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Dear Accountable Officer

Additional student hardship funding for academic year 2022-23

I am writing to notify you of additional OfS grant funding for your provider. This funding must be distributed by the end of the 2022-23 academic year to students facing hardship as a result of the increased cost of living.

In 'Funding for academic year 2022-23' (OfS 2022.28),¹ we set out our decisions on the distribution of the strategic priorities grant for 2022-23. In that publication, we set aside:

- £10 million to support preparation for the Lifelong Loan Entitlement (LLE) as part of our funding for national facilities and regulatory initiatives
- £5 million of our recurrent funding for emerging priorities.

On 17 January 2023, the Secretary of State wrote to the OfS, providing further guidance about the use of these funds. This letter recognised that cost of living pressures are affecting students and higher education providers, and that demands on providers' hardship funds have increased this year. As the £15 million listed above is no longer needed for the purposes we had originally identified, we have been asked to allocate this funding to providers to distribute to support students in hardship. This funding should be treated as one-off, temporary, additional support for students during exceptional circumstances.

Details of the terms and conditions attached to this funding are set out in Annex A, along with information on how we will monitor its use. Annex B provides details of the method used to distribute the £15 million total, and funding allocations for all providers are set out in Annex C, a

¹ See www.officeforstudents.org.uk/publications/funding-for-academic-year-2022-23/.

Microsoft Excel file that accompanies this letter and that can be downloaded from www.officeforstudents.org.uk/publications/allocation-of-student-hardship-funding-for-academic-year-2022-23/.

Providers must distribute their allocation by 31 July 2023 to students facing hardship. We will seek to reclaim any funding not distributed to students by this date.

Further information and next steps

We do not require a response to this letter. If you have any questions about it, please email recurrentgrant@officeforstudents.org.uk.

Yours sincerely

Nolan Smith, OBE
Director of Resources and Finance

Annex A: Terms and conditions and monitoring for the January 2023 allocation of student hardship funding

Terms and conditions of funding

The January 2023 allocation of student hardship funding is subject to the general terms and conditions of grant for 2022-23.² In addition, the funding must be distributed by 31 July 2023 to higher education students facing hardship. Payments of hardship funding that have been made to students prior to 17 January 2023 cannot be counted against this allocation. We will monitor providers' use of the funding and recover sums that are not used in compliance with the terms and conditions of grant within the time available.

This funding:

- is provided to support higher education students and should not be paid to individuals who are not studying at higher education level (Level 4 or above) or towards a higher education qualification
- can be paid to students studying on a foundation year that is an integrated part of a higher education course.

In all cases, any funding distributed must be informed by a student-specific assessment of hardship. The funding must not be used to meet providers' own costs. In distributing the funding to students, providers must not place constraints on how students use the funding or the form in which they offer support. For example, students may choose to use this funding to meet accommodation costs with providers, but they should make this choice freely without pressure from the provider – preferably with separate financial transactions into and from a student's bank account. Where providers can use their purchasing power to secure greater value for money from the funding available (for example in offering vouchers or pieces of equipment), the benefit of that greater value must rest entirely with the student, not the provider, and a cash alternative should be offered. Where funding is used to provide pieces of equipment to students, that equipment must become the property of the student, not offered on loan.

The OfS will pay funding in two instalments: approximately 60 per cent will be paid in January 2023, and the remaining 40 per cent in April 2023. Providers must inform the OfS as soon as they are aware if they believe they will not be able to use their full allocation by 31 July 2023. Providers must also complete such monitoring reports on their use of funds as the OfS may require. The OfS reserves the right to recover funding during or after the 2023-24 academic year if it believes the provider will not use it, or has not used it, in compliance with the terms and conditions of grant that apply. Where appropriate, the OfS will look to redistribute to other providers any such sums recovered. Such redistribution may occur to reflect notifications and monitoring reports submitted by the provider, or where the provider fails to complete any monitoring submission required.

² As set out in 'Terms and conditions of funding for 2022-23' (OfS 2022.38), available at www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2022-23/.

Guidance on use of funding

The purpose of this funding is to support higher education students who are facing hardship, and particularly where it is needed to support their continuation of study and successful outcomes.

Although we have calculated an allocation for each provider based on our existing student premium methods, providers have flexibility in how they distribute the funding to students. This can be to a wider population of higher education students than those counted in our student premium funding methods, including, for example, postgraduates (whether taught or research), overseas students and others that do not meet the definition of 'OfS-fundable'.³ Providers should ensure that hardship funds are available on an equal basis to students who are on courses that they subcontract out for teaching by other providers.

We believe providers are best placed to assess student hardship locally. Providers may choose to distribute this funding through their existing student support systems, or to use a bespoke application process. Providers should alert students to the availability of hardship funding and ensure that their application processes have sufficient rigour to prioritise funding to those in greatest need, while avoiding bureaucracy that might deter applicants.

Monitoring exercise

We will monitor providers' use of this hardship funding allocation after the end of the academic year, in line with our responsibility to provide specific assurances to Parliament that the funding was spent in accordance with its terms and conditions.

We will run a light touch monitoring exercise later this year, requiring responses in September 2023. Further details will be announced later in the year, but we expect to ask providers to:

- confirm the total hardship funding distributed to higher education students by 31 July 2023 in line with our terms and conditions
- confirm any hardship funding not distributed by 31 July 2023 and therefore to be repaid
- briefly explain the reason for any unspent funding and the processes used by the provider to ensure that funding has been distributed in accordance with our terms and conditions.

Once this monitoring exercise has concluded, we will reclaim any undistributed funds.

³ As defined in Annex F of the Higher Education Students Early Statistics survey 2022-23 (HESES22) (OfS 2022.48), available at www.officeforstudents.org.uk/publications/heses22/.

Annex B: Distribution of funding

As with our previous allocations of student hardship funding, our statutory guidance letter from government asks that we use the existing student premium funding mechanism to distribute this further funding, with allocations for each provider weighted to reflect the number of students with characteristics that make them vulnerable to drop-out and lower attainment.

Having regard for the guidance from government and our legal duties, we have therefore decided to allocate the funding as follows:

- £11.1 million (74.0 per cent) pro rata to our allocations through the 2022-23 full-time student premium
- £1.6 million (10.7 per cent) pro rata to our allocations through the 2022-23 part-time student premium
- £2.3 million (15.3 per cent) pro rata to our allocations through the 2022-23 disabled students' premium.

Our view is that all students, irrespective of their mode of study, are likely to be impacted by the current cost-of-living increases. We are therefore splitting funding between the full-time and part-time student premiums to reflect the proportion of headcount student numbers that each mode represents of the students counted towards those premiums for 2022-23. The 15.3 per cent allocated pro rata to the disabled students' premium is the same proportion that this premium represents of the total funding distributed through these three student premiums for 2022-23.

Specific terms and conditions of funding apply to the use of this funding allocation; these are described in Annex A. If you believe that your provider will not be able to use the full sum allocated for the purposes intended by 31 July 2023, please notify us as quickly as possible by emailing recurrentgrant@officeforstudents.org.uk.