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8 May 2019

Dear <Salutation>

Recurrent grants for 2019-20

1. I am writing to provide details of your initial recurrent funding allocations for the academic year 2019-20. **Please note that all information in this letter and associated documents is subject to embargo until 0001 on Thursday 9 May 2019.**
2. This letter explains in broad terms the main changes to OfS funding in 2019-20, compared to 2018-19. 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 initial 2019-20 formula teaching capital allocations to providers were released on 29 March 2019 in 'Formula capital funding for 2019-20' (OfS 2019.13)¹.
4. We do not require a reply to this letter.

Introduction

5. The guidance letter to the OfS of 27 February 2019 from the Secretary of State for Education² confirmed the funding available for the 2019-20 financial year (April 2019 to March 2020). The letter also identified the policies and priorities that should underpin our approach to funding, but did not show indicative funding levels for the 2020-21 financial year.

¹ See www.officeforstudents.org.uk/publications/formula-capital-funding-for-2019-20/

² See www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/

6. To set budgets for the 2019-20 academic year (August to July), we have had to make assumptions about the funding that might be available for financial year 2020-21, because of the overlap from April to July 2020 between the two. However, any future changes to the grant made available to us by government for the 2019-20 financial year, or that we have assumed will be available for the 2020-21 financial year, are likely to affect the funding we are able to distribute to providers in the 2019-20 academic year. This may include revising allocations after they have already been announced.
7. From 1 August 2019, the OfS's regulatory framework comes into full effect, and we will provide recurrent funding for the academic year 2019-20 under powers arising from the Higher Education and Research Act 2017 (HERA)³. Section 39(1) of HERA gives us broad powers to fund education, and related facilities and activities to providers in the Approved (fee cap) category on the OfS Register of higher education providers⁴.
8. Only providers that have successfully joined the OfS register in the Approved (fee cap) category by 15 April 2019 will receive allocations in this May grant announcement. We will make further recurrent funding allocations to providers that are registered in the Approved (fee cap) category after this date and before the end of the academic year (31 July 2020). £14 million of our budget has been set aside for this purpose. We will not reduce your announced allocations to extend funding to providers that join the OfS register later in the year.
9. 'Funding for 2019-20: OfS board decisions' (OfS 2019.11)⁵, set out developments to the funding methods for 2019-20, and confirmed that:
 - a. We are providing an additional £32 million (4.7 per cent) in funding for high-cost subjects. Increases in 2018-19 student numbers mean that after the scaling factor is applied, the rate of funding per full-time equivalent student will increase by 1.5 per cent in cash terms, a cut in real terms of 0.5 per cent.
 - b. We are providing additional funding to support the government's health education reforms (see paragraph 10a). As well as additional funding included in the high-cost subjects allocation, we are providing an additional £6 million via the nursing, midwifery and allied health supplement.
 - c. We are implementing a reduction of £25 million to the postgraduate taught supplement, and the supplement is being targeted only where students are in price groups A to C2 and on courses that are not eligible for postgraduate masters' loans, or under the undergraduate student support arrangements. This reflects students' increased access to finance for masters' study, and the significant increase in postgraduate student numbers since 2016-17.
10. The total recurrent funding available for 2019-20 has to support substantial additional activity, arising from:
 - a. The government's health education reforms. These are:
 - i. The continuing transfer of funding responsibility relating to pre-registration courses in nursing, midwifery and allied health that were previously funded by the Department of Health and Social Care. For 2019-20, there are now three undergraduate entry cohorts, along with two entry cohorts under the new arrangements for postgraduate and dental hygiene and dental therapy courses.

³ See www.legislation.gov.uk/ukpga/2017/29/part/1/crossheading/powers-to-give-financial-support/enacted.

⁴ See www.officeforstudents.org.uk/advice-and-guidance/the-register/the-ofs-register/.

⁵ See www.officeforstudents.org.uk/publications/funding-for-2019-20-ofs-board-decisions/

- ii. Increases in students on pre-registration medical courses, as a result of the phased increase in intakes from 2018 19.
 - b. The extension of funding to providers that the OfS was not previously empowered to fund.
11. This additional activity means that there is a reduction to the overall rate of recurrent funding per full-time equivalent (FTE). This reduction is at least 3.6% in real terms based on the providers included in these initial allocations, but will be greater if more providers become eligible for funding as a result of joining the OfS register in the Approved (fee cap) category.

2019-20 Recurrent grant changes for higher education providers

12. Providers that received OfS funding for 2018-19 will see grant changes as a result of the developments described in paragraphs 9 to 11. In addition, providers may also see differences because of changes in their student numbers, relative to other providers. Such changes can affect a provider's share of allocations for high-cost subjects and those targeted allocations that are recalculated each year to reflect the latest student numbers.

Terms and conditions of funding

13. On 29 March 2019, we published our 'Terms and conditions of funding for 2019-20' (OfS 2019.12)⁶ which set out terms and conditions of funding that apply for the academic year 1 August 2019 to 31 July 2020. These apply to the recurrent and capital funding the OfS will distribute to providers that are registered in the Approved (fee cap) part of the OfS Register.
14. Terms and conditions of OfS funding supplement the conditions of registration that apply to providers in the Approved (fee cap) category⁷.

Further information and requests for changes

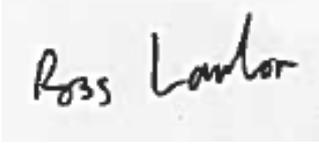
15. While we do not require a reply to this letter, there may be circumstances in which providers wish to request changes to allocations. The technical guidance provides further details and deadlines that apply.
16. There are two targeted allocations that are subject to appeal; these are the allocations for 'very high-cost science, technology, engineering and mathematics (STEM) subjects' and 'students attending courses in London'. Providers that wish to appeal should consult the technical guidance for further information on the grounds for which such appeals can be made and note that the deadline for receipt of appeals is **3 June 2019**.
17. 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 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 **27 June 2019**.

⁶ See www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2019-20/

⁷ See www.officeforstudents.org.uk/advice-and-guidance/regulation/conditions-of-registration/.

18. We can provide informal advice about the effects of any data changes, transfers or mergers to aid planning. If you wish to discuss this, or have any questions about your allocations, please contact recurrentgrant@officeforstudents.org.uk.

Yours sincerely

A rectangular box containing a handwritten signature in black ink that reads "Ross Lawlor".

Ross Lawlor
Funding Round Manager

Annex A

Documents and tables accompanying this grant announcement

1. Detailed information related to allocations for 2019-20 are released alongside this letter on the OfS portal (<https://extranet.officeforstudents.org.uk/data>) **under embargo until 0001 on 9 May 2019.**
2. The section '**2019-20 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 about portal access, please email portal@officeforstudents.org.uk. The section contains:
 - a. Your 2019-20 recurrent grant tables. This shows the funding allocated for 2019-20 under different funding streams and a breakdown of the data used to calculate it.
 - b. 'Recurrent funding for 2019-20' (OfS 2019.17). This provides a summary report on our initial recurrent grant allocations. A separate Excel file (Annex A) shows the total recurrent allocations for each provider.
 - c. 'Guide to funding 2019-20' (OfS 2019.18). This guide provides an overview of our funding methods.
 - d. '2019-20 Recurrent grant: technical guidance for higher education providers', which explains in detail how the figures in the grant tables have been derived. The technical guidance document is aimed primarily at finance and planning officers.
3. The section '**2017-18 post-collection outputs**' can be accessed only via the access key that was previously sent to the head of provider. For most providers, this letter was dated 28 January 2019. These sections contain:
 - 2019-20 student premium funding data summary outputs
 - for providers that submitted HESES18 and 2017-18 HESA AP student record only, a HESES17 population individualised file
 - for providers that submitted the 2017-18 HESA student record only, very high-cost STEM subjects data summary outputs.
 - Technical documents for the above
4. The documents described in 2b to 2d will also be made available on the OfS website⁸ from 9 May 2019. In addition, we will publish tables showing the 2019-20 recurrent grant for providers collectively.

⁸ See www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/