

# Funding for 2025-26

## Decisions and allocations

**Reference:** OfS 2025.39

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# Executive summary

1. This publication reports the decisions taken by the OfS on funding for the 2025-26 academic year (AY). These decisions follow receipt on 19 May 2025 of two guidance letters from the Secretary of State for Education. These set out the 'strategic priorities grant' (SPG) or annual funding for recurrent and capital funding available to us for the 2025-26 financial year (FY).<sup>1</sup>
2. This publication also sets out our recurrent funding budgets for the 2025-26 AY.<sup>2</sup> Annex A lists the funding allocations made to all eligible providers for the AY 2025-26 and is available to download alongside this document as a separate file.<sup>3</sup>

## Financial year sums made available by government

3. As well as confirming the funding made available to us, the letters from the Secretary of State provided guidance on the government's strategic priorities for FY 2025-26. They also set terms and conditions that constrain our use of the SPG funding made available to us. These conditions identify specific changes to recurrent funding methods and budgets that we are required to make in distributing funds for the AY 2025-26.
4. For FY 2025-26, the government has made these sums available to us for distribution:
  - a. **Capital funding of £84 million.** This is a reduction of £66 million, compared with the equivalent sum provided for FY 2024-25.<sup>4</sup> Our approach to the distribution of capital funding was confirmed in 'Capital funding for financial year 2025-26' (OfS 2025.29), published on 12 June 2025.<sup>5</sup>
  - b. **SPG recurrent funding of £1,347.7 million.** This is a reduction of £108.3 million, compared with the sum provided for FY 2024-25.

## Recurrent funding distributed in academic year 2025-26

5. For AY 2025-26, we will distribute recurrent (non-capital) grants totalling £1,310.9 million. This is a decrease of £114.8 million (-8.1 per cent) compared with the equivalent budget for the previous year. This comprises £1,286.8 million in recurrent grant for providers and £24.1 million in funding for national facilities and regulatory initiatives.
6. The total reduction to recurrent funding for AY 2025-26 is greater than the reduction made to the SPG recurrent funding made available to us for FY 2025-26. This additional reduction is in line with government terms and conditions and allows us to bring the total AY funding distributed closer in line with the funding made available to us for the FY. This will place OfS

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<sup>1</sup> See 'Guidance to the Office for Students on Strategic Priorities Grant funding for the 2025-26 financial year and associated terms and conditions (May 2025)', available at our web page of [guidance from government](#).

<sup>2</sup> In this document, academic year (AY) 2025-26 refers to 1 August 2025 to 31 July 2026 and financial year (FY) 2025-26 refers to 1 April 2025 to 31 March 2026.

<sup>3</sup> Available on [the OfS website alongside this document](#).

<sup>4</sup> £450 million of capital funding was made available to us across the three period FY 2022-23 to 2024-25.

<sup>5</sup> OfS, '[Capital funding for financial year 2025 to 2026](#)' (OfS 2025.29).

funding in a more financially sustainable position going forward and is required to mitigate the risks of any future in-year funding changes to providers.

## Terms and conditions placed on us by government

7. The Secretary of State's letter of 19 May placed a number of conditions on us that we must comply with when setting budgets for AY 2025-26.
- a. We are discontinuing the targeted allocations for accelerated full-time undergraduate provision; intensive postgraduate provision; the postgraduate taught supplement; overseas study programmes; the degree apprenticeship development fund; and funding for Level 4 and 5 provision.
  - b. We are maintaining in cash terms the funding rates for high-cost subject funding; these will be kept at the same level as provided in AY 2024-25. However, we will amend our funding method to:
    - i. Reprioritise funding for price group C1.2 away from courses in media studies, journalism, publishing, and information services. Savings made will be reallocated to support subjects in price group B.
    - ii. Disregard courses delivered at franchised providers, except where franchised providers are in the Approved (fee cap) register of the OfS Register.<sup>6</sup>
  - c. We are maintaining in cash terms the funding rate for the nursing, midwifery and allied health supplement and the budgets for the very high-cost science, technology, engineering and mathematics (STEM) subjects.
  - d. We are maintaining in cash terms the funding for specialist providers identified as world leading.
  - e. The funding that we can allocate for the Uni Connect<sup>7</sup> and Transforming Access and Student Outcomes in Higher Education (TASO)<sup>8</sup> programmes is capped at £20 million and £1.5 million respectively.
  - f. When calculating student premium allocations, the government's terms and conditions require us to disregard students on courses delivered at franchised providers, except where these franchised providers are in the Approved (fee cap) category of the OfS Register. Implementing this reduces the total student premium budget required by approximately £29 million.

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<sup>6</sup> See [The OfS Register](#).

<sup>7</sup> See the [Uni Connect](#) pages on the OfS website.

<sup>8</sup> See [taso.org.uk](https://taso.org.uk).

# Background

8. This document announces OfS decisions on funding budgets and methods for 2025-26. These decisions have been taken with regard to our general duties, as well as terms and conditions placed on our use of funds by government.
9. In this document:
- References to 'financial year' (FY) mean the 12-month period from 1 April to 31 March. References to 'academic year' (AY) mean the 12-month period from 1 August to 31 July.
  - Comparisons between years of budgets or grant rates in 'cash terms' make no adjustment for the effects of inflation between those years.
  - 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.

The AY 2024-25 budgets were first announced in 'Funding for academic year 2024-25'.<sup>9</sup> The budgets for AY 2024-25 quoted in this publication represent the position at 10 April 2025, as listed in the revised provider allocations shown in Annex A of 'Recurrent funding for 2024-25'.<sup>10</sup>

10. This publication is part of a suite of documents released as part of the July 2025 grant announcement, which includes the following publications, all of which are available on the OfS website.<sup>11</sup>
- a cover letter to accountable officers
  - this document and its annex (OfS 2025.39)
  - 'Terms and conditions of funding 2025-26' (OfS 2025.40)
  - 'Guide to funding 2025-26' (OfS 2025.41).

## Terms and conditions of OfS funding for 2025-26

11. As noted above, we have published our 'Terms and conditions of funding for 2025-26' and providers should consult that document for full information on the terms and conditions attached to receipt of OfS funding.

## Further information

12. Providers requiring further information should contact [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk).

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<sup>9</sup> OfS, 'Funding for academic year 2024-25' (OfS 2024.33).

<sup>10</sup> OfS, 'Recurrent funding for 2024-25' (OfS 2024.34).

<sup>11</sup> See the [funding allocations](#) page on the OfS website.

# Government funding for financial year 2025-26

13. On 19 May 2025 we received two guidance letters from the Secretary of State for Education. These set out the SPG recurrent and capital funding available to us for FY 2025-26.<sup>12</sup> They did not provide any information on funding levels for FY 2026-27.

## Capital funding

14. The Secretary of State announced capital funding of £84 million available for the OfS to distribute in FY 2025-26.<sup>13</sup> We are distributing £72.75 million to providers through a bidding competition, with an additional £7.75 million through a formula allocation. The remaining £3.5 million will be used to support capital expenditure by Jisc, relating to the services it provides for the sector.

15. Details of the capital allocation method were published on 12 June 2025 in 'Capital funding for financial year 2025-26'.<sup>14</sup>

## Strategic priorities grant recurrent funding

16. The Secretary of State has also made available to us a total of £1,347.7 million of SPG recurrent funding for FY 2025-26. **Table 1** compares the total non-capital funds available to us for FY 2024-25 and 2025-26.

**Table 1: OfS non-capital SPG from the government**

Financial year	2024-25 (£M)	2025-26 (£M)
Funding distributed through Research England	48.0	48.0
Recurrent funding distributed by the OfS	1,408.0	1,299.7
<b>Total non-capital SPG</b>	<b>1,456.0</b>	<b>1,347.7</b>

17. The total SPG recurrent funding made available to us for the year includes £48.0 million that relates to funds administered by Research England. This is used to support teaching-related knowledge exchange activities through Higher Education Innovation Funding.<sup>15</sup> This leaves the total available for distribution by us at £1,299.7 million for FY 2025-26.

18. The Secretary of State's letter provided guidance on the government's strategic priorities for 2025-26. The letter also set terms and conditions that constrain our use of the funding. These

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<sup>12</sup> See 'Guidance to the Office for Students from the Secretary of State for Education on Strategic Priorities Grant funding for the 2025-26 Financial Year and associated terms and conditions', available on our web page of [guidance from government](#).

<sup>13</sup> See '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', available on our web page of [guidance from government](#).

<sup>14</sup> OfS, '[Capital funding for financial year 2025 to 2026](#)' (OfS 2025.29).

<sup>15</sup> Research England, '[Higher Education Innovation Funding](#)'.

conditions identify specific changes to funding methods and budgets that we are required to make in distributing funds for AY 2025-26 and are described in detail below.

## Allocation of recurrent funding for academic year 2025-26

19. To set budgets for AY 2025-26, we have had to make assumptions about the funding that might be available for FY 2026-27, because of the overlap between the two from April to July 2026. **Any future changes to the grant made available to us by government for FY 2025-26, or that we have assumed will be available for FY 2026-27, are likely to affect the funding we are able to distribute to providers in AY 2025-26.** This may necessitate revising allocations after we have announced them and we urge providers to take this into account and be prudent in their financial planning.
20. The OfS's funding settlement from government for FY 2025-26 covers the months April to July 2025 within the 2024-25 AY, and August 2025 to March 2026 within the 2025-26 AY. We have already announced our grant to providers for AY 2024-25 and do not propose to change those allocations as a result of our funding settlement for FY 2025-26.
21. **Table 2** sets out the non-capital budget that the OfS has set for AY 2025-26 compared with the 2024-25 budget. The budgets set out here, and in tables 4 and 5 below, reflect the terms and conditions placed on us by government.

**Table 2: Overall non-capital budget for AY 2024-25 and 2025-26**

Academic year	2024-25 (£M)	2025-26 (£M)
National facilities and regulatory initiatives	24.1	24.1
Recurrent funding for providers	1,401.6	1286.9
<b>Total non-capital grant distributed by the OfS</b>	<b>1,425.7</b>	<b>1,310.9</b>

Note: Sums may not add up because of rounding differences.

### National facilities and regulatory initiatives

22. We aim to distribute as much as possible of the funding for core higher education activity through the recurrent grant to providers. However, we provide a small proportion of funding for specific purposes and to promote change that cannot easily be achieved through other routes. This funding supports activity such as the National Student Survey and facilities such as Jisc (which funds development and champions the use of digital technologies in UK education and research).
23. Government terms and conditions specify that we must allocate funding to support national facilities and regulatory initiatives and that:
  - a. The total budget for TASO<sup>16</sup> must not exceed £1.5 million.

<sup>16</sup> See [taso.org.uk](https://taso.org.uk).

- b. We must not allocate funding to any new challenge competition(s) unless we have identified otherwise unallocated funds and have agreed these new competitions with the Secretary of State.

24. We are allocating a total of £24.1 million in AY 2025-26 for these funding lines, which maintains funding at the same level as provided for 2024-25. This is shown in **Table 3**.

**Table 3: Funding for national facilities and regulatory initiatives**

	2024-25 budget (£M)	2025-26 budget (£M)
Provision of student information <sup>17</sup>	3.0	3.0
Challenge competitions	0.0	0.0
TASO	1.5	1.5
Performing arts specialist initiative <sup>18</sup>	9.6	9.6
Jisc	10.0	10.0
<b>Total</b>	<b>24.1</b>	<b>24.1</b>

## Recurrent funding for providers

25. Recurrent funding makes up the large majority of funding that we distribute to providers.

**Table 4** summarises the recurrent grant budgets for AY 2025-26, separated by funding stream, and provides a comparison with the figures for AY 2024-25.

**Table 4: Recurrent grant budgets for AY 2025-26**

Elements of recurrent grant	2024-25 budget	2025-26 budget	Percentage change to budget
<b>Funding for high-cost courses</b>	<b>1,042.7</b>	<b>956.1</b>	<b>-8.3%</b>
Of which:			
High-cost subject funding: price groups A to C1.1	866.4	866.2	-0.0%
High-cost subject funding: price group C1.2	16.8	12.9	-23.0%
Nursing, midwifery and allied health supplement	31.6	30.8	-2.4%
Very high-cost STEM subjects	24.7	24.7	0.2%
Overseas study programmes	20.6	0.0	-100.0%
Degree apprenticeships	24.0	0.0	-100.0%
Level 4 and 5 provision	16.0	0.0	-100.0%
Postgraduate taught supplement	4.1	0.0	-100.0%
Intensive postgraduate provision	13.8	0.0	-100.0%

<sup>17</sup> This includes the annual costs of running the National Student Survey and funding [Discover Uni](#).

<sup>18</sup> Funding to enhance the provision of, and access to, performing arts education and training at specialist providers not in receipt of recurrent specialist provider funding. OfS, '[Initiative funding for specialist performing arts providers: Funding allocations](#)' (OfS 2023.09).



Elements of recurrent grant	2024-25 budget	2025-26 budget	Percentage change to budget
Accelerated full-time undergraduate provision	3.1	0.0	-100.0%
Clinical consultants' pay	15.8	15.8	0.0%
Senior academic general practitioners' pay	0.9	0.9	0.0%
NHS pensions scheme compensation	4.8	4.8	0.0%
<b>Funding for student access and success</b>	<b>301.0</b>	<b>273.3</b>	<b>-9.2%</b>
Of which:			
Premium to support successful student outcomes: Full-time	160.3	137.2	-14.4%
Premium to support successful student outcomes: Part-time	64.5	59.6	-7.6%
Disabled students' premium	41.4	43.1	4.0%
Premium for student transitions and mental health	14.9	13.4	-9.9%
Uni Connect	20.0	20.0	0.0%
<b>Funding for specialist providers</b>	<b>57.8</b>	<b>57.4</b>	<b>-0.6%</b>
Of which:			
World-leading specialist provider funding	56.8	56.8	0.0%
Transitional funding	1.0	0.7	-35.4%
<b>Total recurrent grant</b>	<b>1,401.6</b>	<b>1,286.9</b>	<b>-8.2%</b>

Note: Sums may not add up because of rounding differences.

## Changes to budgets and terms and conditions attached to our use of the strategic priorities grant

26. The government's guidance letter of 19 May 2025 specified terms and conditions that we must comply with in setting recurrent budgets for AY 2025-26. These are discussed below, along with additional changes that we are making to our funding methods for AY 2025-26.

### High-cost subject funding

27. The government's terms and conditions and guidance require us to:

- a. Maintain (in cash terms) the per-student funding rates for all price groups in line with AY 2024-25, unless not possible due to fluctuation in student numbers.
- b. Develop a method to reprioritise funding for courses in media studies, journalism, publishing and information services for the academic years 2025-26, with any savings generated reallocated to support subjects in price group B.
- c. Explore options for allocating high-cost subject funding so that we do not count students on courses delivered at franchised providers, except where these providers are in the Approved (fee cap) category of the OfS Register.

28. The funding rates for high-cost subject funding in each price group are shown in **Table 5**.

**Table 5: High-cost subject rates of funding for AY 2024-25 and 2025-26**

Price group	Funding rate per FTE for 2024-25 (£)	Funding rate per FTE for 2025-26 (£)
A	11,580.00	11,580.00
B	1,737.00	1,737.00
C1.1	289.50	289.50
C1.2	130.54	130.54
C2	0.00	0.00
D	0.00	0.00

### Changes to our allocation method for AY 2025-26

29. To comply with the government's terms and conditions, we will implement changes to our funding methods. High-cost subject funding will still be based on the full-time equivalents (FTEs) counted for OfS funding purposes, derived from the 2024-25 the Higher Education Students Early Statistics (HESES) student data submitted by providers. (See paragraphs 45 to 47.)
30. HESES is an aggregate data collection that does not allow us to separately identify franchised students for the four subjects identified in paragraph 27b above. This data can be identified from providers' end-of-year individualised data returns.<sup>19</sup> In order to implement the government's conditions, we will use AY 2023-24 end-of-year data to determine:
- Where providers have student FTEs in subjects that fall under price group C1.2, the proportion of this total on courses in the four subjects identified in paragraph 27b.<sup>20</sup>
  - The proportion of total students at each provider where teaching was franchised out to providers that were **not** registered with the OfS in the Approved (fee cap) category.
31. These proportions will be used to generate moderating factors which can be used to adjust the number of FTEs that we count when calculating our high-cost subject funding allocations for AY 2025-26. These moderating factors will be unique to each provider and we will take into account differences arising from mode (full-time, part-time or sandwich year out), price group and broad level of study (undergraduate or postgraduate taught).
32. Moderating factors are an element of the formula calculation. While they will be unique for each provider, the methodology is applied consistently and they are based on the only available data as referenced in paragraph 31.

<sup>19</sup> This is the Student data record submitted to the designated data body and the Individualised Learner Record previously submitted to the Education and Skills Funding Agency.

<sup>20</sup> Using the Common Aggregation Hierarchy (CAH) classification system, these are FTEs recorded against CAH24-01-01 (information services), CAH24-01-03 (publishing), CAH24-01-04 (journalism) and CAH24-01-05 (media studies).

33. As an example, a provider may have returned the following student data in its end-of-year data for AY 2023-24:

- a. 100 students in price group C1.1, with 50 students where teaching is franchised out to a provider not registered with the OfS. This results in a moderating factor of 50 per cent.
- b. 100 students in price group C1.2, with 20 on courses in media studies and 80 on performing arts courses. This results in a moderating factor of 80 per cent.

34. In calculating the provider's high-cost subject funding for AY 2025-26 we will take the providers' funding FTEs, as derived from HESES data for AY 2024-25 and apply the moderating factors to determine a final FTE figure. This will then be multiplied by the relevant funding rate, as illustrated in **Table 6**.

**Table 6: Example of calculation of high-cost subject funding using moderating factors**

Price group	Funding FTEs	Moderating factor	Final funding FTEs	Rate of funding	Funding allocation
C1.1	75.00	0.50	37.50	£289.50	£10,856.25
C1.2	101.50	0.80	81.20	£130.54	£10,599.85

### Nursing midwifery and allied health supplement

35. Government terms and conditions also require us to maintain (in cash terms) the per-student funding rates for the nursing, midwifery and allied health supplement in line with AY 2024-25, unless not possible due to fluctuation in student numbers. Funding rates for AY 2025-26 are listed in **Table 7** and are unchanged compared with AY 2024-25.

**Table 7: Price groups and rates of funding per FTE for the nursing, midwifery and allied health supplement for AY 2024-25 and 2025-26**

Profession	Price group	Rate of funding per undergraduate FTE (£)	Rate of funding per postgraduate FTE (£)
Dental hygiene	A	0.00	0.00
Dental therapy	A	0.00	0.00
Dietetics	B	84.56	829.13
Midwifery	B	84.56	829.13
Nursing – adult	C1	226.83	971.40
Nursing – children	C1	439.57	1,184.14
Nursing – learning disability	C1	439.57	1,184.14
Nursing – mental health	C1	226.83	971.40
Nursing – unclassified	C1	226.83	971.40
Occupational therapy	B	84.56	829.13
Operating department practice	B	84.56	829.13
Orthoptics	B	3,807.40	4,551.97
Orthotics and prosthetics	B	3,807.40	4,551.97

Physiotherapy	B	84.56	829.13
Podiatry	B	1,360.96	2,105.53
Radiography (diagnostic)	B	1,360.96	2,105.53
Radiography (therapeutic)	B	1,360.96	2,105.53
Speech and language therapy	B	297.30	1,041.86

### Other funding for high-cost courses

36. Government terms and conditions require us to maintain (in cash terms) the budget allocation to support very high-cost STEM subjects.<sup>21</sup>

37. The terms and conditions also specify that we should allocate no funding for the following targeted allocations:

- accelerated full-time undergraduate provision
- intensive postgraduate provision
- the postgraduate taught supplement
- overseas study programmes
- funding for degree apprenticeships
- funding to support Level 4 and 5 provision.

38. We are maintaining the budgets for the targeted allocations for clinical consultants' pay, senior academic GPs' pay and the NHS pensions scheme compensation at the same level as provided for 2024-25.

### Funding to improve access and support successful student outcomes

39. The government terms and conditions require us:

- To ensure that the budget for Uni Connect funding is not more than £20,000,000.
- Where affordable within the SPG budget, to retain the per-student funding rates for the full-time, part-time, disabled premium and mental health student premiums at their current level unless not possible due to fluctuation in student numbers.
- To allocate student premium funding for students attending franchised provision only where the franchise provider is in OfS' Approved (fee cap) category.

40. The overall budget for the four student-premium lines has reduced by -10.0 per cent, due to the reduction of student FTEs counted towards the premiums, resulting from the changes to our funding method to discount franchised provision, as set out in paragraph 39c.

41. We are maintaining the per-student funding rates for each student premium as are set out in **Table 8**.

<sup>21</sup> These are chemistry, physics, chemical engineering, and mineral, metallurgy and materials engineering.

**Table 8: Rates of funding per weighted FTE for the full-time, part-time and disabled students' premiums**

Premium	Rate of funding for 2024-25 (£)	Rate of funding for 2025-26 (£)	Percentage change to rate
Premium to support successful student outcomes: full-time (main allocation)	156.65	156.65	0.0%
Premium to support successful student outcomes: full-time (supplement)	170.04	170.04	0.0%
Premium to support successful student outcomes: part-time	797.90	797.90	0.0%
Disabled students' premium	128.53	128.53	0.0%
Mental health and student transitions premium	29.84	29.84	0.0%

### Changes to our allocation method for AY 2025-26

42. In order to comply with the government's terms and conditions, we will implement changes to our funding methods in a similar way to that described in paragraphs 29 to 33. As with the method described above, we will calculate moderating factors to determine the proportion of students reported by a provider in 2023-24 where teaching was franchised out to providers that were **not** registered with the OfS in the Approved (fee cap) category (taking into account mode and broad teaching level). This proportion will be used to adjust the number of FTEs used to calculate the funding allocations.

### Funding for specialist providers

43. The government terms and conditions require us:

- a. To maintain the budget allocation at £56.8 million for world-leading specialist provider funding for the AY 2025-26.
- b. To ensure that the transitional funding is no more than £700,000 for AY 2025-26. This pertains to the four providers that were previously (directly or indirectly) in receipt of specialist provider funding. The total requirement for this transitional funding has reduced by £0.3 million (35.4 per cent) for the 2025-26 AY.

# Impact of changes to grant for academic year 2025-26

44. When comparing their funding allocations for AY 2025-26 with funding provided for AY 2024-25, providers may see changes for two reasons:

- a. Changes to OfS funding methods and budgets for 2025-26, as set out above.
- b. Changes in student numbers at each provider relative to all others. In broad terms, if a provider's share of the total student numbers for the sector as a whole has reduced, it is likely to receive a similarly reduced share of the total funding. This will, however, depend on their mix of students between different types of courses and student characteristics.

## Changes to student numbers counted for funding

45. **Table 9** summarises changes to the FTEs counted for OfS funding purposes between AYs.<sup>22</sup>

**Table 9: Changes to student FTEs counted for funding for the 2024-25 and 2025-26 AYs**

Price group	FTEs for 2024-25	FTEs for 2025-26	Difference
A	32,531	33,010	479
B	259,011	261,701	2,690
C1.1	124,935	128,523	3,588
C1.2	128,443	124,589	-3,854
C2	245,332	241,452	-3,880
D	462,157	472,125	9,968
<b>Total</b>	<b>1,252,409</b>	<b>1,261,400</b>	<b>8,991</b>

46. The student numbers we count for funding purposes are primarily derived from the HESES survey for the previous year (for example, the 2025-26 fundable FTEs are informed by the HESES data for 2024-25).<sup>23</sup> Funding FTEs also incorporate 'multiplication factors'; these are unique to each provider and adjust HESES data to reflect study intensity for part-time provision and completion rates.<sup>24</sup>

47. We also make adjustments to the FTEs derived from HESES to account for known changes that we expect to happen in the coming year and which we want to recognise in our funding allocations. These adjustments for 2025-26 relate to expected changes in student numbers on pre-registration medicine and dentistry courses, reflecting the effects of increases to pre-

<sup>22</sup> The figures for 2024-25 are taken from the summary sector grant tables for the year issued in April 2025 (available from our [the funding pages on the OfS website](#)), but incorporating further adjustments for individual providers. The figures for 2025-26 are the equivalent FTEs that we expect to count in our initial allocations for the year but may be subject to change as a result of, for example, changes to providers' registration status, data amendments and transfers.

<sup>23</sup> We have published the [HESES data for each year](#).

<sup>24</sup> For further detail, see [Multiplication factors](#).

registration medicine and dentistry courses since and other miscellaneous adjustments and transfers.

## Changes to the sector-level unit of funding

48. **Table 10** summarises the changes to the average unit of recurrent funding per FTE student in the period 2018-19 to 2025-26. The unit of funding is calculated by dividing the recurrent funding for providers and Uni Connect by the total fundable FTEs counted in the formula allocations for the relevant year.<sup>25</sup> This information shows a small decrease in the unit of funding compared with 2024-25.

49. These are 'real terms' comparisons between 2025-26 and previous years, which take into account the effects of inflation between those years, using the GDP deflators published by the government on 2 April 2024.<sup>26</sup>

**Table 10: Changes to the average unit of OfS funding for providers for academic years 2019-20 to 2025-26**

	Total recurrent budget (£ millions)	Total fundable FTEs	Unit of funding: Cash terms	Unit of funding: Real terms (2024-25 prices)	How the 2025-26 unit of funding compares in real terms with earlier years
<b>2018-19</b>	1,290	1,147,863	£1,124	£1,421	-29.82%
<b>2019-20</b>	1,303	1,200,151	£1,086	£1,328	-24.91%
<b>2020-21</b>	1,351	1,222,683	£1,105	£1,307	-23.72%
<b>2021-22</b>	1,276	1,305,606	£977	£1,134	-12.07%
<b>2022-23</b>	1,356	1,302,318	£1,041	£1,133	-11.97%
<b>2023-24</b>	1,412	1,263,829	£1,117	£1,155	-13.71%
<b>2024-25</b>	1,402	1,251,522	£1,120	£1,120	-11.00%
<b>2025-26</b>	1,287	1,261,400	£1,020	£997	

<sup>25</sup> This calculation excludes funding for national facilities and regulatory initiatives. The recurrent budget totals include one-off sums of £83.3 million for 2020-21 relating to student hardship, £10 million for each of 2020-21 and 2021-22 for additional student numbers, and two allocations totalling £19 million for 2022-23 also supporting students facing hardship. The one-off allocations for 2020-21 are shown in Annex A (updated October 2021) of '[Recurrent funding for 2020-21](#)'. The one-off allocation for 2021-22 was announced in '[Additional one-off funding for 2021-22](#)'.

<sup>26</sup> GOV.UK, '[GDP deflators at market prices, and money GDP](#)'. We have estimated the GDP deflators by academic year (August to July) using two-thirds of the deflator for the financial year (relating to the eight months from August to March) and one-third of the deflator for the following financial year (relating to the four months from April to July).

# Provider grant allocations for academic year 2025-26

50. This publication announces to providers their individual recurrent funding allocations for AY 2025-26. Annex A to this document lists allocations for all providers registered in the Approved (fee cap) category of the OfS Register on 2 June 2025.
51. 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 become registered in the Approved (fee cap) category before the end of the academic year (31 July 2026). Such grants will be reduced pro rata to reflect the number of days in AY 2025-26 before the provider becomes registered in this category. We will not reduce allocations already announced to providers in order to extend funding to newly registered providers.
52. Updated versions of Annex A will be published periodically throughout the academic year to reflect changes to the providers registered in this category.
53. The total recurrent funding for providers announced initially in this publication is £1,260 million. The remaining £26.8 million comprises:
  - a. £20 million of funding for Uni Connect, which is not part of the formula grants to providers.
  - b. £6.8 million of funding set aside to account for in-year adjustments and new providers joining the OfS register.





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