

TABLE 1: CHEST 2009–10 LATEST FORECAST

	Original Budget 2009–10	Latest Forecast 2009–10	Changes to Chest 2009–10
	£m	£m	£m
Income			
Grants from the Funding Council	185.4	184.5	(0.9)
Training and Development Agency	3.2	3.0	(0.2)
Academic fees	82.9	84.3	1.4
Research grants and contracts	37.8	35.8	(2.0)
Endowment income and interest receivable	11.3	15.0	3.7
Other operating income	7.6	7.1	(0.5)
Cambridge Assessment	7.3	11.7	4.4
Other services rendered	1.2	1.5	0.3
TOTAL INCOME	336.7	342.8	6.1
Expenditure			
Academic departments	158.8	158.8	0.0
Academic institutions and services	28.0	28.0	0.0
Staff and student services	1.9	1.9	0.0
Unified Administrative Service (UAS)	31.1	31.1	0.0
College fee	41.5	41.5	0.0
Estates related expenditure	40.0	40.0	0.0
Other administered funds	42.8	42.8	0.0
TOTAL EXPENDITURE	344.1	344.1	0.0
Surplus/(Deficit)	(7.4)	(1.3)	6.1

TABLE 2: CONSOLIDATED OPERATING BUDGET FOR 2010–11

	Chest	Research Grants and Contracts	Trust Funds	Other Non-Chest	Total budget
	£m	£m	£m	£m	£m
Income					
Grants from the Funding Council	182.7			13.1	195.8
Training and Development Agency	2.8				2.8
Academic fees	90.1			16.3	106.4
Research grants and contracts	40.0	258.2			298.2
Endowment income and interest receivable	15.5		24.9	2.2	42.6
Other operating income	7.6	4.7		62.4	74.7
Cambridge Assessment	11.3				11.3
Other services rendered	1.5			39.8	41.3
TOTAL INCOME	351.5	262.9	24.9	133.8	773.1
Expenditure					
School of Arts and Humanities	19.9	5.3	3.8	3.9	32.9
School of the Humanities and Social Sciences	33.9	13.1	2.7	7.9	57.6
School of the Physical Sciences	36.9	59.8	4.3	9.6	110.6
School of Technology	25.8	34.7	3.5	36.5	100.5
School of the Biological Sciences	30.9	66.3	2.9	10.9	111.0
School of Clinical Medicine	15.1	76.7	2.2	32.0	126.0
Total Schools	162.5	255.9	19.4	100.8	538.6
Academic institutions and services	26.1	1.7	2.2	20.1	50.1
Staff and student services	2.0		0.1	2.3	4.4
UAS	31.7	2.5	0.4	11.8	46.4
Strategic provisions	7.0				7.0
College fee	42.0				42.0
Estates related expenditure	38.4				38.4
Other administered funds	43.6				43.6
TOTAL ALLOCATION/EXPENDITURE	353.3	260.1	22.1	135.0	770.5
Surplus/(Deficit)	(1.8)	2.8	2.8	(1.2)	2.6

TABLE 3: OPERATING BUDGET SUMMARY

Income	BUDGET 2010-11			PROJECTION 2011-12			PROJECTION 2012-13			PROJECTION 2013-14		
	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	182.7	13.1	195.8	176.7	12.0	188.7	176.8	12.5	189.3	176.8	11.9	188.7
Training and Development Agency	2.8	0.0	2.8	2.4	0.0	2.4	2.4	0.0	2.4	2.5	0.0	2.5
Academic fees	90.1	16.3	106.4	98.3	19.9	118.2	102.4	20.7	123.1	104.9	21.0	125.9
Research grants and contracts	40.0	258.2	298.2	44.1	264.7	308.8	48.0	271.9	319.9	51.2	278.0	329.2
Endowment income and interest receivable	15.5	27.1	42.6	15.6	27.2	42.8	15.7	27.4	43.1	15.9	27.9	43.8
Other operating income	7.6	67.1	74.7	8.4	65.4	73.8	8.4	64.9	73.3	8.5	65.8	74.3
Cambridge Assessment	11.3	0.0	11.3	24.6	0.0	24.6	12.6	0.0	12.6	14.6	0.0	14.6
Other services rendered	1.5	39.8	41.3	1.5	40.7	42.2	1.5	42.0	43.5	1.6	43.1	44.7
TOTAL INCOME	351.5	421.6	773.1	371.6	429.9	801.5	367.8	439.4	807.2	376.0	447.7	823.7
Expenditure												
Schools	162.5	376.1	538.6	166.1	385.3	551.4	171.9	394.5	566.4	177.0	403.5	580.5
Academic institutions and services	26.1	24.0	50.1	27.0	24.3	51.3	27.9	24.7	52.6	28.6	23.2	51.8
Staff and student services	2.0	2.4	4.4	2.0	2.5	4.5	2.1	2.6	4.7	2.1	2.6	4.7
UAS	31.7	14.7	46.4	32.0	11.7	43.7	33.0	11.7	44.7	34.0	11.4	45.4
Strategic provisions	7.0	0.0	7.0	18.5	0.0	18.5	4.0	0.0	4.0	7.0	0.0	7.0
Other administered funds	124.0	0.0	124.0	133.6	0.0	133.6	136.5	0.0	136.5	139.6	0.0	139.6
TOTAL EXPENDITURE	353.3	417.2	770.5	379.2	423.8	803.0	375.4	433.5	808.9	388.3	440.7	829.0
Surplus/(Deficit)	(1.8)	4.4	2.6	(7.6)	6.1	(1.5)	(7.6)	5.9	(1.7)	(12.3)	7.0	(5.3)
Balance on QEF (Quinquennial Equilization Fund) B/F	(24.9)			(26.7)			(34.3)			(41.9)		
Chest Surplus/(Deficit) in year	(1.8)			(7.6)			(7.6)			(12.3)		
Balance on QEF C/F	(26.7)			(34.3)			(41.9)			(54.2)		

TABLE 4: PROJECTED INCOME AND EXPENDITURE ACCOUNT 2010–11

	Budget Table 2	Adjustments		Income and Expenditure account	2009–10 Latest forecast	2008–09 Actual
	£m	£m	Note	£m	£m	£m
Income						
Funding Council grants	198.6	5.3	2, 3	203.9	205.6	205.2
Academic fees	106.4	7.0	4	113.4	99.2	91.8
Research grants and contracts	298.2	(14.1)	3	284.1	272.7	260.2
Other income:						
Other services rendered	41.3	} (1.8)	2, 3, 4, 5	125.5	125.8	132.4
Cambridge Assessment	11.3					
Other operating income	74.7					
Endowment and investment income	42.6	(0.7)	2, 4	41.9	42.6	47.7
	<u>773.1</u>	<u>(4.3)</u>		<u>768.8</u>	<u>745.9</u>	<u>737.3</u>
Expenditure (see note 1)						
<i>Staff costs</i>						
Research	125.5	–		125.5	120.7	116.0
Other	284.8	3.1	5	287.9	283.6	271.0
<i>Other operating expenses</i>						
Research	112.8	(14.4)	3, 4	98.4	98.2	91.7
College fee transfer	42.0	–		42.0	39.5	37.7
Other	170.0	(0.7)	2, 4, 5	169.3	158.7	161.9
<i>Depreciation</i>						
Research	9.7	0.3	3	10.0	8.0	7.7
Other	25.7	21.3	3	47.0	45.6	42.0
	<u>770.5</u>	<u>9.6</u>		<u>780.1</u>	<u>754.3</u>	<u>728.0</u>
Surplus/(deficit) before transfers	2.6	(13.9)		(11.3)	(8.4)	9.3
Gifts of heritage assets						0.7
Transfer from/(to) restricted endowments		10.5	4	10.5	8.9	9.1
Surplus/(deficit) retained in reserves	<u>2.6</u>	<u>(3.4)</u>		<u>(0.8)</u>	<u>0.5</u>	<u>19.1</u>

Notes**1. Expenditure**

The expenditure estimates in Table 2 have been analysed into income and expenditure account categories on the basis of relevant working papers.

2. Eliminations

Income, as stated in Table 2, includes items totalling £15.7m which are excluded from the income and expenditure account, either because the funds are received by the University as agent or because the income is internal to the University (such as internal loan transactions). The same amount is adjusted in expenditure. In addition the estimated VAT repayment of £2.6m, included in income on Table 2, is set against expenditure in the income and expenditure account.

3. Capital adjustments

Table 2 is prepared on the basis of funds to be received, allocations, and cash spent. Adjustments are required to exclude from expenditure amounts which will be spent on equipment and other items which will be capitalized as fixed assets in the financial statements (total £37.4m), and to include estimates of depreciation totalling £57.0m. Corresponding income adjustments are required in respect of the external funding for these items totalling £19.7m and releases of deferred capital grants to match depreciation (total £35.9m).

4. Reclassifications

Income items totalling £7.0m are classified differently within the operating surplus/(deficit) as between Table 2 and the financial statements. In addition, the £10.5m of forecast specific donations included within income in Table 2 is included as a transfer from endowments within the income and expenditure account in accordance with the University's accounting policies.

5. Impact of consolidation

Table 2 represents the University's projected activities. Income includes estimated surpluses of subsidiary companies to be paid over to the University as gift aid donations. An adjustment is required to estimate the impact of consolidating the complete income and expenditure of subsidiaries. An estimate of £8.3m has been added to income and expenditure based on the 2008–09 actual consolidation.

APPENDIX 1: STAFF FTE BY ORGANIZATION AND STAFF GROUPING

The following table gives staff statistics in the customary form, showing comparisons with preceding years. Comparisons at institution level need care because of the significant numbers of organizational changes described in the footnote to the table. The slight drop in Academic staff numbers appears to be related to the continuing increase in the number of research staff (which includes positions such as Royal Society Research Fellows and EPSRC Advanced Research Fellows and Directors of Research).

	Academic									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	1,511	1,535	1,524	1,479	1,484	1,553	1,594	1,557	1,533	
UAS										
Academic Services	2	4	4	3	2	3	3	2	3	
Museums & Galleries						2	2			
Staff & Student Services	1	1	1	1	1	1				
Development Office & Investment Office										
Total	1,514	1,540	1,529	1,483	1,487	1,559	1,599	1,559	1,535	
	Research									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	2,048	2,221	2,223	2,170	2,257	2,484	2,532	2,576	2,679	
UAS		2		1	1	1	1	7	6	
Academic Services	19	20	24	23	31	30	32	34	34	
Museums & Galleries	11	12	13	13	14	16	9	13	13	
Staff & Student Services										
Development Office & Investment Office										
Total	2,078	2,255	2,260	2,207	2,303	2,531	2,574	2,630	2,733	
	Academic-related (administrative)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	147	143	166	175	172	206	208	249	265	
UAS	202	230	250	274	296	297	293	323	323	
Academic Services	40	40	38	25	16	10	9	13	18	
Museums & Galleries	8	9	13	13	13	17	17	20	20	
Staff & Student Services	22	21	20	19	20	23	27	18	23	
Development Office & Investment Office	24	26	24	32	35	31	33	37	41	
Total	443	469	511	538	552	584	587	660	690	
	Academic-related (computing)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	148	189	210	213	219	222	224	222	226	
UAS	19	26	36	44	47	48	49	55	59	
Academic Services	79	92	87	93	98	98	97	95	93	
Museums & Galleries	1	2	1	2	2	2	2	3	3	
Staff & Student Services	3	3	3	3	3	4	4	3	4	
Development Office & Investment Office						2	2	2	1	
Total	250	312	337	355	369	376	378	380	386	
	Academic-related (other groups)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	92	108	112	115	111	95	98	104	101	
UAS	7	14	13	13	13	14	13	15	14	
Academic Services	63	66	65	67	67	71	72	75	69	
Museums & Galleries	14	16	15	17	18	19	19	18	16	
Staff & Student Services	7	11	13	16	14	20	18	18	15	
Development Office & Investment Office										
Total	183	215	218	228	223	219	220	230	215	

(cont.)

	Assistant									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	1,869	1,894	1,915	1,833	1,773	1,806	1,832	1,875	1,908	
UAS	331	380	392	401	398	430	445	554	526	
Academic Services	270	268	279	274	271	262	263	272	268	
Museums & Galleries	70	69	62	76	78	83	82	85	89	
Staff & Student Services	44	45	46	49	51	125	121	37	48	
Development Office & Investment Office	12	12	15	18	15	18	19	20	31	
Total	2,596	2,668	2,709	2,651	2,586	2,724	2,762	2,843	2,871	

	All staff									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Schools & Academic institutions	5,815	6,090	6,150	5,985	6,016	6,366	6,488	6,583	6,713	
UAS	559	652	691	733	755	790	801	954	928	
Academic Services	473	490	497	485	485	474	476	491	484	
Museums & Galleries	104	108	104	121	125	139	131	139	141	
Staff & Student Services	77	81	83	88	89	173	170	76	91	
Development Office & Investment Office	36	38	39	50	50	51	54	59	74	
Total	7,064	7,459	7,564	7,462	7,520	7,993	8,120	8,302	8,431	

Notes

All data as at 31 Jan.

Organization Group

Schools & Academic institutions	All Schools; ICE; CPSL; CRASSH; UAS staff in Schools
Academic Services	Libraries; UCS; CARET; Language Centre; Centre for Entrepreneurial Learning; Cambridge-MIT; Telecommunications Office from 2009
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	Development Office only
Staff & Student Services	Careers; Accommodation; PE; Telecommunications (until 2009); ADC; Graduate Union; Combination Room; Dental Service; DRC (until 2007); University Centre (until 2009); Counselling

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

Investment Office is now grouped with Development Office. **2007 and 2008 figures have been changed retrospectively** – staff were formerly included in UAS.

Organizational changes

UAS now includes University Centre and University Farm, both of which are now part of the EMBS. This has resulted in 83 assistant staff formerly recorded under 'staff and student services' now being recorded under UAS for 2009. These changes have also added an extra 6 academic-related (administrative) staff to the UAS total for 2009 – 4 from the University Centre and 2 from the Farm. Research Associates listed as working for the University Farm are now included in the UAS research total. The Telecommunications Office is now part of the UCS, so its staff are now recorded under 'academic services' instead of 'staff and student services'.

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

	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
Undergraduates								
Home and EC								
Arts, Science, and Clinical	10,827	10,752	10,729	10,471	10,420	10,315	10,415	10,538
Half-fee students	126	137	165	165	159	137	136	110
	10,953	10,889	10,894	10,743	10,579	10,452	10,551	10,648
Island Students								
Arts	23	22	21	25	28	24	19	14
Science	13	15	13	17	20	26	24	20
Clinical	1	2	4	3	1	1	1	1
Half-fee students							1	0
	37	39	38	45	49	51	45	35
Overseas								
Arts	480	477	489	504	529	554	577	548
Half-fee students	1	1	2	–	2	1	1	8
Science	451	466	455	479	536	587	632	649
Clinical	40	40	44	45	47	38	49	50
	972	984	990	1,028	1,114	1,180	1,259	1,255
Total Undergraduates	11,962	11,830	11,922	11,816	11,742	11,683	11,855	11,938
Full-time Postgraduates								
Home and EC								
Postgraduate (exc. P.G.C.E. and M.B.A.)	2,659	2,638	2,790	3,223	3,302	3,038	2,883	2,971
P.G.C.E.	624	708	672	621	503	477	438	431
M.B.A.	33	33	35	25	26	42	54	47
	3,316	3,379	3,497	3,869	3,831	3,557	3,375	3,449
Islands								
Postgraduate (exc. P.G.C.E. and M.B.A.)	1	–	–	–	–	–	–	–
P.G.C.E.	–	2	2	3	4	3	2	1
	1	2	2	3	4	3	2	2
Overseas								
Postgraduate (exc. P.G.C.E. and M.B.A.)	1,877	1,938	1,927	2,267	2,292	2,166	2,042	2,204
P.G.C.E.	–	–	4	4	4	7	4	4
M.B.A.	91	76	69	80	78	102	119	142
	1,968	2,014	2,000	2,351	2,374	2,275	2,165	2,350
Total Postgraduates	5,285	5,395	5,499	6,223	6,209	5,835	5,542	5,801
Total Student Numbers	17,247	17,307	17,421	18,039	17,951	17,518	17,397	17,739
Total Home Student Numbers	14,269	14,268	14,391	14,612	14,410	14,009	13,926	14,097
Total Islands Student Numbers	38	41	40	48	53	54	47	37
Total Overseas Student Numbers	2,940	2,998	2,990	3,379	3,488	3,455	3,424	3,605
	17,247	17,307	17,421	18,039	17,951	17,518	17,397	17,739

Notes**Data as at 1 December**

1. This simple overview tabulation cannot be directly compared with any of the detailed tables in the annual Student Statistics special edition of the *Reporter*, as there are differences of treatment for certain categories of student, particularly ERASMUS and other exchange students at undergraduate level.
2. Students with a part-time mode of study are excluded from this appendix. These include part-time postgraduates (e.g. M.Ed. and M.St. students) and non-matriculated students (e.g. Faculty of Education INSET, ICE, and CPSL students).
3. 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 2005/6 and 2006/7 postgraduate students were recorded as full-time for the first 10 terms and as writing up from the 11th term onwards. Up to 2004/5 and from 2007/8 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 was higher in 2005/6 and 2006/7.
4. Incoming and outgoing reciprocal (ERASMUS) students and incoming MIT students are excluded as they do not pay fees.

APPENDIX 3: RESEARCH GRANTS AND CONTRACTS

Table 1 below shows how expenditure on research pay and non-pay has grown since 2002–03. It also shows how, with the introduction of FEC, contributions to indirect costs have increased markedly.

	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
								(estimate)
Total research income	163.3	174.4	183.1	194.4	211.2	241.3	272.7	288.8
Staff costs	75.5	80.9	84.0	88.3	95.5	103.4	113.7	125.9
Other direct expenditure	67.8	72.3	78.4	84.3	87.6	101.1	114.1	116.5
Direct research expenditure	143.3	153.2	162.4	172.6	183.1	204.5	227.9	242.5
Non-Chest indirects	9.0	9.5	9.0	9.7	10.4	11.2	13.0	10.5
Chest indirects	11.0	11.7	11.7	12.1	17.7	25.6	31.8	35.8
Contribution to indirect costs	20.0	21.2	20.7	21.8	28.1	36.8	44.8	46.3
<i>Contribution as % of staff costs</i>	<i>26.5%</i>	<i>26.2%</i>	<i>24.6%</i>	<i>24.7%</i>	<i>29.4%</i>	<i>35.6%</i>	<i>39.4%</i>	<i>36.8%</i>
<i>Contribution as % of direct expenditure</i>	<i>14.0%</i>	<i>13.8%</i>	<i>12.7%</i>	<i>12.6%</i>	<i>15.3%</i>	<i>18.0%</i>	<i>19.7%</i>	<i>19.1%</i>

Departmental share of indirect cost recovery has increased over the period, but that has to be set against the phased removal of Dual Funding Support targets, which removed a burden (approximately 5% of research grant staff costs in 2005–06) from Departmental budgets.

Table 2 below shows the changing mix of sponsors over the same period, calculated on direct expenditure (as a proxy for activity/volume)

	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
								(estimate)
Research Councils	36%	36%	38%	40%	41%	42%	42%	41%
UK Charities	35%	34%	35%	35%	33%	33%	32%	32%
EC	6%	6%	6%	6%	6%	6%	7%	8%
UK Government	7%	8%	5%	4%	4%	5%	7%	7%
UK Industry	9%	10%	10%	9%	7%	6%	6%	5%
Other incl. overseas	8%	7%	7%	7%	8%	7%	8%	8%
	100%	100%	100%	100%	100%	100%	100%	100%

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 this year.

Expenditure (£m)	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
Schools and other academic institutions	325.3	346.7	364.6	383.4	407.0	442.6	485.2
Other institutions	69.6%	68.0%	69.7%	68.9%	68.0%	67.3%	66.7%
Other activities	106.4	126.6	122.1	131.8	146.5	161.6	187.1
	22.8%	24.8%	23.4%	23.7%	24.5%	24.6%	25.7%
	35.4	36.3	36.2	41.4	45.4	53.0	55.7
	7.6%	7.1%	6.9%	7.4%	7.6%	8.1%	7.6%
Total expenditure	467.1	509.6	522.9	556.6	598.9	657.2	728.0

Notes

Because the split of expenditure from certain funds is not certain 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 Industry (now Cambridge Programme for Sustainability Leadership), Institute of Continuing Education, and related activity handled by Cambridge Enterprise, plus UAS staff in Schools.

'Other activities' represents College fees, plus University Farm, Cambridge–MIT Institute, subsidiary companies, and balance sheet adjustments.

'Other institutions' includes energy costs, which explains the significant change in 2008–09.

APPENDIX 5: HEFCE FUNDING FOR 2010–11**Summary**

1. The announcement of provisional funding for 2010–11 is contained in the HEFCE letter of 12 March 2010 to the Vice-Chancellor and the HEFCE Report summarizing the allocations to all HE institutions.⁵ Final HEFCE allocations will be announced in July.

2. The provisional allocation of HEFCE funding for 2010–11 is little more than cash level compared with 2009–10, an effective 2% real terms cut. This is in line with revised expectations following the announced withdrawal of the Targeted Allocation for Historic Buildings and the change in the QR formula. The Sector average is a cash increase of 0.4%.

3. HEFCE have reserved the position for fourth-quarter funding, as they did for 2009–10, and in the expectation that a further efficiency gain may be required it will be proposed that not all the provisional HEFCE funding be allocated.

4. HEFCE capital and Training and Development Agency (TDA) grants are announced separately.

Higher Education Funding

5. The Secretary of State announces annually the funding made available to HEFCE. In 2008 he stated that public spending on institutions and support for students was set to grow by an average of 2.5% each year to 2010–11 and the first priority for the Funding Council was for the delivery of an increase in students. In 2009 a cap on admissions was introduced and funding provisionally announced for 2009–10 was subsequently reduced.

6. The Secretary of State's letter dated 22 December 2009⁶ summarizes the overall grant settlement by *financial year* 2010–11 as follows:

Financial Year: all figures are £m	2009–10	2010–11
a. Recurrent grant for teaching	5,076	5,027
b. Recurrent resources for research	1,509	1,618
Total (a+b)	6,585	6,645
c. Total Capital grants:	938	404
<i>olw Teaching and other capital</i>	572	237
<i>olw Science and Research</i>	366	167
e. Science and research funding	315	271
<i>olw HEIF</i>	99	113
<i>olw RCIF and SRIF transitional</i>	216	158
d. Non-cash budgets⁷	-29	-29
Total HEFCE (a+b+c+d+e)	7,809	7,291

7. Notes to the tables explain that the funding for 2010–11 reflects the reduced baseline of £180m derived from efficiency savings in the 2009 Budget; that there is a reduction of £83m to reflect the fact that 20,000 fewer Additional Student Numbers (ASN) than planned at the start of the CSR period were allocated. There is also a further reduction of £135m from the baseline to meet departmental pressures, in particular the additional costs of student support at a time of economic downturn, split between a £51m reduction in the teaching grant and a £84m reduction in the capital baseline. The total capital grants figure is £250m lower than the indicative allocation given in the 2008 Grant Letter because of the capital bring forward from 2010–11 announced in the 2008 Pre-Budget Report.

8. The higher education blueprint, *Higher Ambitions*,⁸ was published in November 2009 and 'sets out a course for how universities can remain world class, providing the nation with the high level skills needed to remain competitive, while continuing to attract the brightest students and researchers'. Priorities for HEFCE in the 22 December letter include:

- Widening access;
- The importance of increasing the variety of undergraduate provision including programmes that are taken flexibly and part-time; and foundation and fast-track degrees that can be completed full-time in two years;
- Growth in priority areas such as those highlighted by the CBI, the UK Commission for Employment and Skills and in *New Industry, New Jobs*;
- To continue to develop proposals for the Research Excellence Framework;
- To improve quality assurance;
- Enhance leadership in global on-line learning;
- Carbon management strategies.

HEFCE funding for the sector

9. HEFCE state that the total grant available for the 2010–11 academic year is £7,356m. Although this is a reduction in cash terms of £573m compared to the budget for 2009–10 of £7,929m, this is largely attributable to the bringing forward of £250m of capital funding from 2010–11 into 2008–09 and 2009–10. Adjusting for this capital shift, the underlying reduction in grant from 2009–10 to 2010–11 is 1.6 per cent in cash terms.

⁵ http://www.hefce.ac.uk/pubs/hefce/2010/10_08/

⁶ <http://www.hefce.ac.uk/news/HEFCE/2009/grant1011/default.htm>

⁷ The non-cash budgets are cost of capital and depreciation -£7m, release of provision of -£28m a year and provision take up of £6m.

⁸ <http://www.bis.gov.uk/Policies/higher-education/shape-and-structure/higher-ambitions>

10. The announcement of grant has two reservations:

- (1) Allocations are provisional. Institutions are asked to note that grant from the BIS is not confirmed for the 2011–12 *financial* year. In order to announce funding for the 2010–11 academic year, which has a four-month overlap with the 2011–12 financial year, HEFCE have assumed cash level funding for 2011–12. HEFCE reserve the right to review all allocations for the 2010–11 academic year if that assumption is no longer appropriate.
- (2) HEFCE have introduced a new Student Number Control which limits the 2010 intake of full-time undergraduate HEFCE fundable students. There is no margin and funding may be withdrawn if institutions exceed their control number.

11. HEFCE also emphasize that they 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. The current round of audits is concentrating on the student record and the reporting of fundable load, in particular the recording of non-completions (who are unfundable).

Outcome for Cambridge

12. HEFCE's summary shows that Cambridge receives an increase of 0.12% in recurrent funding for 2010–11, compared with a sector average of 0.4%.

13. The table below (p. 876) shows the HEFCE grant for Cambridge in detail compared to 2009–10. An efficiency gain was announced after the 2009–10 figures were first announced and they have therefore changed. The efficiency gain has been consolidated into the 2009–10 baseline and pro rata to each line of T funding before grant was rolled forward to 2010–11. For comparative purposes some other adjustments to presentation have been made. The adjusted 2009–10 grant is shown in the central column.

Funding in detail

HEFCE Funding for Teaching

14. After all the adjustments in the teaching stream described below, the total change is -5.69% when compared with the rebased teaching grant for 2009–10.

Mainstream Teaching Funding

15. The basic principle of the funding method for teaching (a comparison of Standard Resource with the sum of Assumed Resource and Assumed Fees) has been unchanged for some years and is described in the HEFCE publication *Funding higher education in England; how HEFCE allocates its funds* (circular 2008/33 at hefce.ac.uk⁹). There have, however, been significant changes in the last few years around the basic model: the removal of premiums and the creation of targeted allocations, and the effect of the 'ELQ' policy.

16. The calculation of Standard Resource groups academic activity into four price groups so that similar activities are notionally funded at similar rates. The base price per weighted full-time equivalent student is £3,951 – a small increase over 2008–09 (£3,947), but the underlying unit rate of notional T resource shows a further decline when account is taken of the increased fee assumption.

17. The inflation factor applied to the mainstream teaching funding actually awarded is 1.2%, but this is added to a baseline reduced by the 2009–10 efficiency gain.

18. The University's contract position is +4.7% (+5.0% in 2009–10), well within the contract range of -5.0% to +7.7%. The comparison that matters more is that produced after the HESA¹⁰ return when the HESES is recreated to show the true contract position based on actual (not projected) fundable student numbers. The position in the recreation derived from the 2009 HESA return was 3.1%.

Targeted Allocations

19. The last weightings were eliminated from the Standard Resource calculation in 2008–09 and converted to Targeted Allocations (except the premium for London Weighting which does not apply to Cambridge). The Historic Buildings and Institution Specific allocations were originally premiums introduced (with other measures) to convey to the University the funding to support the College fee, formerly paid direct to the Colleges.

20. HEFCE regularly review each aspect of their funding method. A review of Targeted Allocations in 2009 concluded that the targeted allocation for Historic Buildings should be discontinued in 2010–11. The University made representations to HEFCE but the decision has been implemented and has not been staged. The loss of funding at 2009–10 values is £4,270,947.

21. The (variable) Targeted Allocation for Accelerated/Intensive provision is for long courses of over 45 weeks and has been removed for PGT provision in Price Group D. In Cambridge, long course provision is exclusively at master's level; the length of clinical courses is already recognized in the Price Group weighting.

22. Funding for very high cost and vulnerable science subjects (SIVS) continues for 2010–11, 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 in universities and colleges while demand from students grows. An additional allowance is provided to support SIVS following the introduction of the ELQ policy.

⁹ http://www.hefce.ac.uk/Pubs/hefce/2008/08_33/

¹⁰ The HESES (early statistics) survey is produced in December projecting fundable numbers for the subsequent year and is used by HEFCE in the teaching funding calculations for that subsequent year. The HESA return produced at the end of that year showing actual numbers is used by HEFCE to 'recreate' the HESES return for a comparison of projected and actual funded numbers. Differences must be accounted for; there may be consequences for funding and audit if discrepancies are significant, and it is the recalculation of the contract position from the recreation on which holdback and other actions are based.

23. Former special funding for minority subjects was included in 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 has been extended to SIVS generally.

24. The basic increase in rates of funding for Targeted Allocations and other individual elements of T funding is 1.25%, after the application of the 2009–10 efficiency gain of -1.36%. Fixed Targeted Allocations and some other lines therefore show a reduction compared to 2009–10.

Widening Participation

25. There do not appear to have been any significant changes to the various Targeted Allocations for widening participation and student success. Improving retention funding is now included within funding for Teaching Enhancement and Student Success.

Other issues related to funding for teaching

26. The University has successfully bid for co-funded Additional Student Numbers (ASNs) to support a continued intake of 45 ELQ students to the B.Th. and to the B.A. in Theology in and after 2009–10. These ASNs are in addition to the Student Number Control; the normal holdback arrangements for under-recruitment do not apply.

27. Transitional funding for ELQs is reducing in line with expectations.

HEFCE Funding for Research

28. HEFCE have increased the funding for research. The University's share has increased by 3.67%, or £4.1m – not quite balancing the loss of the Historic Buildings Targeted Allocation in the T formula.

Mainstream Funding

29. QR continues to be calculated using a measure of volume of research activity in each Unit of Assessment (UOA) weighted by quality, but from 2009–10 has incorporated the outcome of the 2008 RAE in which quality was reported as a profile instead of by a single rating.

30. HEFCE's funding method for mainstream QR allocates pots to each UOA in proportion to volume above 2* (1* and unclassified volume is unfunded). Those pots are then divided by weighted volume. Volume is the FTE category A staff submitted in the RAE (including College employed staff) attributed by the percentages in the quality profile. In 2009–10 the volume attributed to 2*, 3*, and 4* was weighted 1, 3, 7 respectively but for 2010–11 is weighted 1, 3, 9. The effect is to increase selectivity and the University has benefited from the formula change and from the provision of the additional funding. QR has increased by 5.9% on 2009–10. The transitional funding in 2009–10 has not been continued.

31. The Board also agreed to enhance the mainstream QR grant allocated for research in geography and psychology. These subjects did not benefit from the protection for research grant in STEM disciplines introduced in the allocations for 2009–10. Recognizing that around half the research activity in these disciplines could reasonably be regarded as more akin to work in STEM disciplines than to that in the other social sciences HEFCE have enhanced the grant in these disciplines in 2010–11 to the extent of 50 per cent of the additional funding that they would have received had there been no protection for STEM disciplines. The effect of this has not yet been analysed.

Charity Support Funding

32. Charity Support Funding is calculated in proportion to the average of eligible home and overseas charity income reported in 2007–08 and 2008–09. The derived rate at which 2010–11 funding is allocated is 27.6% of the average, a slight reduction from the 28.2% in 2009–10. 6% is passed direct to Departments.

Business Research Funding

33. The Business Research element of funding is calculated on the average of funding reported for 2006–07 and 2007–08 reported in the HESA Finance Return. The derived rate of funding is 29%, 0.5% lower than for 2008–09.

Other Research Funding

34. Research Degree Programme (RDP) supervision funding is calculated on cost weighted Home/EU RDP/PGR student load in years 1–3 full time (1–6 part time). The unit of funding per cost-weighted FTE is £3,711 – a reduction from the 2009–10 figure of £3,878, and 13.6% lower than the 2008–09 rate of £4,294.

35. Research Support Library Programme (RSLP) funding for research libraries was rolled up in QR in 2005–06; additional transitional funding was allocated to the most heavily used libraries of national importance to ensure that the distribution of RSLP was neutral. Following a HEFCE review during 2007 of RSLP and of the funding for Copyright Libraries (provided as Special Funding up to and including 2007–08), the transitional funding and the Special Funding were added together. The transitional QR funding for National Research Libraries was temporary for 2008–09 and 2009–10. There was a further review during 2009. Funding has been provided for 2010–11 at the same level as in 2009–10.

Supplementary Funding

36. 2010–11 is the third and last year of HEIF 4 (Higher Education Innovation Funding). HEIF is calculated on metrics returned in the annual Higher Education – Business and Community Interaction (HE-BCI) survey. Funding is capped and the University receives the maximum. There is no information yet about any HEIF 5 for 2011–12 and beyond, but the HE-BCI survey of 2010–11 data is an element of the 2010 HESA returns.

Special Funding

37. The Institute of Zoology is funded through the University as a special arrangement with HEFCE. HEFCE are reviewing this funding and no announcement for 2010–11 has yet been made.

38. HEFCE announced in 2008 that ORSAS funding would be phased out by one-third annually. 2010–11 is the last year of funding.

39. Museums were funded through the AHRC for the three years to 2008–09. In line with its policy of reducing the number of small and discrete lines of funding to HEIs, the HEFCE Board agreed to return the funding to HEFCE's core grant after that period. HEFCE continued the funding for 2009–10 pending a review, which they have now conducted. The review has been concluded and funding for 2010–11 will be announced after the HEFCE May Board meeting.

HEFCE 2010–11 Recurrent Funding for Cambridge: 2010–11 (provisional) compared to 2009–10 (final)

Based on 12 March 2010 grant letter

	2009–10	2009–10 (adjusted)	2010–11	change	change
	£	£	£	£	%
TEACHING FUNDING					
Teaching Funding – Core Funds					
Baseline 'T' Grant (mainstream teaching grant in previous year)	52,419,843		53,560,268		
2009–10 efficiency saving			(728,863)		<i>Note 1</i>
2008–9 and 09–10 ERASMUS/SOCRATES fee compensation	(47,100)		(138,164)		<i>Note 2</i>
Adjusted Mainstream Teaching Grant	52,372,743		52,693,241		
Uplift to mainstream grant	1,047,455		658,666		
2009–10 and 10–11 ERASMUS/SOCRATES fee compensation	140,070		206,640		<i>Note 2</i>
MAINSTREAM TEACHING GRANT	53,560,268	53,560,268	53,558,547		
Efficiency gain		(728,863)			<i>Note 1</i>
2009–10 ERASMUS/SOCRATES fee compensation		(138,164)			
2010–11 ERASMUS/SOCRATES fee compensation		206,640			
Adjusted total		52,899,88	53,558,547	658,666	1.25%
Targeted allocations					
Widening participation					
Widening participation from disadvantaged backgrounds – full-time UG	291,321	287,357	317,765		
Widening participation from disadvantaged backgrounds – part-time UG	26,892	26,526	37,138		
Widening access for students with disabilities	60,952	60,123	58,913		
Total widening participation	379,165	374,005	413,816	39,811	10.64%
Teaching enhancement and student success					
Improving retention: full-time UG	116,176	114,595	57,117		<i>Note 3</i>
Improving retention: part-time	38,743	38,216	41,293		
Research informed teaching	0	0	0		
Institutional learning and teaching strategies	379,068	373,910	370,523		
Total teaching enhancement and student success	533,987	526,720	468,933	(57,787)	-10.97%

	2009–10	2009–10 (adjusted)	2010–11	change	change
	£	£	£	£	%
Other targeted allocations					
Targeted Allocation for part-time undergraduates	54,341	53,602	60,018		<i>Note 4</i>
Targeted Allocation for foundation degrees	0	0	0		
Targeted Allocation for accelerated/intensive provision	96,172	94,863	35,763		<i>Note 5</i>
Targeted Allocation for old and historic buildings	4,270,947	4,212,827	0		<i>Note 6</i>
Institution-specific Targeted Allocation	3,000,720	2,959,885	2,996,884		<i>Note 7</i>
Maintaining capacity in SIVS following ELQ policy	676,834	667,623	675,969		<i>Note 8</i>
Additional funding for very high cost and vulnerable science subjects	1,114,970	1,099,797	1,113,545		<i>Note 9</i>
Sub-total	9,213,984	9,088,598	4,882,179	(4,206,419)	-46.28%
Total targeted allocations	10,127,136	9,989,323	5,764,928	(4,224,395)	-42.29%
Other recurrent teaching grants					
Clinical consultants' pay	607,921	599,648	607,144		
Senior academic GPs' pay	16,525	16,300	16,504		
NHS pension schemes compensation	81,856	80,742	81,751		
Transitional Funding for ELQs	1,151,210	1,135,544	947,987		
Other recurrent teaching grants	1,857,512	1,832,234	1,653,386	(178,848)	-9.76%
Non-mainstream student numbers	59,895	59,080	119,241		<i>Note 10</i>
Sub-total adjustments	12,044,543	11,880,638	7,537,555		
TOTAL TEACHING FUNDING	65,604,811				
Efficiency gain	(892,768)				<i>Note 11</i>
TOTAL NET TEACHING FUNDING	64,712,043	64,780,520	61,096,102	(3,684,418)	-5.69% <i>Note 12</i>
RESEARCH FUNDING					
Mainstream QR	74,296,675	74,296,675	78,697,712	4,401,037	5.9%
Mainstream QR	74,296,675	74,296,675	78,697,712	4,401,037	5.92%
Charity support funding	18,786,359	18,786,359	19,172,303	385,944	2.1%
Business research funding	5,261,528	5,261,528	4,922,103	(339,425)	-6.5%
Sub-total	24,047,887	24,047,887	24,094,406	46,519	0.19%
Research Degree Programme (RDP) Supervision Funds	13,360,533	13,360,533	13,085,028	(275,505)	-2.1%
Mainstream funding	111,705,095	111,705,095	115,877,146	4,172,051	3.73%
QR funding for National Research Libraries	1,965,785	1,965,785	1,965,785	0	0.0% <i>Note 14</i>
TOTAL RESEARCH FUNDS	113,670,880	113,670,880	117,842,931	4,172,051	3.67%
Transitional QR	388,839	388,839	0		<i>Note 15</i>
HEIF	1,790,308	1,790,308	1,900,000		
Total Funding for Teaching (after efficiency gain) and Research	180,562,070	180,630,547	180,839,033		
<i>HEFCE comparison (using HEFCE's adjusted 2009–10 T funding)</i>		180,630,547	180,839,033	208,486	0.12% <i>Note 16</i>
SPECIAL FUNDING					
Institute of Zoology	2,175,454	2,175,454	TBA		<i>Note 17</i>
Overseas Research Students Awards Scheme (ORSAS)	1,373,715	1,373,715	686,858		
Museums and galleries	1,766,104	1,766,104	TBA		<i>Note 18</i>
TOTAL SPECIAL FUNDING	5,315,273	5,315,273	–		
Total HEFCE funding to the University	185,877,343	185,945,820	–		

NOTES

1. The efficiency saving was announced in July 2009 as a reduction in T funding, but for 2010–11 has been spread pro rata. The middle column has been introduced to give a fair comparison between adjusted 2009–10 grant and 2010–11.

2. ERASMUS fee compensation is awarded for outgoing students who pay no fee. The 2009–10 amount is deducted from baseline 2009–10 funding to ensure that the inflation uplift is not applied to it. Fee compensation is added for 2010–11 after the inflation addition.

3. The reduction in funding is unexplained and has been queried with HEFCE.

4. Former part-time premium (variable).

5. Former long-course premium (variable).

6. Former historic buildings premium – eliminated for 2010–11.

7. Former small institution premium (fixed – except inflation/efficiency savings).

8. Add-back for strategically important and vulnerable subjects [SIVS] (fixed – except inflation/efficiency saving).

9. Temporary addition to grant – fixed, except for inflation/efficiency saving.

10. For certain B.Th. and B.A. Theology students, in partnership with the Cambridge Theological Federation.

11. The saving was announced as single deduction but has now been deducted from core funds and other lines of funding, pro rata. See note 1.

12. The University's position in the Contract Range/Tolerance Band (-5% to +7.7%) is +4.7%; the calculation excludes Targeted Allocations.

14. Transitional Funding and former special funding now combined; element of RSLP rolled up in mainstream QR in 2005–06 remains there.

15. Discontinued for 2010–11 following changes to the QR formula.

16. See note 11 under funding for teaching.

17. From 1 January 2001 the funding for the Institute of Zoology has been channelled through the University. HEFCE conducted a review during 2009. Funding has not yet been announced.

18. Transferred back from AHRC to HEFCE in 2009–10; HEFCE conducted a review in 2009. Funding has not yet been announced.

List of abbreviations

ADC	Amateur Dramatic Club
AHRC	Arts and Humanities Research Council
ASNs	Additional Student Numbers
BIS	Department of Business, Innovation and Skills
CARET	Centre for Applied Research in Educational Technologies
CIF	Capital Infrastructure Funds
CISS	Cambridge International Scholars Scheme
CPI	Consumer Price Index
CPS	Cambridge University Assistants' Contributory Pension Scheme
CPSL (CPI)	Cambridge Programme for Sustainability Leadership (Cambridge Programme for Industry)
CRASSH	Centre for Research in the Arts, Social Sciences, and Humanities
CUEF	Cambridge University Endowment Fund
DRC	Disability Resource Centre
ELQ	Equivalent or Lower Qualification
EMBS	Estate Management and Building Service
EU	European Union
fEC	Full Economic Costing
FTE	Full-time equivalent
HE-BCI	Higher Education Business and Community Interaction
HEFCE	Higher Education Funding Council for England
HEIs	Higher Education Institutions
HEIF	Higher Education Innovation Fund
HESA	Higher Education Statistics Agency
HESES	Higher Education Students Early Statistics
ICE	Institute of Continuing Education
INSET	In-service Education and Training
ISSS	Information Strategy and Services Syndicate
MIT	Massachusetts Institute of Technology
ORS	Overseas Research Students
ORSAS	Overseas Research Students Awards Scheme
PE	Physical Education
PGR	Postgraduate research students
QEF	Quinquennial Equalization Fund
QR	Quality-related research
R&D	Research and Development
RAE	Research Assessment Exercise
RAM	Resource Allocation Model
RDP	Research Degree Programme

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REF	Research Excellence Framework
RPI	Retail Price Index
RSLP	Research Support Libraries Programme
STEM	Science, Technology, Engineering, and Medicine
SIVS	Strategically Important and Vulnerable Subjects
TDA	Training and Development Agency
TRAC (T)	Transparent Approach to Costing Teaching
UAS	Unified Administrative Service
UCS	University Computing Service
UOA	Unit of Assessment
USS	Universities Superannuation Scheme