

Higher Education Authority

HEA Recurrent Grant Funding Model

SUMMARY

The Higher Education Authority is the statutory agency responsible for the allocation of exchequer funding to the universities, institutes of technology and other higher education institutions.

The HEA, following wide-ranging consultation with stakeholders, introduced a new recurrent grant funding model for the universities w.e.f. 2006. The function of the new model is to allocate by institution the overall recurrent grant provided to the HEA by the Department of Education and Skills in respect of the recurrent activities of the institutions. This model was subsequently introduced in the institute of technology sector commencing in 2011. There are three separate, but related elements, to the Recurrent Grant Funding Model:

- An annual recurrent grant, allocated to each institution using a formulaic approach. Clarity, transparency and fairness as to how the institutions are funded are key objectives, with uniformity of core grant allocation for students in the same broad areas, regardless of the institution at which he/she chooses to study and recognition of the extra costs which arise in the case of students from under-represented backgrounds.
- Performance related funding, benchmarked against best national and international practice, with emphasis on setting targets and monitoring outputs. This aspect of the model is being phased in, commencing in 2014. It is proposed up to 10% of the annual core recurrent grant will be linked to performance by HEIs in delivering on national objectives set for the sector.
- Targeted/Strategic Funding which supports national strategic priorities and which may be allocated to institutions on a competitive basis.

The HEA, in developing its funding model during 2004/05, agreed the following as the design principles which would underpin the HEA funding model.

The model should –

- Support institutional autonomy, while providing meaningful accountability to the various stakeholders
- Promote a strategic approach by institutions to their long-term development, consistent with their existing strengths and capabilities
- Reward institutional responsiveness to national and regional needs
- Increase opportunities for students from all types of backgrounds to benefit from higher education
- Support excellence in teaching, learning and research

- Be transparent and rational
- Provide positive incentives to institutions to diversify and increase their income from non-state sources, consistent with their mission
- Provide stability in funding from year to year and encourage efficiency in the use of public funding.
- Recognise the extra costs which arise in the case of students from disadvantaged backgrounds

Recurrent Grant Allocation Model (RGAM)

The annual core grant is allocated as a **block grant** - the internal allocation of funds as between teaching and research and across faculties and departments etc is a matter for each institution.

There are two main elements to the allocation model, core grant and grant in lieu of undergraduate fees.

1. Core Grant

The allocation of the core grant is determined on a formula basis - based on a standard per capita amount in respect of weighted EU student numbers (and non-EU research) in four broad subject price groups. Student numbers in the four groups are weighted to reflect the relative cost of the subject groups. The standard per capita amount depends on the total level of funding received each year. Total available funding divided by total weighted student numbers equals the standard per capita amount.

This system draws significantly from that used by the Higher Education Funding Council for England (HEFCE) and reflects the fact that broad groups of subjects have different levels of resource requirements.

Student numbers used in the model reflect final student numbers as at 1 March each previous academic year - example for the 2014 grant, the 2012-13 student numbers are used.

The price groups and weightings are as follows:

	Subject Price Group	Subject Price Group Weighting
A	Clinical stages of undergraduate medicine (transitional weighting)	2.3
A	Undergraduate dentistry, veterinary	4
B	Laboratory-based subjects (Science, Engineering, Pre-clinical Medicine & Dentistry)	1.7
C	Subjects with a studio, laboratory or fieldwork element	1.3
D	All other subjects	1

A further weighting is given for taught masters' students and research students. See Appendix 1 for further details on weightings applied in both University and IOT sectors.

Under Represented Groups in Higher Education

An adjustment is made within the core grant allocation to reflect the costs to the institutions of attracting and supporting students who come from non-traditional backgrounds. An additional weighting of 33% is currently used.

Research

In addition to weighting research students, 5% of the core allocation is top-sliced (exclusive of the grant in lieu of tuition fees) and allocated on the basis of research criteria (research degrees awarded and contract research income per academic staff).

This element of the model currently applies only in the university sector.

Level 6 and 7 courses in IoTs

The funding model includes an adjustment to equalise overall funding provided for level 6, 7 and 8 programmes in the IoTs and thereby removing the previous financial disincentive in relation to the provision of level 6 and 7 programmes.

Moderation of Impact of Indicated Funding Allocations on Actual Funding Allocation

A moderating mechanism is a feature of the Recurrent Grant Allocation Models in the sector and prevents large swings in allocations from one year to the next. Such a mechanism is required in order to maintain financial stability within the higher education system. Indicated increases or decreases in grants arising from changes in an institutions percentage share of weighted student numbers are limited through the use of a moderator. The moderator is currently +/- 2%.

2. Grant in lieu of tuition fees

Since 1995/96, the State has paid tuition fees on behalf of eligible full-time undergraduate EU students. The grant is based on fee claims submitted by the HEIs and certified by each

President i.e. returns of eligible student numbers A census point of 31st January is used. Students may be entitled to full fees or half fees.

Other Income

As an incentive to maximise the generation of Other Income, such income is not taken into account in the grant allocation.

Review

The funding model is kept under on-going review. A consultation document on proposed changes to the model was issued to the sector in July 2012. (Please [click here to download document](#)) Work is on-going in relation to the further development of the model. Further information is available [here](#).

The objective is to ensure that the funding model appropriately supports the national objectives set for the higher education system.

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Appendix 1: Subject Price Group Weightings

University Sector:

	FTE	Taught Masters	Research	Non-Lab	Fieldwork	Lab	Clinical Medicine	Veterinary/Dentistry
Undergraduate and Postgraduate Diplomas	1.00			1.00	1.30	1.70	2.30	4.00
Masters Taught (60 credits)	1.00	1.50		1.00	1.30	1.60		
Masters Taught (90 credits)	1.50	1.50		1.00	1.30	1.60*		
Research EU (60 credits)	1.00		3.00	1.00	1.30	1.60*		
Research Non-EU (60 credits)	1.00		2.00	1.00	1.30	1.60*		
Research EU (90 credits)	1.50		2.00	1.00	1.30	1.60*		
Research Non-EU (90 credits)	1.50		1.33	1.00	1.30	1.60*		

*maximum weighting allowed is 4.80

Institute of Technology Sector:

	FTE	Taught Masters	Research	Non-Lab	Fieldwork	Lab
Undergraduate and Postgraduate Diplomas	1.00			1.00	1.30	1.70
Masters Taught (60 credits)	1.00	1.20		1.00	1.30	1.70
Masters Taught (90 credits)	1.50	1.20		1.00	1.30	1.70
Research (60 credits)	1.00		1.80	1.00	1.30	1.70
Research (90 credits)	1.50		1.80	1.00	1.30	1.70