



Department for Education

The Rt Hon Bridget Phillipson MP
Secretary of State for Education

19 May 2025

Dear Sir David,

**Guidance to the Office for Students from the Secretary of State for Education
on the allocation of Strategic Priorities Grant capital funding for the 2025-26
Financial Year**

The provision of Strategic Priorities Grant (SPG) capital funding for FY25-26 enables both my department and the OfS to communicate Government's priorities to the sector and provide real incentives to create, increase or improve provision to meet these priorities. I can confirm an £84m budget for FY25-26 to support our missions.

I would like the OfS to continue allocating the majority of funds to providers through a competitive process to support specific projects and activities that will help address the government's missions and priority sectors for growth. I also ask that you allocate funding to projects that meet the needs of local employers and regional economies, as identified in Local Skills Improvement Plans (LSIPs), and align with Skills England priorities.

This government is committed to environmental sustainability with a mission to make Britain a clean energy superpower. We ask that the OfS continues to consider environmental sustainability within the capital bidding process and seeks assurance that providers have fully considered the issue in their funding bids.

I am content for the OfS to maintain small annual formula-based allocations if you assess this to be advisable, but ask that the OfS consider the case to withhold formula-based allocations from providers who are successful in receiving funding from the competition. Capital funding may also be used to support Jisc as in previous years.

You will be aware that I am making this funding allocation against the backdrop of the extremely challenging fiscal context inherited from the previous government. In light of this, I ask you to note that, in order to support this government's efforts to restore economic stability, I have asked my officials to work with yours to monitor closely the progress of funded projects. This may include, where appropriate, recovery of unused funding over the course of the year. My guidance for FY25-26 SPG recurrent funding will be sent separately.

Yours sincerely

**The Rt Hon Bridget Phillipson MP
Secretary of State for Education**