

Office for  
Students



# Funding for 2019-20

OfS board decisions

**Reference** OfS 2019.11

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**Publication date** 29 March 2019

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# Summary

1. This document reports the decisions taken by the OfS board on funding for 2019-20. These decisions follow receipt of the strategic guidance letter of 27 February 2019 from the Secretary of State for Education, which set out the funding available to the OfS for the financial year 2019-20 and the government's priorities.
2. We allocate funding to secure the best outcomes for students, supporting our strategic objectives and regulatory framework, as well as our general duties set out in the Higher Education and Research Act 2017 (HERA). In this respect, funding is one of the regulatory tools that enables us to deliver our priorities. Our funding helps to ensure the availability of high-quality, cost-effective higher education across the country in the following ways:
  - a. We promote quality, and greater choice and opportunities for students by investing in high-cost subjects at undergraduate and postgraduate levels, including medicine, science, engineering and agriculture, and strategically important and vulnerable subjects, as well as world-leading specialist providers.
  - b. We want students from under-represented groups and those with disabilities not only to access higher education, but also to achieve successful outcomes, including through progression to postgraduate study. We are allocating around a quarter of our funding to support students who we identify need most support to succeed. This complements the commitments providers themselves make and the outcomes they agree with us as part of their access and participation plans.
  - c. Our funding supports competition between higher education providers in recognising their success in recruiting and retaining students, and from 2019-20 we will fund providers that were not previously eligible for our grants. We also support collaborations where these bring benefits for students and employers, for example through the National Collaborative Outreach Programme and our Challenge Competitions.
3. Recurrent grant for the academic year 2019-20 will total £1,309 million, an increase of £19 million compared with the previous year. This has to support an increase in the student numbers that count towards OfS grants of about 25,000 arising from the government's health education reforms and a further significant increase arising from the extension of funding to providers that were not previously eligible for OfS funds. Within the total:
  - a. High-cost subject funding increases by £32 million (4.7 per cent) to £713 million. This is sufficient to maintain the budget total in real terms, and to provide funding for students added by the government's health education reforms. Because of the increase in student numbers, we expect the rate of funding per student to fall in real terms by about 0.5 per cent. There is a further increase of £6 million to the nursing, midwifery and allied health supplement, as a result of the additional students who count towards it.
  - b. Funding for the National Collaborative Outreach Programme and for each student premium is maintained in cash terms, and together totals £337 million.
  - c. Funding for the postgraduate taught supplement falls by £25 million to £8 million, because it is no longer provided for students on courses eligible for postgraduate masters' loans.

4. In addition, we are providing:
  - a. £40 million in academic year 2019-20 to support national facilities and initiatives, a reduction of £11 million compared with the previous year. This funding supports a variety of activities including Jisc, OfS Challenge Competitions, and the Evidence and Impact Exchange.
  - b. £100 million in financial year 2019-20 for capital funding, of which £90 million will be provided through formula-based allocations to providers and £10 million for Jisc.
5. We will notify providers in confidence of their initial allocation of recurrent grant for academic year 2019-20 on Wednesday 8 May 2019, and will publish all allocations on Thursday 9 May 2019. These initial allocations will be made to providers that are registered with us in the Approved (fee cap) category on 15 April 2019. We will make budget provision to enable us to provide funding for providers subsequently registered in this category. The announcement timetable reflects publishing and other constraints on government bodies during the pre-election period leading up to local elections on 2 May 2019.
6. Any questions about this document should be sent to [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk).

## Background

7. In this document, references to ‘financial year’ mean the 12-month period from 1 April to 31 March; references to ‘academic year’ mean the 12-month period from 1 August to 31 July. Figures are normally rounded to the nearest £1 million, except where necessary to avoid showing a figure that would otherwise be rounded down to zero, but allocations to providers and their totals will be rounded to the nearest £1. There are therefore some rounding differences in the document and its tables.
8. The strategic guidance letter of 27 February 2019 from the Secretary of State for Education<sup>1</sup> set out the funding available to the OfS for the financial year 2019-20 and the government’s priorities. It confirmed that funding priorities for the OfS remain consistent with those set in relation to the teaching grant in the previous financial year and announced grant allocations to the OfS for the financial years 2018-19 and 2019-20, as shown in Table 1. The settlement continues to reflect the outcomes of the Spending Review and Autumn Statement 2015<sup>2</sup>.

**Table 1: OfS teaching grants from government by financial year (£M)**

Element of grant	2018-19	2019-20
Recurrent <sup>3</sup>	1,388	1,387
Capital	150	100
<b>Total</b>	<b>1,538</b>	<b>1,487</b>

9. From 1 August 2019, the OfS’s regulatory framework comes into full effect. We will provide capital funding for the financial year 2019-20 and recurrent funding for the academic year 2019-20 for providers under powers arising from HERA. In particular, section 39(1) of HERA<sup>4</sup> provides us with broad powers to fund education, and related facilities and activities, at registered ‘eligible higher education providers’ – that is, providers in the Approved (fee cap) category on the OfS Register<sup>5</sup>.

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<sup>1</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

<sup>2</sup> See the section on ‘Efficiency and reform’ at: <http://webarchive.nationalarchives.gov.uk/20151202184345/https://www.gov.uk/government/news/department-for-business-innovation-and-skills-settlement-at-the-spending-review-2015>.

<sup>3</sup> The recurrent teaching grant total shown for financial year 2019-20 is after a reduction of £22 million relating to funding for inherited staff liabilities, responsibility for the administration of which has transferred from the Higher Education Funding Council for England (HEFCE) to the Department for Education. The equivalent funding is included in the recurrent teaching grant total shown for financial year 2018-19. In addition, the figures for both years include £58 million (of which £47 million is for the Higher Education Innovation Fund) relating to allocations administered through Research England, rather than the OfS.

<sup>4</sup> See [www.legislation.gov.uk/ukpga/2017/29/part/1/crossheading/powers-to-give-financial-support/enacted](http://www.legislation.gov.uk/ukpga/2017/29/part/1/crossheading/powers-to-give-financial-support/enacted).

<sup>5</sup> See [www.officeforstudents.org.uk/advice-and-guidance/the-register/the-ofs-register/](http://www.officeforstudents.org.uk/advice-and-guidance/the-register/the-ofs-register/).

10. Funding for providers in 2019-20 supports a large increase in student numbers that count towards OfS grants. This arises from the government's health education reforms and from the extension of funding to providers that were not previously eligible for OfS funds, as follows:

- a. The government's health education reforms comprise:
  - i. The phased transfer to the main higher education finance arrangements of successive entry cohorts of students, from 2017-18, on courses leading to first registration as a professional in nursing, midwifery and certain allied health professions.
  - ii. The expansion of intakes to courses leading to first registration as a medical doctor.

We will count some 25,000 additional students towards OfS funding for 2019-20 as a result of these reforms.

- b. Extending access to public funding for providers that the OfS was not previously empowered to fund supports competition between providers by ensuring a more level playing field. As the process of establishing the OfS register is not yet complete, the total number of students at such providers that we will count towards OfS funding for 2019-20 is not yet known.

11. In August 2018, we published 'Funding for academic year 2019-20: Approach and data collection' (OfS 2018.31)<sup>6</sup>. This explained, and invited comment on, our broad approach to funding for academic year 2019-20. It stated that until we have completed a review we will continue to apply existing funding methods, but will develop them as necessary to ensure that, as far as possible, we treat all eligible providers consistently. In this respect, allocations for academic year 2019-20 will reflect a transitional approach.

12. In February 2019, we published 'Funding for 2019-20: Consultation on terms and conditions and method' (OfS 2019.02)<sup>7</sup>. This has provided a further opportunity for providers and others to comment on the approach to funding for 2019-20, in particular setting out proposals for a revised approach to calculating formula-based capital grants. We also held a consultative event on 13 March 2019 with representative bodies of providers, where we discussed our proposed approach to 2019-20 funding, including questions of prioritisation between budgets, as well as methods.

## Summary of board decisions

13. At the OfS board meeting on 26 March 2019, in the light of the strategic guidance letter and responses to the consultation on funding, the board

- a. Agreed budgets for and approaches to recurrent grants for teaching and for national facilities and regulatory initiatives for academic year 2019-20.

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<sup>6</sup> See [www.officeforstudents.org.uk/publications/funding-for-academic-year-2019-20-approach-and-data-collection/](http://www.officeforstudents.org.uk/publications/funding-for-academic-year-2019-20-approach-and-data-collection/).

<sup>7</sup> See [www.officeforstudents.org.uk/publications/funding-for-2019-20-consultation-on-terms-and-conditions-and-method/](http://www.officeforstudents.org.uk/publications/funding-for-2019-20-consultation-on-terms-and-conditions-and-method/).

b. Agreed budgets for and approaches to capital grants for financial year 2019-20.

14. Table 2 sets out the budget that the OfS board has set for the academic year 2019-20 and compares it with the budget for 2018-19. Capital funding is provided for the financial year, but is paid in the eight-month overlap with the academic year (that is, between August 2019 and March 2020).

**Table 2: Overall budget for academic years 2018-19 and 2019-20 (£M)**

Academic year	2018-19	2019-20
Recurrent teaching	1,290	1,309
National facilities and regulatory initiatives	51	40
<b>Total recurrent funding</b>	<b>1,341</b>	<b>1,349</b>
Capital funding	150	100
<b>Total funding</b>	<b>1,491</b>	<b>1,449</b>

15. While the government’s strategic guidance letter confirmed the teaching funding available for the 2019-20 financial year, it did not show any indicative funding for the 2020-21 financial year. In agreeing budgets for the 2019-20 academic year, the OfS board has had to make an assumption about the funding that might be available for the 2020-21 financial year, because of its four-month overlap with the 2019-20 academic year. Any changes to the grant made available by the government for financial year 2019-20, or that the board has assumed for financial year 2020-21, are likely to affect the funding we are able to distribute to providers in the 2019-20 academic year. If such changes arise, we may adjust any funding allocation to a provider after it has been announced, to ensure that the total funding allocated remains within the available budget.

## Recurrent grant announcements to providers

16. We will announce initial allocations of recurrent grant to providers on 8 May 2019, for publication on 9 May 2019. Our calculations for that announcement will include all those in the Approved (fee cap) part of the OfS register on 15 April 2019.

17. Subject to providers meeting all eligibility criteria for funding and our having sufficient funding available, we will make further recurrent funding allocations to providers that are registered in the Approved (fee cap) category after 15 April 2019 and before the end of the academic year (31 July 2020), and will make budget provision for this purpose. We will not reduce allocations announced to providers on 8 May 2019 to extend funding to providers that join the OfS register later. However, we recognise the exceptional circumstances this year as the OfS register is being established, and therefore propose, subject to adequate funding being available, to provide funding for eligible providers registered in the Approved (fee cap) category between 16 April 2019 and 31 July 2020, as follows:

a. For a provider that submits its application to register in the Approved (fee cap) category **by 30 April 2019** (subject to their application for registration being successful on or before 31 July 2020), a full allocation of recurrent funding for the whole academic year.

- b. For a provider that submits its application to register in the Approved (fee cap) category **after 30 April 2019** (subject to their application for registration being successful on or before 31 July 2020), an allocation of recurrent funding, which will be reduced pro rata to reflect the number of days in the 2019-20 academic year before it becomes registered in this category<sup>8</sup>.
18. As explained above, only those providers that have successfully completed registration by 31 July 2020 will receive recurrent funding for 2019-20. OfS 2019.02 states that we expect to announce updated recurrent and formula capital grants in October 2019, including any providers that are registered in the Approved (fee cap) category on Friday 20 September 2019. While we hope that this date will allow us to include allocations for any eligible providers not registered in this category in time for the initial distribution of recurrent funding, we do not rule out making further allocations to providers that are registered in this category later.

## Recurrent grant

19. The increase in recurrent teaching grant for academic year 2019-20 has been facilitated by the addition of £20 million of one-off funding that has been released during the previous year. This relates primarily to adjustments to funding for providers resulting from data assurance and amendments and a reduced requirement from OfS Challenge Competitions<sup>9</sup>. Within the total increase to recurrent teaching grant for academic year 2019-20:
- a. High-cost subject funding increases by £32 million (4.7 per cent). This is sufficient to maintain the total budget in real terms, and to provide funding for students added by the government's health education reforms (see paragraph 10.a). Because of the increase in student numbers that count towards OfS funding, we expect the rate of funding for high-cost subjects to increase by approximately 1.5 per cent in cash terms, a cut in real terms of 0.5 per cent<sup>10</sup>. There is a further increase of £6 million to the nursing, midwifery and allied health supplement, as a result of the additional students that count towards it.
  - b. Funding for the National Collaborative Outreach Programme (NCOP) and for each student premium is maintained in cash terms. The OfS board has already agreed in principle to continue to support NCOP during the 2020-21 academic year<sup>11</sup>.
  - c. As announced last year<sup>12</sup>, the postgraduate taught supplement will be provided for academic year 2019-20 only where students are in price groups A to C2 and on courses

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<sup>8</sup> For example, if a provider joins the OfS register in the Approved (fee cap) category on 1 January 2020, its recurrent funding will be reduced by  $153 \div 366$  (to reflect the 153 days of the 366-day 2019-20 academic year during which it is not registered).

<sup>9</sup> See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/ofs-challenge-competitions/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/ofs-challenge-competitions/).

<sup>10</sup> Using a forecast gross domestic product deflator for the academic year 2019-20 of 1.95 per cent.

<sup>11</sup> See 'A new approach to regulating access and participation in English higher education: Consultation outcomes' (OfS 2018.53, available at [www.officeforstudents.org.uk/publications/a-new-approach-to-regulating-access-and-participation-in-english-higher-education-consultation-outcomes/](http://www.officeforstudents.org.uk/publications/a-new-approach-to-regulating-access-and-participation-in-english-higher-education-consultation-outcomes/)).

<sup>12</sup> See Annex A, paragraphs 9 to 11 of 'Teaching funding in the period from April 2018 to July 2019' (OfS 2018.22, 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/)).



that are not eligible for postgraduate masters' loans, or under the undergraduate student support arrangements. For such students, the rate of funding is maintained in cash terms at £1,100 per full-time equivalent. The budget reduces by £25 million as a result of no longer counting students on courses eligible for postgraduate masters' loans.

20. Table 3 summarises academic year 2019-20 budgets for each element of recurrent teaching grant and compares them with the budget for 2018-19. It also shows how much of the 2019-20 budget is attributable to the phased transfer of students on pre-registration courses for nursing, midwifery and allied health professions. Further information about the approach to targeted allocations follows in paragraphs 21 to 36.

**Table 3: Disaggregation of recurrent grant for 2019-20 (£M)**

Elements of recurrent teaching grant	2018-19 budget	2019-20 budget	Related to nursing, midwifery and allied health transfer
<b>High-cost subject funding</b>	<b>681</b>	<b>713</b>	<b>51</b>
<b>Targeted allocations</b>			
Very high- cost science, technology, engineering and maths (STEM) subjects	25	25	
Nursing, midwifery and allied health supplement	14	20	20
Erasmus+ and overseas study programmes	30	30	
Postgraduate taught supplement	33	8	
Intensive postgraduate provision	35	35	
Accelerated full-time undergraduate provision	2	3	
Premium to support successful student outcomes: full-time	165	165	13
Premium to support successful student outcomes: part-time	72	72	1
Disabled students' premium	40	40	2
National Collaborative Outreach Programme	60	60	
Students attending courses in London	67	71	3
Specialist institutions	44	44	
Clinical consultants' pay	17	17	
Senior academic general practitioners' pay	1	1	
NHS pensions scheme compensation	5	5	
<b>Subtotal: targeted allocations</b>	<b>609</b>	<b>596</b>	<b>40</b>
<b>Total recurrent grant</b>	<b>1,290</b>	<b>1,309</b>	<b>91</b>

## Very high-cost STEM subjects

21. This allocation reflects the high delivery costs associated with chemistry, physics, chemical engineering, and mineral, metallurgy and materials engineering. It supplements the standard high-cost subject funding for price group B. To receive an allocation for one of these subjects, a provider must have at least 30 full-time equivalent students in the subject area. We are maintaining the total budget in real terms, but recalculating allocations to reflect the latest student numbers from providers.

## Nursing, midwifery and allied health supplement

22. We are maintaining the rates of funding for each profession and level of study<sup>13</sup> in cash terms. The total budget increases by £6 million as a result of the additional cohort of students that counts towards it.

## Erasmus+ and overseas study programmes

23. This funding supports the costs to providers of participation in student exchange programmes with overseas providers, including (but not limited to) Erasmus+. We are maintaining in cash terms, at £2,315, the rate of funding allocated for students spending a year abroad. The total funding requirement for this is broadly stable at £30 million.

## Intensive postgraduate provision

24. This allocation recognises extra costs associated with teaching full-time postgraduate courses that last for 45 weeks or more in the year (or equivalent part-time courses) – typically, one-year full-time (or equivalent part-time) masters programmes. For 2018-19 this has been provided at a rate of £1,108 for students in price group B and £847 for students in price groups C1 and C2. It is not provided for courses in price group A, where the rate of high-cost subject funding already recognises the study intensity of clinical subjects; nor to postgraduate courses in price group D, where fees have historically been expected to cover costs. For academic year 2019-20, we propose to maintain the rates of funding for this grant in cash terms. We expect the budget requirement for this to remain at £35 million.

## Accelerated full-time undergraduate provision

25. This allocation recognises extra costs associated with teaching full-time undergraduate courses that last for 45 weeks or more in the year – this will typically be for bachelors' degrees completed in two years. For academic year 2018-19 this has been provided at a rate of £1,439 for students in price group B, £1,100 for students in price groups C1 and C2 and £846 for students in price group D. It is not provided for courses in price group A, where the rate of high-cost subject funding already recognises the study intensity of clinical subjects.

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<sup>13</sup> See Table 5 of 'Guide to funding 2018-19' (OfS 2018.21, available at [www.officeforstudents.org.uk/publications/guide-to-funding-2018-19/](http://www.officeforstudents.org.uk/publications/guide-to-funding-2018-19/)).

26. From 2019-20 the regulated fee limits for accelerated courses have increased by 20 per cent<sup>14</sup>. This applies only to students starting such courses in academic year 2019-20, not to those continuing on them. Given their confirmation in February 2019, it is unclear how immediately providers will be able to increase such fees in practice and we are therefore maintaining the rates of grant for this allocation in cash terms for academic year 2019-20.

## Student premiums and NCOP

27. The government's spending review and autumn statement in November 2015 announced that the funding previously known as the student opportunity fund might need to reduce by up to half by 2019-20<sup>15</sup>, and that it should be focused on providers with the most effective outcomes. This fund covered what is now provided through the student premiums for full-time undergraduates, part-time undergraduates and disabled students, as well as NCOP.

28. These allocations are a key part of how our funding recognises our duties to promote greater choice and opportunities for students, and equality of opportunity in access to and participation in higher education. Student premiums are commonly the largest single element of OfS funding for further education and sixth form colleges and for many eligible providers that we were not empowered to fund for 2018-19.

29. For academic year 2019-20, we are maintaining each of these budgets in cash terms. The total of £337 million represents 26 per cent of our overall recurrent budget of £1,309 million. Although we have been able to protect the student premium budgets, they remain under significant pressure: the rates of funding per student provided through the premiums will fall because of the additional students who count towards them (see paragraph 10).

30. The full-time student premium provides targeted funding to enable providers to support undergraduate students most at risk of not completing their studies (this risk being assessed according to students' qualification aims, entry qualifications and ages). Since 2017-18, a supplement has been included in the overall total, which incorporates weightings based on the recruitment of students who are both 'at risk' and from the most disadvantaged backgrounds. This supplement focuses funding more towards those providers that do most to widen access and participation. The supplement amounted to £19.5 million of the £165 million total for academic year 2018-19, and this will also apply for academic year 2019-20.

31. The disabled students premium is distributed to reflect the proportions of students at each provider who receive the disabled students' allowance (weighted 2) as well as others who declare a disability (weighted 1). The allocation supports providers to meet the rapid rise in mental health issues and to move towards an inclusive social model of support for disabled students<sup>16</sup>. It complements reforms to the disabled students' allowance introduced for new

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<sup>14</sup> By statutory instrument 2019/214, available at [www.legislation.gov.uk/uksi/2019/214/made](http://www.legislation.gov.uk/uksi/2019/214/made).

<sup>15</sup> Funding for student opportunity in 2015-16 totalled £380 million (see <https://webarchive.nationalarchives.gov.uk/20180319123337/http://www.hefce.ac.uk/funding/annalocns/1516/lt/>), implying a reduction of up to £190 million by 2019-20.

<sup>16</sup> As recommended in the HEFCE research reports 'Support for higher education students with Specific Learning Difficulties' (available at <http://webarchive.nationalarchives.gov.uk/20170110102359/http://www.hefce.ac.uk/pubs/rereports/Year/2015/spld/Title,104722,en.html>) and 'Understanding provision for students

entrants in academic years 2015-16 and 2016-17, which limited how much might be provided for computing equipment and certain categories of non-medical help<sup>17</sup>.

32. Since academic year 2017-18, there has been a cap in the allocation method to limit year-on-year changes in grant to  $\pm$ £100,000. This has provided stability for providers as they move to more inclusive, social models of support. Recognising that this period of transition is entering its third year, we are increasing the limit on changes to  $\pm$ £200,000. This will also ensure fair access to this funding for providers new to OfS funding.
33. In previous years, a minimum allocation has applied to the disabled students premium, which has recognised the costs to providers of ensuring accessibility to their courses, even if they happen to have no disabled students in a particular year. We are continuing to apply a minimum in academic year 2019-20, but this will be set at a uniform £1,000 for all providers.

## Students attending courses in London

34. This allocation recognises the extra cost for providers operating in London: the rates of grant provided vary by price group and according to whether providers are in inner or outer London. For 2019-20, we will continue the same method as previously and are looking, as far as possible, to maintain the rates of grant in cash terms. Current modelling suggests this requires an increase to the budget to £71 million, which arises primarily because of the increased activity that it must support (relating to the government's health education reforms and because many of the providers new to OfS funding are in London). The OfS board has therefore agreed a budget for this allocation at £71 million. We will confirm in May 2019 the rates of grant for the initial distribution of this funding, which will depend on how much provision we make to fund providers whose are not registered in the Approved (fee cap) category in time for inclusion in our spring 2019 grant announcement.

## Specialist institutions

35. This allocation supports certain specialist institutions with world-leading teaching, identified through an international peer review panel exercise in 2015-16<sup>18</sup>. A formulaic methodology has applied from 2016-17 to reflect the outcomes of the review, including transitional arrangements for a small number of providers that had significant changes compared with previous years. Formula funding allocations in academic year 2019-20 will be the same as the previous year for each provider. There is a small reduction to the overall budget as a result of the withdrawal of transitional funding.

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with mental health problems and intensive support needs' (available at <http://webarchive.nationalarchives.gov.uk/20170110102332/http://www.hefce.ac.uk/pubs/rereports/Year/2015/mh/Title,104768,en.html>)

<sup>17</sup> See [www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-12-02/HCWS347/](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-12-02/HCWS347/).

<sup>18</sup> See <http://webarchive.nationalarchives.gov.uk/20170712123151/http://www.hefce.ac.uk/lt/howfund/institution/>.

## Clinical consultants' pay, senior academic general practitioners' pay and NHS pensions scheme compensation

36. These three allocations, which together total £23 million, are provided to support additional costs associated with clinical staff. They were introduced in earlier years to recognise pay settlements for NHS staff and increased employer contributions to the NHS pensions scheme. The allocations for academic year 2019-20 will be held constant in cash terms.

## Other grants

37. The OfS board has also agreed to provide for non-capital grants of £40 million to support national facilities and regulatory initiatives. This is a reduction of £11 million compared with the equivalent total for academic year 2018-19. The two largest elements of this funding are support for Jisc<sup>19</sup> (£18 million) and for Challenge Competitions (£15 million). Other elements include funding of:

- a. £1.5 million for the Evidence and Impact Exchange<sup>20</sup>, which will improve evidence on the impact of different approaches to widening access and improving outcomes and progression for disadvantaged students, thereby supporting the outcomes higher education providers agree with the OfS through their access and participation plans.
- b. £1 million for strategic interventions in health education disciplines<sup>21</sup>.

38. The OfS is responsible for a contribution of £47 million to the knowledge exchange funding delivered to providers by UK Research and Innovation (through Research England) in the form of Higher Education Innovation Funding. The strategic guidance letter of 27 February 2019 asks the OfS:

‘to work with Research England to improve understanding of teaching and students’ involvement in and contribution to achieving the external economic and societal impacts that are the focus of knowledge exchange activities, with the aim of informing Higher Education Innovation Funding and knowledge exchange strategies from 2021, and the government’s broader ambitions for improving productivity and social mobility.’

39. The OfS will work with Research England in 2019 to determine and capture the data needed to improve our understanding of how students contribute to knowledge exchange and incorporate this into the Higher Education Innovation Funding approach, so that we can have more assurance about the contribution of this investment to OfS duties and our strategy.

40. The strategic guidance letter identifies £100 million of capital funding for financial year 2019-20. Of this total, the board has agreed to allocate £90 million as formula capital grants to providers

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<sup>19</sup> See [www.jisc.ac.uk/](http://www.jisc.ac.uk/).

<sup>20</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation-and-effective-practice/evidence-and-impact-exchange/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation-and-effective-practice/evidence-and-impact-exchange/).

<sup>21</sup> See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/health-education-funding/strategic-interventions-in-health-education-disciplines/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/health-education-funding/strategic-interventions-in-health-education-disciplines/).

and £10 million for Jisc to support the Janet network and English regional network upgrades, cybersecurity and learning analytics. The £90 million for formula capital grants is a reduction of 13.8 per cent in cash terms (15.5 per cent in real terms) compared with the £104 million allocated as a formula capital grant for financial year 2018-19, but supports an increase in activity arising from the government's health education reforms and for providers that were not eligible for OfS funding for 2018-19.

41. 'Formula capital funding for 2019-20' (OfS 2019.13)<sup>22</sup> announces an initial distribution of formula capital grants totalling £88 million, made to providers registered in the Approved (fee cap) category on 19 March 2019. The balance of £2 million has been set aside as provision for providers registered in this category between 20 March 2019 and the end of the 2019-20 financial year.

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<sup>22</sup> Available at [www.officeforstudents.org.uk/publications/formula-capital-funding-for-2019-20/](http://www.officeforstudents.org.uk/publications/formula-capital-funding-for-2019-20/).



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