

Head of Institution

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9 May 2018

Dear Head of Institution

### **Recurrent and formula capital teaching grants for 2018-19**

1. I am writing to provide details of your recurrent teaching funding allocations for the academic year 2018-19 and formula teaching capital allocation for the financial year 2018-19. **Please note that all information in this letter and associated documents is subject to embargo until 0001 on Friday 11 May 2018.**
2. This letter explains in broad terms the main changes to OfS funding in 2018-19, compared to HEFCE teaching grant in 2017-18. It is part of a suite of documents which set out information relating to your grant and to the sector more widely. A full list of all documents to be released as part of this grant announcement is described in **Annex A**.
3. Details of your 2018-19 formula teaching capital allocation are provided in 'Recurrent and formula capital funding for 2018-19' (OfS 2018.20), available on the OfS Portal.
4. This letter does not include details about the 2018-19 allocations for knowledge exchange. Research England are making a separate announcement about the 2018-19 knowledge exchange allocations (incorporating the proportion allocated from the OfS teaching budget).
5. We do not require a reply to this letter.

### **Introduction**

6. The guidance letter to the OfS of 20 February 2018 from the Minister of State for Universities, Science, Research and Innovation ([www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/)) confirmed the funding available for the 2018-19 financial year (April to March). The letter also identified the policies and

priorities that should underpin our approach to funding, but did not show indicative funding levels for the 2019-20 financial year.

7. To set budgets for the 2018-19 academic year (August to July), we have had to make assumptions about the funding that might be available for financial year 2019-20, because of the overlap from April to July 2019 between the two. However, any future changes to the grant made available to us by government for the 2018-19 financial year, or that we have assumed will be available for the 2019-20 financial year, are likely to affect the funding we are able to distribute to providers in the 2018-19 academic year, and this may include revising allocations after they have already been announced.
8. 'Teaching funding in the period from April 2018 to July 2019' (OfS 2018.08, available at [www.officeforstudents.org.uk/publications/teaching-funding-april-2018-to-july-2019/](http://www.officeforstudents.org.uk/publications/teaching-funding-april-2018-to-july-2019/)) set out developments to the funding methods for 2018-19, and confirmed that:
  - a. For the transitional period (April 2018 to July 2019), we will continue to apply the recurrent teaching grant methods that were developed by HEFCE, whilst beginning a review of our overall approach to funding for the longer term, taking account as necessary of the outcome of the government's own review of post-18 education and funding<sup>1</sup>.
  - b. We are providing an additional £29 million (4 per cent) overall increase in cash terms to funding for high-cost subjects. Increases in 2017-18 student numbers mean that after the scaling factor is applied, the funding per full-time equivalent student reduces in cash terms by approximately 0.64 per cent.
  - c. We are providing additional funding to support the government's health education reforms, relating to the phased transfer to the higher education finance arrangements of pre-registration courses in nursing, midwifery and allied health professions and increased undergraduate medical school places. As well as additional funding included in the high-cost subjects allocation, we are providing an additional £8 million via the nursing, midwifery and allied health supplement.
  - d. We are implementing a reduction of £14 million to the postgraduate taught supplement, and the supplement is being targeted more towards students on courses that are not eligible for postgraduate masters' loans.
  - e. We are implementing a reduction of £30 million to the premium to support successful student outcomes for full-time undergraduates. This is consistent with government priorities in the Spending Review and Autumn Statement 2015<sup>2</sup>. The premiums for part-time undergraduates and for disabled students are maintained in cash terms.

### **2018-19 Recurrent grant changes for higher education providers**

9. When compared with their teaching grant allocations for 2017-18, most providers have grant changes as a result of the developments to the funding methods described in paragraph 8. In addition, providers may also see grant changes because of:
  - a. Changes, relative to the sector as a whole, to their student numbers. Such changes can affect a provider's share of teaching allocations for high-cost subjects and those targeted allocations that are recalculated each year to reflect the latest student numbers.

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<sup>1</sup> See [www.gov.uk/government/publications/review-of-post-18-education-and-funding-terms-of-reference](http://www.gov.uk/government/publications/review-of-post-18-education-and-funding-terms-of-reference).

<sup>2</sup> See 'Efficiency and reform' at <http://webarchive.nationalarchives.gov.uk/20160817152026/https://www.gov.uk/government/news/department-for-business-innovation-and-skills-settlement-at-the-spending-review-2015>.

- b. The discontinuation of the allocation of supplementary funding in relation to students who started their courses before the change to the undergraduate fee regime was introduced on 1 September 2012. HEFCE announced in 2015 that this allocation would be phased out entirely by 2018-19.

### **Formula teaching capital allocation**

10. Table 2 of Annex A of 'Recurrent and formula capital funding for 2018-19' (OfS 2018.20) shows the capital funding allocated to providers for financial year 2018-19. We are not providing funding in 2018-19 to providers whose allocation would be less than £10,000. There are further details in paragraphs 81 and 82 of 'Guide to funding 2018-19: How the Office for Students allocates money to higher education providers' (OfS 2018.21).

### **Terms and conditions of funding from 1 April 2018 to 31 July 2019**

11. We have set out the regulatory requirements that apply in the transition period from 1 April 2018 to 31 July 2019 in Regulatory Notice 2: Regulation up to 31 July 2019 of providers that were previously funded by HEFCE. The terms and conditions of funding that apply in the transition period are those that we published on 29 March 2018<sup>3</sup>.
12. Paragraphs 29 to 33 of 'Recurrent and formula capital funding for 2018-19' (OfS 2018.20) set out further requirements on the use of the formula teaching capital allocation.

### **Further information and requests for changes**

13. We do not intend to routinely reissue grant tables for 2018-19 later in the year. We will only do so if we need to update funding allocations for reasons described in paragraphs 6 and 7 or otherwise by exception.
14. While we do not require a reply to this letter, there may be circumstances in which providers wish to request changes to allocations. The technical guidance provides further details and deadlines that apply.
15. We only expect to accept data amendments to correct errors that are widespread, significant and have a material impact on our use of the data. We may also accept amendments to data without recalculating funding. In the exceptional circumstance that we are prepared to accept data amendments for funding purposes, we will update the provider's grant tables in October to reflect changes to funding. Providers that wish to request amendments should consult the technical guidance and note that the deadline for submitting a request is **31 May 2018**.
16. We can provide informal advice about the effects of any data changes, transfers or mergers between May and October, to aid planning. If you wish to discuss this, or have any questions about your allocations, please contact [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk).

Yours sincerely

**Esther Nye**  
**Funding Round Manager**

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<sup>3</sup> Regulatory Notice 2 and the terms and conditions of funding, separately for higher education institutions and further educations and sixth form colleges, are available at [www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/regulatory-notice-and-advice/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/regulatory-notice-and-advice/)

## Annex A

### Documents and tables accompanying this grant announcement

1. Detailed information related to allocations for 2018-19 are released alongside this letter on the OfS portal (<https://extranet.officeforstudents.org.uk/data>) **under embargo until 0001 on 11 May 2018.**
2. The section '**2018-19 Grant tables (Office for Students)**' can be accessed via the user administrator system. Your provider has at least one nominated user administrator who will be able to give colleagues at your provider access to this section of the portal. If you have queries on this, please email [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk). The section contains:
  - a. Your 2018-19 recurrent grant tables. This shows the funding allocated for 2018-19 under different funding streams and a breakdown of the data used to calculate it.
  - b. 'Recurrent and formula capital funding for 2018-19', OfS 2018.20. This provides a summary report on the allocations. A separate Excel file (Annex A) shows, for each provider, the total recurrent allocations (Table 1) and the formula teaching capital allocations (Table 2).
  - c. 'Guide to funding 2018-19', OfS 2018.21. This guide provides an overview of our funding methods.
  - d. '2018-19 Recurrent teaching grant: technical guidance for higher education providers', or '2018-19 Recurrent teaching grant: technical guidance for further education and sixth form colleges', which explain in detail how the figures in the grant tables have been derived. The technical guidance documents are aimed primarily at finance and planning officers.
3. The sections '**2016-17 HESA post-collection outputs (OfS)**' or '**2016-17 ILR post-collection outputs**' can be accessed only via the access key that was sent to the head of provider on 4 April 2018. The sections contain:
  - e. 2018-19 Student premium funding data summary, with supporting documents, to show how we have used HESA and ILR data to support our funding allocations.
4. The documents described in 2a to 2d will also be made available on the Office for Students website at [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/) from 11 May 2018. In addition, we will publish:
  - f. 2017-18 Higher Education Students Early Statistics (HESES) and Higher Education in Further Education: Students (HEIFES) summary data.
  - g. 2018-19 recurrent grant tables for the sector as a whole.