

**TABLE 1 – CHEST 2008–09 LATEST FORECAST**

	<b>Original Budget 2008–09</b>	<b>Latest Forecast 2008–09</b>	<b>Changes to Chest 2008–09</b>
	£m	£m	£m
<b>Income</b>			
Funding council grants	177.0	177.0	0.0
Training and Development Agency (TDA)	3.2	3.2	0.0
Academic fees	78.1	77.4	-0.7
Research grants and contracts	35.2	35.0	-0.2
Endowment income and interest receivable	11.7	15.4	3.7
Other operating income	8.6	8.6	0.0
Cambridge Assessment	17.1	20.7	3.6
Other services rendered	1.1	1.1	0.0
<b>TOTAL INCOME</b>	<b>332.0</b>	<b>338.4</b>	<b>6.4</b>
<b>Allocation</b>			
Academic departments	152.1	152.1	0.0
Academic institutions and services	27.9	27.9	0.0
Staff and student services	1.9	1.9	0.0
Unified Administrative Service (UAS)	30.1	30.1	0.0
College Fee	39.1	38.3	0.8
Estates related expenditure	36.6	36.6	0.0
Other administered funds	39.4	40.2	-0.9
<b>TOTAL EXPENDITURE</b>	<b>327.1</b>	<b>327.2</b>	<b>-0.1</b>
<b>Surplus/(Deficit)</b>	<b>4.9</b>	<b>11.3</b>	<b>6.3</b>

**TABLE 2 – CONSOLIDATED OPERATING BUDGET FOR 2009–10**

	Chest	Research Grants and Contracts	Trust Funds	Other Non-Chest	Total Budget
<b>Income</b>	£m	£m	£m	£m	£m
Grants from the Funding Council	185.4	0.0	0.0	16.3	201.7
Training and Development Agency	3.2	0.0	0.0	0.0	3.2
Academic fees	82.9	0.0	0.0	12.3	95.2
Research grants and contracts	37.8	238.2	0.0	0.0	276.0
Endowment income and interest receivable	11.3	0.0	25.4	3.6	40.3
Other operating income	7.6	4.5	0.0	49.6	61.7
Cambridge Assessment	7.3	0.0	0.0	0.0	7.3
Other services rendered	1.2	0.0	0.0	40.3	41.5
<b>TOTAL INCOME</b>	<b>336.7</b>	<b>242.7</b>	<b>25.4</b>	<b>122.1</b>	<b>726.9</b>
<b>Allocation/Expenditure</b>	<b>Allocation</b>	<b>Expenditure</b>			
	£m	£m	£m	£m	£m
School of Arts and Humanities	19.5	4.2	3.7	3.3	30.7
School of the Humanities and Social Sciences	32.5	10.9	3.7	7.7	54.8
School of the Physical Sciences	36.4	56.7	5.3	12.6	111.0
School of Technology	25.2	34.0	3.3	27.5	90.0
School of the Biological Sciences	30.4	63.5	2.9	14.3	111.1
School of Clinical Medicine	14.8	67.2	1.9	26.5	110.4
<b>Total Schools</b>	<b>158.8</b>	<b>236.5</b>	<b>20.8</b>	<b>91.9</b>	<b>508.0</b>
Academic Institutions and Services	27.9	1.0	2.0	22.0	52.9
Staff and Student Services	2.0	0.0	0.0	2.4	4.4
UAS	31.1	3.0	0.4	14.2	48.7
Strategic provisions	6.5	0.0	0.0	0.0	6.5
College Fee	41.5	0.0	0.0	0.0	41.5
Estates related expenditure	38.5	0.0	0.0	0.0	38.5
Other administered funds	37.8	0.0	0.0	0.0	37.8
<b>TOTAL ALLOCATION/EXPENDITURE</b>	<b>344.1</b>	<b>240.5</b>	<b>23.2</b>	<b>130.5</b>	<b>738.3</b>
<b>Surplus/(Deficit)</b>	<b>(7.4)</b>	<b>2.2</b>	<b>2.2</b>	<b>(8.4)</b>	<b>(11.4)</b>

TABLE 3 – OPERATING BUDGET SUMMARY

	BUDGET 2009–10			PROJECTION 2010–11			PROJECTION 2011–12			PROJECTION 2012–13		
	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
<b>Income</b>												
Grants from the Funding Council	185.4	16.3	201.7	189.4	14.4	203.8	193.3	12.0	205.3	197.2	10.5	207.7
Training and Development Agency	3.2	0.0	3.2	2.8	0.0	2.8	2.4	0.0	2.4	2.4	0.0	2.4
Academic fees	82.9	12.3	95.2	88.2	16.1	104.3	91.5	17.9	109.4	94.8	19.2	114.0
Research grants and contracts	37.8	238.2	276.0	44.2	244.8	289.0	48.8	250.8	299.6	52.7	257.1	309.8
Endowment income and interest receivable	11.3	29.0	40.3	11.8	30.1	41.9	12.1	31.0	43.1	12.3	32.2	44.5
Other operating income	7.6	54.1	61.7	8.3	56.7	65.0	8.9	57.5	66.4	7.8	55.2	63.0
Cambridge Assessment	7.3	0.0	7.3	8.6	0.0	8.6	22.6	0.0	22.6	11.7	0.0	11.7
Other services rendered	1.2	40.3	41.5	1.2	41.9	43.1	1.3	43.3	44.6	1.3	44.9	46.2
<b>TOTAL INCOME</b>	<b>336.7</b>	<b>390.2</b>	<b>726.9</b>	<b>354.5</b>	<b>404.0</b>	<b>758.5</b>	<b>380.9</b>	<b>412.5</b>	<b>793.4</b>	<b>380.2</b>	<b>419.1</b>	<b>799.3</b>
<b>Expenditure</b>												
Schools	158.8	349.2	508.0	164.3	356.3	520.6	170.7	362.3	533.0	176.3	371.1	547.4
Academic institutions and services	27.9	25.0	52.9	28.7	25.4	54.1	29.4	27.1	56.5	30.2	24.6	54.8
Staff and student services	2.0	2.4	4.4	2.0	2.4	4.4	2.1	2.5	4.6	2.1	2.6	4.7
UAS	31.1	17.6	48.7	32.4	16.2	48.6	33.5	13.9	47.4	34.5	13.7	48.2
Strategic provisions	6.5	0.0	6.5	7.0	0.0	7.0	18.5	0.0	18.5	4.0	0.0	4.0
Other administered funds	117.8	0.0	117.8	123.8	0.0	123.8	130.4	0.0	130.4	136.0	0.0	136.0
<b>TOTAL EXPENDITURE</b>	<b>344.1</b>	<b>394.2</b>	<b>738.3</b>	<b>358.2</b>	<b>400.3</b>	<b>758.5</b>	<b>384.6</b>	<b>405.8</b>	<b>790.4</b>	<b>383.1</b>	<b>412.0</b>	<b>795.1</b>
Surplus/(Deficit)	(7.4)	(4.0)	(11.4)	(3.7)	3.7	0.0	(3.7)	6.7	3.0	(2.9)	7.1	4.2
Balance on QEF (Quinquennial Equalization Fund) B/F (21.0)				(28.4)			(32.1)			(35.8)		
Chest Surplus/(Deficit) in year	(7.4)			(3.7)			(3.7)			(2.9)		
Balance on QEF C/F	(28.4)			(32.1)			(35.8)			(38.7)		

**APPENDIX 1 – ACTIVITY***Students*

The main publication of student statistics occurs through the special *Reporter* supplements for Student Numbers and Undergraduate Statistics of Applications and Acceptances, together with the Annual Report of the Board of Graduate Studies. However it is customary in this Report to include a statement of the latest position on full-time fee-paying student numbers, which is set out in the usual form in Appendix 2 showing comparisons with the preceding seven years.

As anticipated last year, undergraduate numbers are recovering after an unplanned dip. Over the period, postgraduate numbers have increased slightly, with a temporary bulge in 2005–06 and 2006–07 because of changes in record-keeping as described in the footnote to the Appendix. Although the student number plans submitted in the 2008 Planning Round propose continuing modest growth in postgraduate numbers, provisional data for 2008–09 suggest that the growth trend has ceased and may even have reversed. Further analysis is needed when the data are confirmed.

*Staff*

The table in Appendix 3 gives staff statistics in the new standard form, showing comparisons with the preceding seven years. Academic staff numbers have returned to previous levels following a small peak in 2007–08, but numbers of research staff (which include positions such as Royal Society Research Fellows and EPSRC Advanced Research Fellows) continue to rise, by almost 3.5% a year cumulatively over the period. The various categories of support staff also continue to grow, but it should be noted that the 2009 figures include temporary staff associated with the 800th Anniversary celebrations and the 800th Campaign. Comparisons at institution level need care because of the significant numbers of organizational changes described in the footnote to the table.

*Research*

Table 1 below shows how expenditure<sup>1</sup> on research pay and non-pay has grown between 2001–02 and 2008–09.<sup>2</sup> Pay has grown at over 7.5% a year cumulatively, which, taken together with pay settlements over the period of about 4% a year on average, correlates reasonably well with the growth in research staff numbers described above. It also shows how, with the introduction of fEC, contributions to indirect costs have increased markedly.

<b>(£m)</b>	<b>2001–02</b>	<b>2002–03</b>	<b>2003–04</b>	<b>2004–05</b>	<b>2005–06</b>	<b>2006–07</b>	<b>2007–08</b>	<b>2008–09 (estimate)</b>
Staff costs	66.7	75.5	80.9	84.0	88.3	95.5	103.4	113.3
Other research expenditure	64.1	67.8	72.3	78.4	84.3	87.6	101.1	103.7
Non-Chest non-Directs	8.1	9.0	9.5	9.0	9.7	10.4	11.2	12.6
Chest non-Directs	9.6	11.0	11.7	11.7	12.1	17.7	25.6	35.0
	148.5	163.3	174.4	183.1	194.4	211.2	241.3	264.6

Departmental share of indirect cost recovery has increased by an average of 6.6% a year but has fallen slightly from 6.16% of direct costs in 2001–02 to 5.81% by 2008–09. But that has to be set against the phased removal of Dual Funding Support targets, which is removing a burden from departmental budgets.

Table 2 below shows the mix of sponsors over the same period, calculated on total research expenditure *including* indirect costs.<sup>3</sup>

	<b>2001–02</b>	<b>2002–03</b>	<b>2003–04</b>	<b>2004–05</b>	<b>2005–06</b>	<b>2006–07</b>	<b>2007–08</b>	<b>2008–09 (estimate)</b>
Research Councils	43%	41%	41%	40%	42%	44%	46%	48%
UK Charities	31%	30%	30%	31%	31%	28%	28%	26%
Overseas	5%	6%	6%	6%	6%	7%	6%	7%
EC	6%	6%	6%	6%	6%	6%	6%	7%
UK Government	6%	4%	5%	5%	4%	5%	6%	6%
UK Industry	8%	10%	12%	11%	10%	8%	7%	6%
Other	0%	2%	1%	1%	1%	1%	1%	1%
	100%	100%	100%	100%	100%	100%	100%	100%

While the sponsor profile of the University has remained broadly consistent, there has been a significant decline in research sponsored by UK Industry.

<sup>1</sup> The information comes from the Grants system and may differ slightly from other published figures. ‘Staff costs’ includes stipends and wages.

<sup>2</sup> The Research Services Division’s best current estimate of the outturn for the current financial year.

<sup>3</sup> In this presentation, the introduction of fEC would tend to increase the share of those sponsors that pay a greater contribution to indirect costs relative to those that do not.

*Expenditure*

In keeping 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 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.

<b>Expenditure<sup>4</sup> (£m)</b>	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08
Schools and other academic institutions <sup>5</sup>	325.3 69.6%	346.7 68.0%	364.6 69.7%	383.4 68.9%	407.0 68.0%	449.2 67.6%
Other institutions	106.4 22.8%	124.5 24.4%	121.1 23.1%	130.3 23.4%	145.1 24.2%	160.3 24.1%
Other activities <sup>6</sup>	35.4 7.6%	38.4 7.5%	37.2 7.1%	43.0 7.7%	46.8 7.8%	54.6 8.2%
<b>Total expenditure</b>	<b>467.2</b>	<b>509.6</b>	<b>522.9</b>	<b>556.6</b>	<b>598.9</b>	<b>664.1</b>

<sup>4</sup> 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.

<sup>5</sup> Schools, including UAS staff in Schools, Centre for Business Research, Cambridge Programme for Industry (now Cambridge Programme for Sustainability Leadership), Institute of Continuing Education, and Cambridge Enterprise.

<sup>6</sup> College fees, plus University Farm, Cambridge–MIT Institute, subsidiary companies, and balance sheet adjustments.

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

<b>Undergraduates</b>	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
<b>Home and EC</b>								
Arts, Science, and Clinical	10,727	10,827	10,752	10,729	10,471	10,420	10,315	10,415
Half-fee students	177	126	137	165	165	159	137	136
	10,904	10,953	10,889	10,894	10,743	10,579	10,452	10,551
<b>Island Students</b>								
Arts	17	23	22	21	25	28	24	19
Science	15	13	15	13	17	20	26	24
Clinical	0	1	2	4	3	1	1	1
Half-fee students								
	32	37	39	38	45	49	51	45
<b>Overseas</b>								
Arts	424	480	477	489	504	529	554	577
Half-fee students	2	1	1	2	–	2	1	1
Science	425	451	466	455	479	536	587	632
Clinical	43	40	40	44	45	47	38	49
	894	972	984	990	1,028	1,114	1,180	1,259
<b>Total Undergraduates</b>	11,830	11,962	11,830	11,922	11,816	11,742	11,683	11,855
<b>Full-time Postgraduates</b>								
<b>Home and EC</b>								
Postgraduate (exc. P.G.C.E. and M.B.A.)	2,611	2,659	2,638	2,790	3,223	3,302	3,038	2,883
P.G.C.E.	579	624	708	672	621	503	477	438
M.B.A.	23	33	33	35	25	26	42	54
	3,213	3,316	3,379	3,497	3,869	3,831	3,557	3,375
<b>Islands</b>								
Postgraduate (exc. P.G.C.E. and M.B.A.)	–	1	–	–	–	–	–	–
P.G.C.E.	–	–	2	2	3	4	3	2
	–	1	2	2	3	4	3	2
<b>Overseas</b>								
Postgraduate (exc. P.G.C.E. and M.B.A.)	1,788	1,877	1,938	1,927	2,267	2,292	2,166	2,042
P.G.C.E.	–	–	–	4	4	4	7	4
M.B.A.	64	91	76	69	80	78	102	119
	1,852	1,968	2,014	2,000	2,351	2,374	2,275	2,165
<b>Total Postgraduates</b>	5,065	5,285	5,395	5,499	6,223	6,209	5,835	5,542
<b>Total Student Numbers</b>	16,895	17,247	17,307	17,421	18,039	17,951	17,518	17,397
Total Home Student Numbers	14,117	14,269	14,268	14,391	14,612	14,410	14,009	13,926
Total Islands Student Numbers	32	38	41	40	48	53	54	47
Total Overseas Student Numbers	2,746	2,940	2,998	2,990	3,379	3,488	3,455	3,424
	16,895	17,247	17,307	17,421	18,039	17,951	17,518	17,397

**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. At postgraduate level the numbers coincide in all years except 2006–07, where the number quoted here takes account of the latest available analysis.

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 CPI (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 2005–06 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.

4. Incoming and outgoing reciprocal (ERASMUS) students and incoming MIT students are excluded as they do not pay fees.

5. The data for 2008–09 are provisional. Postgraduate figures also include M.Phil. students who pay higher premium fees.

**APPENDIX 3 – STAFF FTE BY ORGANIZATION, STAFF GROUPING, AND SOURCE OF FUNDS:  
2002–09**

	2002	2003	2004	Academic			2008	2009	
				2005	2006	2007			
<b>Schools and Academic institutions</b>	1,511	1,535	1,524	1,479	1,484	1,553	1,594	1,557	
<b>UAS</b>									
Academic Services	2	4	4	3	2	3	3	2	
Museums and Galleries						2	2		
Staff and Student Services	1	1	1	1	1	1			
Development Office and Investment Office									
<b>Total</b>	1,514	1,540	1,529	1,483	1,487	1,559	1,599	1,559	
				Research					
	2002	2003	2004	2005	2006	2007	2008	2009	
<b>Schools and Academic institutions</b>	2,048	2,221	2,223	2,170	2,257	2,484	2,532	2,576	
<b>UAS</b>		2		1	1	1	1	7	
Academic Services	19	20	24	23	31	30	32	34	
Museums and Galleries	11	12	13	13	14	16	9	13	
Staff and Student Services									
Development Office and Investment Office									
<b>Total</b>	2,078	2,255	2,259	2,206	2,302	2,531	2,574	2,630	
				Academic-related (administrative)					
	2002	2003	2004	2005	2006	2007	2008	2009	
<b>Schools and Academic institutions</b>	147	143	166	175	172	206	208	249	
<b>UAS</b>	202	230	250	274	296	297	293	323	
Academic Services	40	40	38	25	16	10	9	13	
Museums and Galleries	8	9	13	13	13	17	17	20	
Staff and Student Services	22	21	20	19	20	23	27	18	
Development Office and Investment Office	24	26	24	32	35	31	33	37	
<b>Total</b>	444	468	511	538	553	584	587	660	
				Academic-related (computing)					
	2002	2003	2004	2005	2006	2007	2008	2009	
<b>Schools and Academic institutions</b>	148	189	210	213	219	222	224	222	
<b>UAS</b>	19	26	36	44	47	48	49	55	
Academic Services	79	92	87	93	98	98	97	95	
Museums and Galleries	1	2	1	2	2	2	2	3	
Staff and Student Services	3	3	3	3	3	4	4	3	
Development Office and Investment Office						2	2	2	
<b>Total</b>	250	311	336	354	369	376	378	380	
				Academic-related (other groups)					
	2002	2003	2004	2005	2006	2007	2008	2009	
<b>Schools and Academic institutions</b>	92	108	112	115	111	95	98	104	
<b>UAS</b>	7	14	13	13	13	14	13	15	
Academic Services	63	66	65	67	67	71	72	75	
Museums and Galleries	14	16	15	17	18	19	19	18	
Staff and Student Services	7	11	13	16	14	20	18	18	
Development Office and Investment Office									
<b>Total</b>	183	215	218	227	223	219	220	230	

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

  

	<b>All staff</b>							
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Schools and Academic institutions</b>	5,815	6,090	6,150	5,985	6,016	6,366	6,488	6,583
<b>UAS</b>	559	652	691	733	755	789	801	954
<b>Academic Services</b>	473	490	497	485	485	474	476	491
<b>Museums and Galleries</b>	104	108	104	121	125	139	131	139
<b>Staff and Student Services</b>	77	81	83	88	89	173	170	76
<b>Development Office and Investment Office</b>	36	38	39	50	50	50	54	59
<b>Total</b>	<b>7,065</b>	<b>7,457</b>	<b>7,563</b>	<b>7,460</b>	<b>7,520</b>	<b>7,993</b>	<b>8,120</b>	<b>8,302</b>

**Notes****All data as at 31 Jan:**

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

**Organization Group**

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

The **Investment Office** is now grouped with Development Office (formerly included in UAS). **2007 and 2008 figures have been changed retrospectively.**

**Organizational changes**

UAS now includes the 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 4 – HEFCE FUNDING FOR 2009–10**

1. The announcement of HEFCE provisional funding for 2009–10 is contained in:

- (1) The HEFCE letter of 2 March 2009 to the Vice-Chancellor with supporting tables;
- (2) The HEFCE Report summarizing the allocations to all HE institutions (HEFCE circular 2009/08, March 2009).

Sector and summary institution detail is at <http://www.hefce.ac.uk/finance/recurrent/>. The technical description available through that site deals with the funding methods in detail. Only significant issues of significance to Cambridge are discussed below.

Final HEFCE allocations will be announced in July. Training and Development Agency (TDA) funding is announced separately.

2. The HEFCE grant announcement should be read in conjunction with the Secretary of State's announcement of funding to the Council in which he sets out the Council's priorities: <http://www.hefce.ac.uk/news/hefce/2009/grant/letter.htm>.



These include:

- No further additional funded numbers, and HEFCE to bear down on over-recruitment. (HEFCE has asked institutions to avoid any further increase in full-time undergraduate and P.G.C.E. entrants above the level of their actual admissions in 2008–09 plus any ASNs allocated to them for 2009–10.)
  - Allocation of research funding to recognize STEM subjects and to reward the highest levels of research excellence;
  - High priority to widening participation and fair access;
  - Support of business;
  - Bringing forward some capital spend; capital funding to be linked to performance in reducing emissions;
  - Secretary of State to publish by mid 2009 a framework for the future development of higher education.
3. HEFCE circular 2009/08 states that the total funding for the academic year 2009–10 provides 4% additional funding compared to the funding announced for 2008–09. The unit of funding for teaching has increased by 2%, and recurrent funding for research has increased by 7.7%, in cash terms.
4. The announcement of grant has two reservations:
- (1) Allocations are provisional. Institutions are asked to note that grant from the DIUS is not confirmed for the 2010–11 financial year. In order to announce funding for the 2009–10 academic year, which has a four-month overlap with the 2010–11 financial year, HEFCE have had to make assumptions about funding for 2010–11. If, before July, HEFCE receive confirmation of grant for 2010–11 and this differs significantly from the assumptions, then HEFCE reserve the right to review all allocations for the 2009–10 academic year.
  - (2) HEFCE may take action if individual institutions or the sector as a whole significantly over-recruit in 2009–10 and if DIUS reduce HEFCE grant in order to meet its additional student support costs.

### Outcome for Cambridge and the sector

5. On HEFCE calculations, Cambridge receives an increase of 2.13% in recurrent funding for 2009–10, compared with a sector average of 4.10% (Oxford 4.7%).

6. Rolling five-year forecasts of HEFCE income are maintained for planning purposes and for inclusion in University-level forecasts. In round terms, announced income is about £2m less than first forecast. Income for Research Degree Programme funding and funding generated by income from business were both lower than expected.

### HEFCE Funding for Teaching

7. The changes to the funding method for teaching in 2008–09 included the removal of premiums, the creation of targeted allocations, and the outcome of the ‘ELQ’ policy. The changes for 2009–10 are to remould a number of streams into Teaching Enhancement and Student Success funding and to recognize flexible study patterns by counting for funding purposes the activity of students who do not complete all their initial study intentions for the year. A new weighting has been introduced into the Standard Resource calculation, with the value based on an analysis of HESA returns.

8. HEFCE compares a calculation of *Standard Resource* (a notional calculation of a fee-inclusive amount the University would receive if grant was calculated afresh each year using a standard price and student load reported by the University weighted for various factors) with *Assumed Resource* (the teaching grant paid in the previous year, adjusted for various factors to which is added an assumption of student tuition fee income). Grant rolls forward from one year to the next if the difference between Standard and Assumed Resource is within the contract range or tolerance band. This is normally -5.0% to +5.0% but for the University is -5.0% to +7.7%, enabling it to teach ‘more expensively’ than the norm, the extra margin being in recognition of the Collegiate system.

9. The inflation factor applied to baseline funding is 2.0%. The calculation of Standard Resource groups academic activities into four price groups so that similar activities are funded at similar rates. The *base price* per weighted full-time equivalent student is £3,947 – a small decrease from the base price for 2007–08 (£3,964) due to the introduction of a flexible study measure mentioned above. Implementing this policy means that HEFCE are counting a greater volume of student activity against the teaching funding budget and the base price is consequently reduced. Notional rates of funding for all price groups are given in Table B of HEFCE circular 2009/08.

10. That change has had a marginal effect on the University’s position in the contract range as shown in the grant letter which is now +5.0% (4.3% in 2008–09). However, the more significant comparison is that produced later in the year after the HESA return when the true contract position is calculated on actual (not projected) fundable student numbers.<sup>7</sup>

11. After all other adjustments the total increase in mainstream teaching funding when compared with a rebased 2008–09 total is 1.76%.

### Targeted Allocations

12. The last premiums were eliminated from the Standard Resource calculation in 2008–09 and converted to either fixed or variable Targeted Allocations (except the premium for London Weighting which does not apply to Cambridge). The Historic Buildings and Institution Specific allocations are the former premiums introduced (with other measures) to convey to the University funding to support the transfer of the College fee.

<sup>7</sup> 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.

13. There is modest additional funding for part-time students following the addition of the £30m promised last year after implementation of the ELQ policy, but the share for Cambridge is not as high as forecast, perhaps as a result of the funding also being spread more thinly because non-completing students have now been included.

14. £75m additional funding for very high cost and vulnerable science subjects was set aside by HEFCE for the three years 2007–08 to 2009–10. The value is fixed in cash terms.

#### *ELQ (Equivalent or Lower Qualifications)*

15. There are no further changes as a result of the ELQ policy. Transitional funding has been recalculated to take account of a revised – lower – inflation factor and is reducing over six with a final instalment in 2013–14. Most is attributable to the Institute of Continuing Education.

#### *Widening Participation*

16. Widening Participation Funding is provided on the same formula as in previous years. Improving retention funding is now included within funding for Teaching Enhancement and Student Success.

#### *Other issues related to funding for teaching*

17. Former special funding for minority subjects was rolled up in mainstream teaching grant from 2005–06, but remains 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' (strategically important and vulnerable subjects) generally.

18. The bid for co-funded additional student numbers was announced as successful after the March grant letter and funding will be reported in the July grant letter.

### **HEFCE Funding for Research**

#### *Mainstream Funding*

19. The main features of the QR funding calculation have been retained. QR continues to be calculated using measures of volume of research activity in each Unit of Assessment (UOA) weighted by a factor which depends on quality. Funding is distributed in proportion to weighted volume. 'Volume' is the FTE category A staff submitted to the RAE (including College employed staff) assessed at 2\*, 3\*, and 4\*, weighted 1, 3, 7 respectively. 1\* and unclassified volume is unfunded.

20. HEFCE has allocated an amount of funding for distribution within each UOA in proportion to volume using the same cost weights as previously mapped to the new UOAs. (Attempts to replicate the HEFCE formula show that there has been some moderation across UOAs and the actual derived weightings do vary from those that have been published – probably as a consequence of the aim of supporting STEM subjects.)

21. Because the list of UOAs in 2009–10 is different there is no direct comparison in funding terms with the outcome of the 2001 RAE except at institution level. However, as is now widely understood, the outcome of the 2008 RAE was a larger volume, differently spread, leading to significant redistribution across subjects and between institutions. The University's total mainstream QR increased by 4.1%, which is 3.6% less than the sector average.

#### *Charity Support and Business Research Funding*

22. QR Charity support funding (or 'partnership funding') was new in 2006–07 and is calculated in proportion to home and overseas charity income, subject to various eligibility rules. The rate at which funding is calculated on eligible income (reported for 2007–08) is reduced to 28%, from the previous figure of 30%. There is no longer a quality threshold associated with this funding.

23. Business research funding is 30% of the average of the research income from business reported to HESA for 2005–06 and 2006–07; the factor was 30.5% in 2008–09.

#### *Other Research Funding*

24. Research Degree Programme (RDP) supervision funding is calculated on cost weighted Home/EU RDP/PGR student load in years 1–3 full time (and 1–6 part time). The funding unit is £3,878, somewhat lower than the 2008–09 rate of £4,294. The model up to and including 2008–09 funded RDP students in UOAs rated 4 and above; in 2009–10 the scope of funding is extended to students reported in any department receiving funding for research, so, being spread more thinly, the unit has reduced.

25. The transitional QR funding for National Research Libraries is the successor of separate streams for Research Support Libraries and for Copyright Libraries. Funding is temporary for 2008–09 and 2009–10.

#### *Supplementary Funding*

26. Transitional funding has been calculated for each UOA to smooth reductions in funding. That funding is only assured for one year.

27. HEIF (Higher Education Innovation Funding), previously announced separately, has been brought within block grant for the first time. The University receives the maximum, calculated on metrics returned in the Higher Education – Business and Community Interaction (HE-BCI) annual survey.

#### *Special Funding*

28. The Institute of Zoology is funded through the University under a special arrangement with HEFCE.

29. HEFCE announced in circular letter 18/2008 that ORSAS funding would be phased out. Two-thirds of the 2008–09 amount will be received in 2009–10 and one third in 2010–11. None will be received in 2011–12.

30. Funding through the Arts and Humanities Research Council for museums for the three years from 2006–07 up to and including 2008–09 was announced in 2005. In line with its policy of reducing the number of small and discrete lines of funding the HEFCE Board agreed to return the funding to HEFCE's core grant after that period. HEFCE have now agreed to continue the funding for one more year. HEFCE are reviewing the continuation of the funding for 2010–11 onwards and will make announcements in due course.

**Formula changes**

31. The changes to the formula for teaching funding seem largely complete. Further changes may have to await any review of fees, although HEFCE recently reviewed the price group weightings using the TRAC(T) data submitted in 2008. They noted in Circular Letter 23/08 that there are a number of ways in which it might be appropriate in the long term to adjust both the assignment of cost centres to price groups and the price group weightings and that they intend to reconsider the question in spring 2009. Any changes proposed as a result of that review would be implemented in 2010–11 at the earliest.

32. As noted above, the QR formula has been adjusted for the RAE 2008 outcome. The introduction of the REF may introduce further changes.

April 2009

**HEFCE Recurrent Funding for Cambridge: 2008–09 compared to provisional 2009–10  
(2 March 2009 grant letter)**

HEFCE	2008–09 (final) £	2009–10 (provisional) £	change £	change %	notes
<b>TEACHING FUNDING</b>					
<b>Teaching Funding – Core Funds</b>					
Baseline ‘T’ Grant (mainstream teaching grant in previous year)	60,606,187	52,419,843			
2008–09 mainstream grant adjustment	(16,706)				Note 1
ERASMUS/SOCRATES fee compensation	(17,080)	(47,100)			
Adjustment for non-exempt ELQ	(2,434,027)				Note 2
<b>Adjusted Mainstream Teaching Grant</b>	<b>58,138,374</b>	<b>52,372,743</b>	<b>(5,765,631)</b>	<b>–9.9%</b>	
Uplift to mainstream grant	1,598,805	1,047,455			
ERASMUS/SOCRATES fee compensation	47,100	140,070			
Transfer of mainstream funding to targeted allocations	(7,364,436)				Note 3
<b>MAINSTREAM TEACHING GRANT</b>	<b>52,419,843</b>	<b>53,560,268</b>	<b>1,140,425</b>	<b>2.2%</b>	
<b>Targeted allocations</b>					
<b>Widening participation</b>					
Widening participation from disadvantaged backgrounds – full-time undergraduates	222,725	291,321			
Widening participation from disadvantaged backgrounds – part-time undergraduates	2,951	26,892			
Widening access for students with disabilities	61,321	60,952			
<b>Total widening participation</b>	<b>286,997</b>	<b>379,165</b>	<b>92,168</b>	<b>32.1%</b>	
<b>Teaching enhancement and student success</b>					
Improving retention: full-time undergraduates	37,812	116,176			
Improving retention: part-time	46,636	38,743			
Research informed teaching		0			
Institutional learning and teaching strategies	379,068	379,068			
<b>Total teaching enhancement and student success</b>	<b>463,516</b>	<b>533,987</b>	<b>70,471</b>	<b>15.2%</b>	
<b>Other targeted allocations</b>					
Targeted Allocation for part-time undergraduates	34,554	54,341			Note 4
Targeted Allocation for foundation degrees	0	0			
Targeted Allocation for accelerated/intensive provision	117,053	96,172			Note 5
Targeted Allocation for old and historic buildings	4,270,947	4,270,947			Note 6
Institution-specific Targeted Allocation	2,941,882	3,000,720			Note 7
Maintaining capacity in SIVS following ELQ policy	663,563	676,834			Note 8
Additional funding for very high cost and vulnerable science subjects	1,114,970	1,114,970			Note 9
<b>Sub-total</b>	<b>9,142,969</b>	<b>9,213,984</b>	<b>71,015</b>	<b>0.8%</b>	
<b>Total targeted allocations</b>	<b>9,893,482</b>	<b>10,127,136</b>	<b>233,654</b>	<b>2.4%</b>	

<b>Other recurrent teaching grants</b>					
Clinical consultants' pay	596,001	607,921			
Senior academic GPs' pay	96,452	16,525			
NHS pension schemes compensation		81,856			
Transitional Funding for ELQs	1,314,654	1,151,210			
ELQ safety net	0	0			
<b>Other recurrent teaching grants</b>	<b>2,007,107</b>	<b>1,857,512</b>	<b>(149,595)</b>	<b>-7.5%</b>	
<b>Sub-total adjustments</b>	<b>11,900,589</b>	<b>11,984,648</b>			
<b>TOTAL TEACHING FUNDING (as grant letter)</b>	<b>64,320,432</b>	<b>65,544,916</b>	<b>1,224,484</b>	<b>1.9%</b>	Note 10
HEFCE adjustments for comparative purposes					
<i>ERASMUS/SOCRATES 2008–09 fee compensation</i>	<i>(47,100)</i>				
<i>ERASMUS/SOCRATES 2009–10 fee compensation</i>	<i>140,070</i>				
<b>Total Teaching Funding (HEFCE's revised 2008–09 baseline)</b>	<b>64,413,402</b>	<b>65,544,916</b>	<b>1,131,514</b>	<b>1.76%</b>	Note 11
<b>RESEARCH FUNDING</b>					
Mainstream QR	66,265,893	74,296,675	8,030,782	12.1%	
Supplement for best 5* departments	3,262,281				
Supplement to maintain total funds for best 5* departments	845,510				
Supplementary QR Allocation to maintain research funding in real terms	993,911				
<b>Mainstream QR</b>	<b>71,367,595</b>	<b>74,296,675</b>	<b>2,929,080</b>	<b>4.1%</b>	
Charity support funding	17,875,647	18,786,359	910,712	5.1%	
Business research funding	5,833,881	5,261,528	(572,353)	-9.8%	
<b>Sub-total</b>	<b>23,709,528</b>	<b>24,047,887</b>	<b>338,359</b>	<b>1.4%</b>	
Research Degree Programme (RDP) Supervision Funds	14,554,657	13,360,533	(1,194,124)	-8.2%	
<b>Mainstream funding</b>	<b>109,631,780</b>	<b>111,705,095</b>	<b>2,073,315</b>	<b>1.89%</b>	
QR funding for National Research Libraries	1,927,240	1,965,785	38,545	2.0%	Note 12
<b>TOTAL RESEARCH FUNDS</b>	<b>111,559,020</b>	<b>113,670,880</b>	<b>2,111,860</b>	<b>1.89%</b>	
<b>Transitional QR HEIF</b>	<b>1,639,482</b>	<b>388,839 1,790,308</b>			Note 13
<b>Total Funding for Teaching and Research</b>	<b>177,518,934</b>	<b>181,394,943</b>	<b>3,876,009</b>	<b>2.18%</b>	
<b>HEFCE comparison (using HEFCE's revised 2008–09 baseline)</b>	<b>177,518,934</b>	<b>181,394,943</b>	<b>3,783,039</b>	<b>2.13%</b>	Note 14
<b>SPECIAL FUNDING</b>					
Institute of Zoology	2,132,798	2,175,454			Note 15
Overseas Research Students Award Scheme (ORSAS)	2,060,572	1,373,715			
Museums and galleries	1,766,104	1,766,104			Note 16
<b>TOTAL SPECIAL FUNDING</b>	<b>5,959,474</b>	<b>5,315,273</b>			
<b>TOTAL HEFCE Funding to the University</b>	<b>183,478,408</b>	<b>186,710,216</b>	<b>3,231,808</b>	<b>1.8%</b>	

**NOTES**

- 1 Holdback from under-recruitment of ASNs; the funded ASNs were for a projected intake of 10 part-time (5 FTE) in each of 2006–07 and 2007–08 for the M.St. Manufacturing Leaders Programme
- 2 Deduction of funding for ELQ; partially restored by add-back for SIVS and transitional funding
- 3 Premiums deducted from mainstream funding and replaced by targeted allocations
- 4 Former part-time premium (variable)
- 5 Former long-course premium (variable)
- 6 Former historic buildings premium (fixed – except inflation)
- 7 Former small institution premium (fixed – except inflation)
- 8 Add-back for strategically important and vulnerable subjects (SIVS) (fixed – except inflation)
- 9 Temporary fixed addition to grant
- 10 The University's position in the Contract Range/Tolerance Band (-5% to +7.7%) is +5.0%; the calculation now excludes Targeted Allocations
- 11 HEFCE's announced comparison is 1.76% because they have rebased 2008–09 by making adjustments for ERASMUS fee compensation
- 12 Transitional Funding and former special funding now combined; element of RSLP rolled up in mainstream QR in 2005–06 remains there
- 13 Newly included in block grant
- 14 See note 11 under funding for teaching
- 15 From 1 January 2001 the funding for the Institute of Zoology has been channelled through the University
- 16 Transferred back from AHRC in 2008–09 to HEFCE in 2009–10; review pending

**List of abbreviations**

ADC	Amateur Dramatic Club
ASNs	Additional Student Numbers
CARET	Centre for Applied Research in Educational Technologies
CIF	Capital Investment Framework
CPI	Consumer Price Index
CPS	Cambridge University Assistants Contributory Pension Fund
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
DIUS	Department of Innovation, Universities and Skills
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	Higher Education
HE-BCI	Higher Education Business and Community Interaction
HEFCE	Higher Education Funding Council for England
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
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
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	Units of Assessment
USS	Universities Superannuation Scheme