services	27.9	0.6	2.2	20.7	51.4
Staff and Student Services	2.0	0.2	0.0	2.6	4.8
UAS	32.0	0.0	0.3	13.1	45.4
Strategic Provisions	1.0				1.0
College Fee	43.6				43.6
Estates related expenditure	40.5				40.5
Other administered funds	56.1				56.1
TOTAL ALLOCATION/EXPENDITURE	371.6	272.0	27.5	138.3	809.4
Surplus/(Deficit)	(6.8)	(0.1)	7.6	0.5	1.2

Notes

*RG&C income in this Non-chest column represents Direct costs and the portion of Indirect costs recovered which accrue to Departments.

The portion of Indirect costs recovered which accrues to the Chest is shown in the Chest column (£35.0m).

RG&C expenditure in this Non-Chest column represents Direct costs and expenditure funded by the Departments' Indirect costs income.

** From 2012–13, the full transfers from Cambridge Assessment are forecast as income to the Capital Fund, not to the Chest.

TABLE 4: OPERATING BUDGET SUMMARY

Income	BUDGET 2012–13			PROJECTION 2013–14			PROJECTION 2014–15			PROJECTION 2015–16		
	Chest £m	Non- Chest £m	Total £m	Chest £m	Non- Chest £m	Total £m	Chest £m	Non- Chest £m	Total £m	Chest £m	Non- Chest £m	Total £m
Grants from the Funding Council	168.6	3.2	171.8	151.2	2.9	154.1	143.3	1.3	144.6	141.3	1.2	142.5
Teacher Development Agency	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Academic fees	129.2	15.4	144.6	150.8	16.2	167.0	174.4	16.9	191.3	183.3	17.2	200.5
Research grants and contracts	35.0	270.2	305.2	35.7	270.6	306.3	37.6	274.5	312.1	38.9	279.5	318.4
Endowment income and interest receivable	21.3	37.4	58.7	20.2	34.6	54.8	21.7	36.3	58.0	22.1	36.7	58.8
Other operating income	8.5	72.1	80.6	9.1	72.9	82.0	9.7	75.6	85.3	9.7	78.1	87.8
Cambridge Assessment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other services rendered	2.1	47.5	49.6	2.1	48.7	50.8	2.0	49.8	51.8	1.9	51.6	53.5
TOTAL INCOME	364.8	445.8	810.6	369.1	445.9	815.0	388.7	454.4	843.1	397.2	464.3	861.5
Allocation/Expenditure												
Schools	168.5	398.1	566.6	170.9	400.7	571.6	172.7	406.3	579.0	174.5	414.6	589.1
Academic institutions and services	27.9	23.5	51.4	28.4	23.8	52.2	28.9	24.2	53.1	29.2	24.5	53.7
Staff and student services	2.0	2.8	4.8	2.0	2.9	4.9	2.0	2.9	4.9	2.1	3.0	5.1
UAS	32.0	13.4	45.4	32.3	13.1	45.4	32.7	12.2	44.9	33.0	12.4	45.4
Strategic provisions	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0
Other administered funds	140.2	0.0	140.2	142.9	0.0	142.9	148.4	0.0	148.4	152.0	0.0	152.0
TOTAL EXPENDITURE	371.6	437.8	809.4	377.5	440.5	818.0	385.7	445.6	831.3	391.8	454.5	846.3
Surplus/(Deficit)	(6.8)	8.0	1.2	(8.4)	5.4	(3.0)	3.0	8.8	11.8	5.4	9.8	15.2

TABLE 5: PROJECTED INCOME AND EXPENDITURE ACCOUNT 2012–13

	Year ending 31 July 2013			<i>Income and Expenditure account</i>	
	Budget Table 3 £m	Adjustments £m	Income and Expenditure account £m	<i>2010–11 Latest forecast £m</i>	<i>2009–10 actual £m</i>
Income					
Grants from the Funding Council	171.8	14.9	186.7	196.8	200.8
Teacher Development Agency	0.1	0.0	0.1	2.8	2.7
Academic Fees	144.6	22.2	166.8	138.0	127.3
Research Grants and Contracts	305.2	(12.3)	292.9	292.6	283.7
Endowment Income and Interest Receivable	58.7	(2.9)	55.8	53.5	49.1
Other Operating Income and services rendered	130.2	(22.6)	107.6	102.7	113.8
Cambridge Assessment & CUP transfers	0.0	14.5	14.5	27.3	14.7
TOTAL INCOME	810.6	13.8	824.4	813.7	792.1
Expenditure					
<i>Staff costs</i>					
Research	138.3	(5.7)	132.6	129.2	127.1
Other	303.7	0.9	304.6	296.3	293.2
<i>Other operating expenses</i>					
Research	124.3	(20.5)	103.8	108.7	100.0
College Fee Transfer	43.6	0.0	43.6	41.6	40.8
Other	181.2	4.1	185.3	170.2	160.1
<i>Depreciation</i>					
Research	9.3	1.6	10.9	10.6	9.9
Other	9.0	35.9	44.9	43.4	44.5
Total expenditure on continuing operations	809.4	16.3	825.7	800.0	775.6
Surplus/Deficit on operations before transfers	1.2	(2.5)	(1.3)	13.7	16.5
Transfer from endowments		11.4	11.4	11.0	8.8
Surplus/(Deficit) retained in reserves	1.2	8.9	10.1	24.7	25.3

APPENDIX 1: STAFF FTE BY ORGANIZATION AND STAFF GROUPING: 2003–2012

	Academic									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	1,535	1,524	1,479	1,484	1,553	1,594	1,557	1,533	1,520	1,536
UAS & Vice-Chancellor's Office										
Academic Services	4	4	3	2	3	3	2	3	3	3
Museums & Galleries					2	2				
Staff & Student Services	1	1	1	1	1					
Development Office & Investment Office										
Total	1,540	1,529	1,483	1,487	1,559	1,599	1,559	1,535	1,523	1,539

	Academic-related (administrative)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	143	166	175	172	206	208	249	265	288	313
UAS & Vice-Chancellor's Office	230	250	274	296	297	293	323	323	310	283
Academic Services	40	38	25	16	10	9	13	18	16	10
Museums & Galleries	9	13	13	13	17	17	20	20	20	22
Staff & Student Services	21	20	19	20	23	27	18	23	26	25
Development Office & Investment Office	26	24	32	35	31	33	37	41	39	43
Total	468	511	538	553	584	587	660	690	700	696

	Academic-related (computing)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	189	210	213	219	222	224	222	226	231	225
UAS & Vice-Chancellor's Office	26	36	44	47	48	49	55	59	61	60
Academic Services	92	87	93	98	98	97	95	93	89	90
Museums & Galleries	2	1	2	2	2	2	3	3	3	3
Staff & Student Services	3	3	3	3	4	4	3	4	4	4
Development Office & Investment Office					2	2	2	1	2	3
Total	311	336	354	369	376	378	380	386	391	385

	Academic-related (other groups)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	108	112	115	111	95	98	104	101	104	109
UAS & Vice-Chancellor's Office	14	13	13	13	14	13	15	14	13	15
Academic Services	66	65	67	67	71	72	75	69	71	74
Museums & Galleries	16	15	17	18	19	19	18	16	16	17
Staff & Student Services	11	13	16	14	20	18	18	15	14	15
Development Office & Investment Office										
Total	215	218	227	223	219	220	230	215	217	230

	Research									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	2,221	2,223	2,170	2,257	2,484	2,532	2,576	2,679	2,712	2,797
UAS & Vice-Chancellor's Office	2		1	1	1	1	7	6	7	5
Academic Services	20	24	23	31	30	32	34	34	32	32
Museums & Galleries	12	13	13	14	16	9	13	13	12	11
Staff & Student Services										
Development Office & Investment Office										
Total	2,255	2,259	2,206	2,302	2,531	2,574	2,630	2,733	2,763	2,845

	Assistant									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	1,894	1,915	1,833	1,773	1,806	1,832	1,875	1,908	1,920	1,902
UAS & Vice-Chancellor's Office	380	392	401	398	430	445	554	526	494	405
Academic Services	268	279	274	271	262	263	272	268	251	242
Museums & Galleries	69	62	76	78	83	82	85	89	87	82
Staff & Student Services	45	46	49	51	125	121	37	48	51	43
Development Office & Investment Office	12	15	18	15	18	19	20	31	34	32
Total	2,668	2,709	2,651	2,586	2,724	2,762	2,843	2,871	2,836	2,706

	All staff									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Schools & Academic institutions	6,090	6,150	5,985	6,016	6,366	6,488	6,583	6,713	6,775	6,882
UAS & Vice-Chancellor's Office	652	691	733	755	789	801	954	928	885	769
Academic Services	490	497	485	485	474	476	491	484	462	451
Museums & Galleries	108	104	121	125	139	131	139	141	138	135
Staff & Student Services	81	83	88	89	173	170	76	91	95	87
Development Office & Investment Office	38	39	50	50	50	54	59	74	76	78
Total	7,457	7,563	7,460	7,520	7,993	8,120	8,302	8,431	8,430	8,401

Notes:

All data as at 31 January. Because of rounding, totals may not always equal the sum of the parts.

Organization Group

Schools & Academic institutions	All Schools; ICE; CPSL; CRASSH; UAS staff in Schools; Centre for Entrepreneurial Learning (from 2007)
Academic Services	Libraries; UCS; CARET; Language Centre; Centre for Entrepreneurial Learning (until 2007); Cambridge-MIT
UAS	Excludes staff in Faculties, Departments, and School offices. Includes Vice-Chancellor's Office. Includes DRC from 2007; University Centre and University Farm from 2009
Museums & Galleries	Fitzwilliam; Kettles Yard; Hamilton Kerr
Development Office & Investment Office	Development Office & Investment Office
Staff & Student Services	Careers; Accommodation; PE; Telecommunications (until 2009); ADC; Graduate Union; Dental Service; DRC (until 2007); University Centre (until 2009); Counselling Service

Academic-related (other groups) includes: Librarians; Keepers; Technical Officers; Ceremonial posts; Language Teaching Officers; Counsellors; Therapists

APPENDIX 2: UNIVERSITY STUDENT STATISTICS (FULL-TIME FEE-PAYING STUDENTS)

Undergraduates	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12
Home and EC										
Full-fee	10,827	10,752	10,729	10,471	10,420	10,315	10,415	10,538	10,518	10,506
Half-fee students	126	137	165	165	159	137	136	110	83	110
	10,953	10,889	10,894	10,636	10,579	10,452	10,551	10,648	10,601	10,616
Islands										
Full-fee	37	39	38	45	49	51	44	35	30	33
Half-fee students	–	–	–	–	–	–	1	–	1	–
	37	39	38	45	49	51	45	35	31	33
Overseas										
Full-fee	971	983	988	1,028	1,112	1,179	1,258	1,247	1,214	1,199
Half-fee students	1	1	2	–	2	1	1	8	3	–
	972	984	990	1,028	1,114	1,180	1,259	1,255	1,217	1,199
Total Undergraduates	11,962	11,912	11,922	11,709	11,742	11,683	11,855	11,938	11,849	11,848
Full-time Postgraduates										
Home and EC										
P.G.C.E.	624	708	672	621	503	477	438	431	429	412
M.B.A./M.Fin.	33	33	35	25	26	42	54	47	48	45
Other Postgraduates	2,659	2,638	2,790	3,223	3,302	3,038	2,883	2,971	3,223	3,295
	3,316	3,379	3,497	3,869	3,831	3,557	3,375	3,449	3,700	3,752
Islands										
P.G.C.E.	–	2	2	3	4	3	2	1	4	3
M.B.A./M.Fin.	–	–	–	–	–	–	–	–	–	–
Other Postgraduates	1	–	–	–	–	–	–	–	5	7
	1	2	2	3	4	3	2	1	9	10
Overseas										
P.G.C.E.	–	–	4	4	4	7	4	4	1	2
M.B.A./M.Fin.	91	76	69	80	78	102	119	142	153	148
Other Postgraduates	1,877	1,938	1,927	2,267	2,292	2,166	2,042	2,204	2,335	2,313
	1,968	2,014	2,000	2,351	2,374	2,275	2,165	2,350	2,489	2,463
Total Postgraduates	5,285	5,395	5,499	6,223	6,209	5,835	5,542	5,800	6,198	6,225
Total Home Student Numbers	14,269	14,268	14,391	14,505	14,410	14,009	13,926	14,097	14,301	14,368
Total Islands Student Numbers	38	41	40	48	53	54	47	36	40	43
Total Overseas Student Numbers	2,940	2,998	2,990	3,379	3,488	3,455	3,424	3,605	3,706	3,662
Total Student Numbers	17,247	17,307	17,421	17,932	17,951	17,518	17,397	17,738	18,047	18,073

Notes:**Data as at 1 December of each academic year**

1. This simple overview tabulation cannot be directly compared with any of the detailed tables in the annual Student Statistics publication, as there are differences of treatment for certain categories of student, particularly ERASMUS and other exchange students at undergraduate level.

2. Data for 2011–12 academic year are provisional only.

3. Students with a part-time mode of study are excluded from this appendix. These include part-time postgraduates (e.g. Ed.D., M.Ed., M.St., and executive M.B.A. students) and non-matriculated students (e.g. Faculty of Education INSET/PPD, ICE, and CPSL students).

4. Postgraduate students who have completed the minimum requirements of their course, i.e. who are writing up or under examination, are also excluded from this appendix. In 2005–06 and 2006–07 postgraduate students were recorded as full-time for the first 10 terms and as writing up from the 11th term onwards. In 2004–05 and 2007–08 students are classified as full-time for 9 terms and as writing up from the 10th term onwards. The effect of these changes in definitions is that the number of full-time postgraduate students is higher for 2005–06 and 2006–07 in comparison with 2004–05 and 2007–08.

5. Prior to 2010–11 direct entrants to the Certificate in Advanced Study in Mathematics (C.A.S.M.), an undergraduate-level qualification, were included in the undergraduate numbers. In 2010–11 C.A.S.M. was replaced with two new qualifications: the M.Math. qualification for students continuing from the B.A. course on an integrated master's

APPENDIX 4: Expenditure

In parallel with the new presentation of staff numbers, the Council agreed to show the changing patterns of total expenditure from both Chest and non-Chest sources in the form of the table below. This shows a fairly stable pattern of expenditure in academic institutions as a proportion of total expenditure.

Given the inclusion in the other institutions and activities line of *ad hoc* and project expenditure, a certain amount of variation from year to year would be expected. For that reason the breakdown between other institutions and other activities is given.

Expenditure (£m)	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Schools & Other Academic Institutions	381.8	406.3	442.0	484.2	498.3	515.8
	69%	68%	67%	67%	68%	67%
Other Institutions	131.8	146.5	161.6	187.1	181.2	188.8
	24%	24%	25%	26%	25%	24%
Other Activities	41.4	45.4	53.0	55.7	56.9	70.9
	7%	8%	8%	8%	8%	9%
Total Expenditure	555.1	598.2	656.6	727.0	736.3	775.5

Notes:

Because the split of expenditure from certain funds is not confirmed until the end of the financial year, no projection is given for the current year.

‘Schools and other academic institutions’ figures include Centre for Business Research, Cambridge Programme for Sustainability Leadership, Centre for Islamic Studies, Institute of Continuing Education, plus UAS staff in Schools.

‘Other institutions’ includes energy costs, which explain the significant change in 2008–09.

‘Other activities’ represents College fees, plus University Farm, Cambridge–MIT Institute, and subsidiary companies. This category also includes total expenditure under the Voluntary Severance Scheme.

APPENDIX 5: HEFCE FUNDING FOR 2012–13**Summary**

This paper is an analysis of HEFCE provisional funding for 2012–13 following the HEFCE Board meeting on 8 March, announced in the letter of 19 March 2012 to the Vice-Chancellor and in the tables summarizing the allocations to all HE institutions. No further adjustments to 2011–12 grant were announced.

1. The announcement introduces changes announced in the White Paper, in the Secretary of State's letter of 25 January 2012 to HEFCE (<http://www.hefce.ac.uk/news/newsarchive/2012/name,69495,en.html>), by HEFCE after the Board meeting on 27 January (<http://www.hefce.ac.uk/pubs/year/2012/cl032012/>), and in a circular dealing with the outcome of the consultation on teaching funding and student number controls (<http://www.hefce.ac.uk/pubs/year/2011/cl262011/>).

2. Cambridge's reduction in recurrent grant is 4.1% in line with expectations, compared with the Sector averaged decrease of 18.75%. The summary table with sector comparisons is at Annex A.

Main changes

3. HEFCE is managing the reduction in funding for teaching (as institutional income from new fees is set to increase) by calculating one component for students admitted before 2012 based on rates derived from 2011–12 grant, and a second for those admitted in 2012 concentrating on higher cost subjects. There is a new student number control and additional funding for postgraduate taught students. Rates of funding for research degree programme students have increased, funded by a redistribution of funding from QR consequent on activity rated at 2* no longer being funded.

HEFCE funding for the sector

4. The Secretary of State's priorities for HEFCE listed in his 25 January letter cover:

- Teaching funding and the support of higher cost and vulnerable subjects;
- Widening participation;
- Knowledge exchange activities and engagement with business and the community;
- Concerns that the average length of undergraduate or post-graduate taught courses should not increase;
- Selective funding for research;
- Support for postgraduate provision;
- Efficiency, value for money, and pay restraint;
- Efficiency savings and reinvestment in QR;
- Student number controls and the consequences of exceeding them.

5. The overall grant settlement by financial year is summarized in HEFCE circular 03/2012 as follows:

HEFCE grant for financial years 2011–12 to 2013–14 (millions)	Final funding 2011–12 (£m)	Announced funding 2012–13 (£m)	Indicative funding 2013–14 (£m)
Recurrent teaching	4,645	3,815	2,883
Recurrent research	1,549	1,587	1,573
Total recurrent	6,194	5,402	4,456
Teaching capital	95	90	59
Research capital	204	175	101
Total capital	299	265	160
HEIF	113	113	113
Total HEFCE funding	6,606	5,780	4,729
Additional ring-fenced allocations	103	80	100
BIS loans for graduate	2,600	3,600	5,000
Total government funding for Higher Education	9,309	9,460	9,829

6. Reference should be made to the HEFCE announcement at <http://www.hefce.ac.uk/pubs/year/2012/201208/#d.en.69631> for further details, including the grant and student number controls for other HEFCE funded institutions.

7. The grant announcement has two reservations:

- (1) Allocations are provisional. Grant is based on forecast student numbers and will be revised in March 2013 using revised forecasts in the 2012 HESES return and then finalized after the July 2013 HESA return. Funding is provisional until the BIS grant settlement is final for the whole of the 2012–13 academic year and rates of funding may change.
- (2) The new Student Number Control limits the 2012 intake of students with qualifications less than AAB and certain equivalents. Cambridge has a sufficient margin in the main control number but the separate control for medical intakes is strengthened. Funding may be withdrawn if institutions exceed their entry limit.

8. HEFCE will continue to audit the data that informs the allocation of funds; they reserve the right to review funding allocations for the most recent seven year period.

9. HEFCE funding is only one element of Chest funding. A more complete projection of income and costs is produced annually for the Budget Report. If forecasts of income used to set the budget are significantly different from announced or final funding then Allocations may need to be adjusted even at a very late stage. Although grant is not yet confirmed for 2012–13 the risk of needing to adjust Allocations seems low.

Outcome for Cambridge

10. HEFCE's summary in Annex A shows that Cambridge receives a decrease of 4.10% in recurrent funding for 2012–13, compared with a sector average decrease of 18.75%, the difference being explained by the Sector T:R pre-reduction ratio of 3:1, compared to Cambridge's of 1:2.

11. Annex B is more detailed view comparing final 2011–12 and provisional 2012–13 grant.

12. A full explanation of the new funding methods is given in the grant letter and supporting documents.

HEFCE Funding for Teaching

13. HEFCE consulted during 2012 on the method for allocating teaching funding and on student number controls to which the University responded. HEFCE have now consulted on further changes for 2013–14 and beyond (<http://www.hefce.ac.uk/pubs/year/2012/201204/>).

14. Two models of funding have replaced the single model; there is no contract range because the new student number control has replaced it.

Mainstream Teaching Funding

15. "Old Regime" UG students admitted before 2012 are funded at rates derived from the 2011–12 teaching funding model – essentially the allocation of mainstream teaching funding divided by funded student numbers in each Price Group. Cambridge's higher position in the contract range means that the rates of funding are some 5% above the reduced average. The funding rates are provisional until BIS has confirmed HEFCE grant for the whole academic year.

16. Funding for New Regime UG students is also based on the 2011–12 funding rates less a reduction equivalent to the 2011–12 funding rate for price group C. The effect is that the funding rate for Price Groups C and D is zero, and the rates in Price Groups A and B are considerably reduced.

17. Postgraduate taught students starting in 2012 (the majority) will be funded at the new regime undergraduate rates plus £1,100 as an interim measure recognizing the limited scope for institutions to increase tuition fees.

18. Consultation paper 2012/04 proposes dividing Price Group C into Groups C1 and C2 with a limited rate of funding for subject in C1. Further revision of the funding and Price Group structure and weightings may follow when the number of Old Regime students in the system is considerably reduced.

Contract Range and Student Numbers

19. The contract range is no longer relevant in a funding method for teaching that uses unit rates. There are continuing controls on the student entry with a warning that if the sector over-recruits HEFCE funding may be withdrawn in order to fund an increased loan commitment, and that reduction would be passed to institutions.

20. The HEFCE student number control introduced for the 2010 entry and used again for 2011 limited the intake of new fundable students to no more than the 2008 entry—Cambridge had no spare capacity and did not compete for additional funded numbers. The new 2012 entry control applies only to students with qualifications below AAB or approved equivalents. If based on actual entry this would be a very low number for Cambridge giving very limited flexibility to admit additional highly qualified students for whom no AAB equivalent has been provided or for sub-AAB "access" admissions. HEFCE accepted those arguments and has set the control number with a sufficient margin. There remains the prospect of penalties in the very unlikely event it is exceeded but it seems likely that in order to retain the margin it will not be reduced if not fully used. The control over the total medical entry remains.

Targeted Allocations

21. The last weightings were eliminated from the Standard Resource calculation in 2008–09 and converted to Targeted Allocations. The Historic Buildings targeted allocation was discontinued in 2010–11. The institution specific funding continues for 2012–13 but Circular 2012/04 is consulting on the terms of a review. Otherwise, the list of Targeted Allocations is unchanged from 2011–12 but as can be seen from Annex B funding has reduced, sharply in some cases. Some reductions (such as the reduction in ELQ transitional funding) were expected.

22. Funding for very high cost and vulnerable science subjects ("SIVS") continues for 2012–13, although originally only set aside by HEFCE for the three years 2007–08 to 2009–10, and is intended to support chemistry; physics; chemical engineering; and mineral, metallurgy, and materials engineering to help maintain capacity in these subjects while demand from students grows. HEFCE is consulting on the future funding SIVS.

23. Former special funding for minority subjects was included in the mainstream teaching grant from 2005–06, and is subject to the condition that one year's notice must be given if there is an intention to close any subject for which this funding was provided. If so, funding may be reclaimed by HEFCE. The scope of the requirement to give notice was subsequently extended to SIVS generally.

Other Targeted Allocations

24. The various Targeted Allocations for widening participation and those to support certain costs in Clinical Schools continue at reduced rates.

HEFCE Funding for Research*Mainstream Funding*

25. The ring-fenced settlement for science and research means that HEFCE are able to maintain overall funding at the 2011–12 level in cash terms until 2014–15.

26. Until the outcome of the REF is available, QR will continue to be calculated using measures of volume of research activity in each Unit of Assessment (UOA) weighted by quality derived from the 2008 RAE. The change for 2012–13 is that activity assessed at 2* is no longer fundable and £35m has been released from the total pot to add to funding for students on research degree programmes.

27. HEFCE's funding method for mainstream QR allocates pots to each UOA in proportion to volume above 2* (2*, 1* and unclassified volume is unfunded). Those pots are then divided by weighted volume. The 4* and 3* weightings remain 3;1 for 2012–13. Volume is the FTE category A staff submitted in the RAE (including College employed staff) attributed by the percentages in the quality profile. The effect is to increase selectivity but the reduced pot of mainstream QR leads to a sector average reduction (see Annex A) of 3.2%; Cambridge's is less at minus 1.0%.

Charity Support Funding

28. Charity Support Funding is calculated in proportion to the average of eligible home and overseas charity income reported in 2009–10 and 2010–11. The derived rate at which 2012–13 funding is allocated is 25% of the reported average, a further decline in the multiplier since 2011–12 (and which had been 28.2% in 2009–10). The allocation of funding is cash level from 2011–12 and so the change in rate is the result of higher sector volume; Cambridge volume has increased leading to a 7% increase in funding. 6% of the University's allocation is passed direct to departments.

29. Funding is now calculated on income reported in the HESA Finance Return, which reports by Cost Centre not UOA; 2012–13 cannot therefore be directly compared with 2011–12.

Business Research Funding

30. The Business Research element of funding is calculated on the average of funding reported for 2008–09 and 2009–10 in the HESA Finance Return. The sector allocation of funding has increased by 1.37% but the Cambridge allocation has fallen, indicating reduced income in the two reported years. The rate of funding has not yet been calculated.

Other Research Funding

31. Research Degree Programme (RDP) supervision funding is calculated on cost weighted Home/EU RDP student load in years 1–3 full time (1–6 part time) which in 2012–13 takes account of the quality score in each UOA. As a result of this change and the transfer of £35m QR to the RDP pot the unit of funding per FTE in UOAs cost weighted at 1.0 has increased from £3,447 in 2011–12 to £4,482, exceeding the 2008–09 value of £4,294 and leading to an overall increase in funding of 17%.

Other Funding

32. Funding for National Research Libraries, the Museums and HEIF 5 has the same cash value as in 2011–12.

Capital Funding

33. HEFCE Circular 2011/08 set out capital allocations for learning and teaching for 2012–13 and the total for research for 2011–12 to 2014–15; funding in and after 2012–13 was indicative; TCIF for 2012–13 was confirmed in circular letter 2005/12.

	2012–13	2013–14	2014–15
RCIF (indicative)	11,370,250	11,370,250	11,370,250
TCIF	664,970	?	?

Teacher Development Agency Funding for Teacher Training

34. Mainstream TDA funding has been discontinued for 2012–13 following the introduction of the £9,000 fee.

ANNEX A:
Recurrent grant comparison for 2011–12 and 2012–13

Institution: University of Cambridge
Code: H-0114
UKPRN: 10007788

Funding stream	2011–12 comparison figures £s	2012–13 allocation £s	Difference £s	Percentage difference	Sector percentage difference	Contribution to overall percentage change for institution	Contribution to overall percentage change for sector
Teaching grant							
Funding for old-regime students (mainstream)	49,092,593	36,668,136	-12,424,457	-25.31%	-33.99%	-7.04%	-20.32%
Funding for old-regime students (co-funded)	67,052	33,794	-33,258	-49.60%	-55.50%	-0.02%	-0.30%
High cost funding for new-regime students	N/A	2,671,538	N/A	N/A	N/A	1.51%	2.40%
Widening participation	329,832	298,718	-31,114	-9.43%	-0.81%	-0.02%	-0.02%
Teaching enhancement and student success	403,976	222,470	-181,506	-44.93%	-7.94%	-0.10%	-0.35%
Other targeted allocations	4,714,285	4,592,703	-121,582	-2.58%	14.02%	-0.07%	0.49%
Other recurrent teaching grants	1,413,772	1,312,793	-100,979	-7.14%	-24.72%	-0.06%	-0.19%
Total teaching grant	56,021,510	45,800,152	-10,221,358	-18.25%	-25.63%	-5.79%	-18.28%
Research grant							
Mainstream QR	78,298,683	77,512,644	-786,039	-1.00%	-3.22%	-0.45%	-0.58%
QR charity support fund	19,435,274	20,834,819	1,399,545	7.20%	0.00%	0.79%	0.00%
QR business research element	4,722,400	4,550,254	-172,146	-3.65%	1.37%	-0.10%	0.01%
RDP supervision funds	12,958,752	15,512,450	2,553,698	19.71%	17.06%	1.45%	0.58%
QR funding for National Research Libraries	2,129,914	2,129,914	0	0.00%	0.00%	0.00%	0.00%
Total research grant	117,545,023	120,540,081	2995,058	2.55%	0.06%	1.70%	0.01%
Higher Education Innovation Funding	2,850,000	2,850,000	0	0.00%	0.00%	0.00%	0.00%
Moderation of teaching and research	0	N/A	0	N/A	N/A	0.00%	N/A
TOTAL RECURRENT GRANT	176,416,533	169,190,233	-7,226,300	-4.10%	-18.75%	-4.10%	-18.75%

**Annex B: HEFCE 2012–13 Recurrent Funding for Cambridge:
2012–13 compared with 2011–12
March 2012 grant letter**

HEFCE T	2011–12 as at March 2012 (£) <i>Note 1</i>	2012–13 as at March 2012 (£) <i>Note 2</i>	Change
TEACHING FUNDING			
Teaching Funding – Core Funds			
Baseline ‘T’ Grant (mainstream teaching grant in previous year)	53,558,547		
Funding for old regime students		36,668,136	<i>Note 3</i>
High cost funding for new regime students		2,671,538	<i>Note 4</i>
June 2010 pro-rata saving	(583,081)		
February 2011 consolidated reduction	(1,483,369)		<i>Note 4</i>
ERASMUS/SOCRATES fee compensation	(204,390)		<i>Note 5</i>
Adjusted Mainstream Teaching Grant	51,287,707	39,339,674	
ERASMUS/SOCRATES fee compensation	245,280	227,700	<i>Note 5</i>
Uplift to (reduction in) mainstream grant	(2,195,114)		
Interim postgraduate taught allocation		237,446	<i>Note 6</i>
MAINSTREAM TEACHING GRANT	49,337,873	39,804,820	–19%
Targeted allocations			
<i>Widening participation</i>			
Widening participation from disadvantaged backgrounds – full time UG	264,687	239,970	
Widening participation from disadvantaged backgrounds – part time UG	5,968	3,094	
Widening access for students with disabilities	59,177	55,654	
Total widening participation	3269,832	298,718	–9%
<i>Teaching enhancement and student success</i>			
Improving retention: full time UG	60,649	51,344	
Improving retention: part time	9,265	5,765	
Research informed teaching	0	0	
Institutional learning and teaching strategies	334,062	165,361	
Total teaching enhancement and student success	403,976	222,470	–45%
<i>Other targeted allocations</i>			
Targeted Allocation for part-time undergraduates	12,056	6,310	
Targeted Allocation for Foundation degrees	0	0	
Targeted Allocation for accelerated/intensive provision	52,670	68,902	
Institution-specific Targeted Allocation	2,757,630	2,730,054	<i>Note 7</i>
Maintaining capacity in SIVS following ELQ policy	622,003	307,891	
Additional funding for very high cost and vulnerable science subjects	1,024,646	1,014,400	
Sub-total	4,469,005	4,127,557	–8%
Total targeted allocations	5,202,813	4,648,745	–11%
<i>Other recurrent teaching grants</i>			
Clinical consultants’ pay	558,673	553,086	
Senior academic GPs’ pay	15,186	15,034	
NHS pension schemes compensation	75,224	74,472	
Transitional Funding for ELQs	764,689	670,201	<i>Note 8</i>
Other recurrent teaching grants	1,413,772	1,312,793	7%
Non-mainstream student numbers	71,526	33,794	<i>Note 9</i>
2011–12 holdback February 2012	(4,474)		
Sub-total Targeted Allocations and other adjustments	6,683,637	5,995,332	–10%
TOTAL TEACHING FUNDING	56,021,510	45,800,152	–18%

Notes:

1. This column is 2011–12 grants first announced in March 2011, and subsequently revised.
2. This column is provisional.
3. Old regime students are funded at rates derived from the 2011–12 grant calculations.
4. New regime students are funded in Price Group A and B only: HEFCE are consulting on the method in 2013 onwards.
5. ERASMUS fee compensation is awarded for outgoing students who under the terms of the ERASMUS scheme cannot be charged a fee. (Before 12–13 the previous year's addition was deducted from the baseline to ensure that the percentage funding adjustment was not applied to a total which included it.)
6. Additional funding at the rate of £1,100 per FTE in Price Groups A–C.
7. The former small and specialist institutions premium, HEFCE have announced a review of this targeted allocator.
8. Transitional funding will cease in 2013–14.
9. For certain B.Th. and B.A. Theology Students, in partnership with the Cambridge Theological Federation, 2011–12 grant was reduced because of under-recruitment against target. 2012–13 is last year of funding.

HEFCE R	2011–12 as at March 2012 £	2012–13 as at March 2012 £	Difference
RESEARCH FUNDING			
Mainstream QR	78,298,683	77,512,644	
Mainstream QR	78,298,683	77,512,644	–1%
Charity support funding	19,435,274	20,834,819	
Business research funding	4,722,400	4,550,254	
Sub-total	24,157,674	25,385,073	5%
Research Degree Programme (RDP) Supervision Funds	12,958,752	15,512,450	
Mainstream funding	115,415,109	118,410,167	3%
QR funding for National Research Libraries	2,129,914	2,129,914	
TOTAL RESEARCH FUNDING	117,545,023	120,540,081	3%
TOTAL FUNDING FOR TEACHING AND RESEARCH	173,566,533	166,340,233	–4%
SPECIAL FUNDING			
Museums and galleries	1,956,000	1,956,000	
TOTAL SPECIAL FUNDING	1,956,000	1,956,000	
TOTAL HEFCE FUNDING TO THE UNIVERSITY	175,522,533	168,296,233	–4%
HEIF	2,850,000	2,850,000	
Institute of Zoology	2,218,963	0	<i>Note 10</i>

Notes:

10. From 1 January 2001 the funding for the Institute of Zoology was channelled through the University; the arrangement ceased on 31 July 2011.

List of abbreviations

ADC	Amateur Dramatic Club	OFFA	Office for Fair Access
ASNs	Additional Student Numbers	OJEU	Official Journal of the European Union
BIS	Department of Business, Innovations and Skills	ORSAS	Overseas Research Students Awards Scheme
CARET	Centre for Applied Research in Educational Technologies	PE	Physical Education
CIF	Capital Infrastructure Funds	PRC	Planning and Resources Committee
CPS	Cambridge University Assistants Contributory Pension Scheme	PGR	Postgraduate research students
CPSL	Cambridge Programme for Sustainability Leadership	QR	Quality-related research
CRASSH	Centre for Research in the Arts, Social Sciences, and Humanities	RAE	Research Assessment Exercise
CUEF	Cambridge University Endowment Fund	RAM	Resource Allocation Model
CUP	Cambridge University Press	RCUK	Research Councils UK
DRC	Disability Resource Centre	RDM	RAM Distribution Model
ELQ	Equivalent or Lower Qualification	RDP	Research Degree Programme
EU	European Union	RG&C	Research Grants and Contracts
FTE	Full-time equivalent	RMC	Resource Management Committee
HE	Higher Education	RPC	Research Policy Committee
HE-BCI	Higher Education Business and Community Interaction	SAH	School of Arts and Humanities
HEFCE	Higher Education Funding Council for England	SHSS	School of the Humanities and Social Sciences
HEIF	Higher Education Innovation Fund	SBS	School of the Biological Sciences
HESA	Higher Education Statistics Agency	SCM	School of Clinical Medicine
HESES	Higher Education Students Early Statistics	SIVS	Strategically Important and Vulnerable Subjects
ICE	Institute of Continuing Education	SPS	School of the Physical Sciences
INSET	In-service Education and Training	ST	School of Technology
MISD	Management Information Services Division	T:R	Teaching/Research ratio
MIT	Massachusetts Institute of Technology	TDA	Training and Development Agency
NUS	National University of Singapore	TRAC (T)	Transparent Approach to Costing Teaching
		UAS	Unified Administrative Service
		UCS	University Computing Service
		UOA	Unit of Assessment
		USS	Universities Superannuation Scheme
		VCO	Vice-Chancellor's Office
		VSS	Voluntary Severance Scheme

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