

# Guide to funding 2026-27

How the Office for Students allocates  
money to higher education providers

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# Contents

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| <b>Introduction</b>                                                     | <b>2</b>  |
| <b>The OfS's funding powers</b>                                         | <b>3</b>  |
| The role of the OfS                                                     | 3         |
| How higher education courses are funded                                 | 3         |
| Course fees                                                             | 4         |
| The purpose of OfS funding                                              | 4         |
| Other sources of funding available to providers                         | 8         |
| <b>Our funding methods</b>                                              | <b>10</b> |
| Our funding approach and objectives                                     | 10        |
| Terms and conditions                                                    | 10        |
| Formula-based allocations                                               | 12        |
| Maximum fundable limits for pre-registration medical and dental courses | 15        |
| <b>OfS funding for 2026-27</b>                                          | <b>16</b> |
| The OfS's budget                                                        | 16        |
| Recurrent funding for 2026-27                                           | 18        |
| Funding for national facilities and regulatory initiatives for 2026-27  | 29        |
| Capital funding for 2026-27                                             | 30        |
| <b>Summary of terms and abbreviations</b>                               | <b>32</b> |
| <b>Further reading</b>                                                  | <b>36</b> |
| OfS publications                                                        | 36        |

# Introduction

1. This guide is to help those working or studying in higher education, and anyone else wishing to understand how the Office for Students (OfS) will manage the funding we are distributing to higher education providers for 2026-27.
2. It explains how our funding supports greater choice and opportunities for students and high quality provision in the sector. It also describes our funding allocations and how they are calculated. This guide is divided into three main sections that describe:
  - the OfS's funding powers and how higher education is funded (paragraphs 4 to 38)
  - our funding methods and the terms and conditions that apply to how providers can use our funding (paragraphs 39 to 69)
  - our funding budget for 2026-27 (paragraphs 70 to 143).
3. This guide is intended to provide an overview of our funding; if you have any further questions, please email [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk) or [capitalgrant@officeforstudents.org.uk](mailto:capitalgrant@officeforstudents.org.uk).

# The OfS's funding powers

## The role of the OfS

4. The OfS is the independent regulator of higher education in England. We were established by the Higher Education and Research Act 2017 (HERA), which sets out our functions and the general duties which guide us in undertaking those functions.<sup>1</sup> We regulate the higher education market in the interests of students, who are investing in their education as something of lasting value throughout their lives. Our objectives are that all students, from all backgrounds, and with the ability and desire to undertake higher education:
  - are supported to access, succeed in, and progress from, higher education
  - receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure
  - are able to progress into employment or further study, and their qualifications hold their value over time
  - receive value for money.
5. We also allocate state funding, which may be provided to secure a graduate workforce that will strengthen the health of the economy, society and individuals.
6. Providers can choose to register with us in one of two categories; **Approved** or **Approved (fee cap)**. Registration gives providers a number of benefits, including:
  - access to grants from the OfS and Research England
  - the ability to apply to the home office for a licence to recruit international students
  - the ability to apply for degree awarding powers or university status.<sup>2</sup>
7. It also gives students at these providers the ability to access finance through the student loans system. The benefits that a provider can access depend on the category in which it is registered.

## How higher education courses are funded

8. Finance for higher education courses is provided through a variety of sources, the two main ones being:
  - a. Course fees paid by students and others. For most UK students, government loans, provided through the Student Loans Company (SLC), are available to help meet the upfront cost of course fees and living costs. Students who are not eligible for 'home fee' status cannot access these loans.<sup>3</sup> The loans are repayable only once a former student is earning above a certain threshold and (for those studying in 2026-27) are written off

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<sup>1</sup> See [Higher Education and Research Act 2017](#). Our general duties are set out in Section 2.

<sup>2</sup> See [Benefits of registration](#).

<sup>3</sup> GOV.UK, ['Student finance: how you're assessed and paid 2026 to 2027'](#).

after 30 or 40 years.<sup>4</sup> The OfS does not determine the details of the student loan system: this is a matter for government.

- b. Government grants to providers from the OfS and other public bodies, such as the Department for Education (DfE) and the Department of Health and Social Care (DHSC).
9. State finance for higher education comes through underwriting student loans, grants to providers and some limited grants or bursaries to students. State investment recognises that 'education would be underprovided if left entirely to private markets; whilst a well-educated population increases the general welfare of the rest of society, this would not be taken into account by individuals when making consumption decisions.'<sup>5</sup>

## Course fees

10. Course fees (sometimes referred to as 'tuition fees') are the main source of funding for higher education courses. For many students, these fees are subject to regulation, with limits on what those providers may charge. This depends on a number of factors, including:
  - whether the student is eligible for 'home fee' status
  - the level of study (undergraduate or postgraduate)
  - if the provider is registered with us in the Approved (fee cap) category
11. Generally, fees are regulated for:
  - home fee students
  - studying with a provider registered in the Approved (fee cap) category
  - students who are on an undergraduate course or certain postgraduate courses (such as teacher training).
12. Where this applies, providers must not charge course fees that exceed the regulated limit. The maximum fee that can be charged is set by government each year through statutory regulation; further information on the limits that apply for 2026-27 can be found on the OfS website.<sup>6</sup>
13. Fees for most postgraduate students are not regulated. In addition, providers registered in the Approved category are not subject to regulated course fee limits, although there are limits on the amount of student support that their students can access through the SLC.

## The purpose of OfS funding

14. We have a variety of mechanisms available to us through which we regulate higher education. Funding is one of the regulatory tools that enable us to deliver our priorities and ensure the availability of high quality, cost-effective higher education across the country.

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<sup>4</sup> For students starting courses from September 2023, student loans will be written off after 40 years. See GOV.UK, '[Repaying your student loan: Overview](#)'. For students continuing courses that they started before September 2023, student loans will be written off after 30 years.

<sup>5</sup> See [Government in markets: OFT1113 - GOV.UK](#).

<sup>6</sup> See the [Fee limits](#) on the OfS website.

15. **The OfS does not directly fund students.** We fund the activities and facilities of eligible higher education providers – those registered with us in the Approved (fee cap) category.
16. Our funding is provided to secure the best outcomes for students, supporting our strategic objectives and regulatory framework<sup>7</sup> as well as our general duties set out in HERA. Our funding is subject to terms and conditions which supplement our ongoing conditions of registration.

## Our funding powers under HERA

17. Under HERA, the OfS has powers to provide financial support to providers (sections 39 and 40) and to apply terms and conditions for the funding we issue to providers (section 41).
18. Section 2 of HERA also sets out the OfS's 'general duties', to which we must have regard when performing our functions, including providing funding. These general duties are listed below, along with comments on how our funding approach reflects each duty:

a. 'The need to protect the institutional autonomy of English higher education providers.'

19. Our approach to the distribution of grants does not in itself affect the autonomy of providers. Financial incentives (whether through OfS grants, course fees or other sources) will be among the influences on providers' strategies, but how they respond to those incentives is a matter for providers themselves.

b. 'The need to promote quality, and greater choice and opportunities for students, in the provision of higher education by English higher education providers.'

20. Our funding recognises that in some cases the costs of delivering higher education faced by providers may exceed the income from course fees from students.
21. OfS funding helps to maintain provision related to areas of highest national importance and promotes choice and opportunities for students. It promotes quality by enhancing the resources available to providers for the courses they offer.

c. 'The need to encourage competition between English higher education providers in connection with the provision of higher education where that competition is in the interests of students and employers, while also having regard to the benefits for students and employers resulting from collaboration between such providers.'

22. OfS recurrent funding is largely allocated by formula from a fixed budget; in effect all providers compete for a share of that budget through their ability to recruit and retain students. Some formula-based allocations support collaborations between providers, such as student mobility or exchange programmes and joint medical schools. Specific allocations, particularly the capital bidding exercise, are made through competitive processes, which more directly

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<sup>7</sup> OfS, 'Securing student success: Regulatory framework for higher education in England' (OfS 2022.69).

encourage competition. Other competitive allocations, such as Uni Connect and our funding competitions, will often support collaborative activity that will have wider national or regional benefits.

d. 'The need to promote value for money in the provision of higher education by English higher education providers.'

23. Grants are targeted where they are most needed, reflecting OfS and government strategic priorities. The volume measure (based on student numbers) used to inform our formula funding methods includes factors that reflect the number of students that complete their year of study.

e. 'The need to promote equality of opportunity in connection with access to and participation in higher education provided by English higher education providers.'

24. For academic year 2026-27, 22.7 per cent of our total recurrent funding is earmarked to support access and participation measures. These include student premiums to address areas of risk and disadvantage (including for disabled students) and Uni Connect. Funding competitions may also promote equal opportunity in higher education, depending on their focus.
25. In our terms and conditions of funding we say that providers must use student premium funding to contribute towards the aims and objectives set out in their access and participation plans. Within these limits we allow providers to identify the best use of these funds, reflecting the needs and concerns of their individual student body. This allows our funding to address the most significant challenges for each provider, promoting equality in an efficient and responsive way.

f. 'The need to use the OfS's resources in an efficient, effective and economic way.'

26. Grants are targeted where they are most needed to reflect the OfS's objectives and priorities.
27. Our use of formula funding methods is an efficient way to distribute the large majority of our funding; using a consistent approach that reflects individual providers student populations and requiring a relatively small staffing team. This allows OfS resources to be focused on areas that carry greater regulatory interest or risk.
28. Bidding competitions (which involve a larger investment of staff and attention both by the OfS and by providers) are reserved for more significant policy priorities.

g. 'So far as relevant, the principles of best regulatory practice, including the principles that regulatory activities should be:

- i. Transparent, accountable, proportionate and consistent.
- ii. Targeted only at cases in which action is needed.'

- 29. The use of formula-based methods ensures we are fair, transparent and efficient in how we distribute funding. We publish details of our funding methods and how we use provider data to inform our allocations.
- 30. Any significant changes to our funding methods will only be made after consultation with the sector and consideration of any effects to the broad range of our duties. When such changes are implemented, we will give the sector as much notice as possible.
- 31. Grants are subject to terms and conditions, which complement the conditions of registration with which funded providers must comply. Regulatory activity is targeted at areas of non-compliance or pursued through sample-based audit.

### **Funding and the public sector equality duty**

- 32. The OfS is also subject to the public sector equality duty, which is set out in Part 11 of the Equality Act 2010.<sup>8</sup> This requires us, in the exercise of our functions, to have due regard to the need to:
  - a. Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
  - b. Advance equality of opportunity between persons who share a relevant protected characteristic<sup>9</sup> and persons who do not share it.
  - c. Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 33. The majority of OfS allocations do not specifically take into account protected characteristics when they are calculated, though the work they do supports provider efforts to promote equality. The exceptions to this come with the full-time student premium and the disabled students' premium; how these premiums are calculated are discussed in paragraphs 107 to 122118. These two elements are well established as key parts of our recurrent funding to support widening participation and to promote equality of opportunity.
- 34. When considering changes to our funding methods, we will consider how these might affect students with protected characteristics. This means we can give due regard to the public sector equality duty, when looking at our funding methods as a whole.

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<sup>8</sup> See [Equality Act 2010](#).

<sup>9</sup> These protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

## Funding and the regulatory framework

35. In allocating funding, we have regard to several sections of the regulatory framework.<sup>10</sup> Funding, as a regulatory tool, relates to our four primary regulatory objectives:

‘All students, from all backgrounds, and with the ability and desire to undertake higher education:

1. Are supported to access, succeed in, and progress from, higher education.
2. Receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure.
3. Are able to progress into employment or further study, and their qualifications hold their value over time.
4. Receive value for money.’

36. These objectives reflect the general duties of the OfS, as noted in paragraphs 18 to 31, and the points made there on how funding addresses these priorities also relate to our primary regulatory objectives.
37. The regulatory framework provides further guidance on the eligibility of providers to receive OfS funding, through registration in the Approved (fee cap) category. The ongoing conditions of registration also note several further considerations relating to funding, particularly for the:
- ‘B’ conditions, relating to a high quality academic experience
  - ‘D’ conditions relating to financial viability and sustainability
  - ‘E’ conditions, relating to governance and use of public funding
  - ‘F’ conditions, relating to the supply of data to inform accurate funding calculations
  - ‘G’ conditions, relating to our ability to impose terms and conditions of funding.

## Other sources of funding available to providers

38. Although the OfS has wide funding powers, several other public bodies have responsibilities to fund certain aspects of higher education. These include:
- a. **Loans for course fees.** The SLC administers publicly funded loans to students to meet the costs of course fees, as well as loans and some grants to support living costs. Some qualifications at higher education level (typically vocational in nature) are not eligible to receive student finance loans but are instead supported through Advanced Learner Loans. From 2026 these systems will be replaced by the Lifelong Learning Entitlement system.<sup>11</sup>

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<sup>10</sup> OfS, ‘[Securing student success: Regulatory framework for higher education in England](#)’ (OfS 2022.69).

<sup>11</sup> GOV.UK, ‘[Lifelong learning entitlement: what it is and how it will work](#)’.

- b. **Research.** UK Research and Innovation (UKRI), is responsible for distributing public funds for research.<sup>12</sup> UKRI incorporates seven subject-specific research councils, Innovate UK and Research England. UKRI provides grants for individual research projects (through the research councils) and block grants to providers (through Research England).
- c. **Teacher education and training.** The DfE is responsible for supporting education and training courses aimed at school teachers, including initial teacher training courses leading to qualified teacher status or early years practitioner status, and in-service education and training courses for those who hold such status. The OfS has responsibility for teacher education and training provision outside the schools sector, although finance is largely provided through students' course fees.
- d. **Healthcare education and research.** Government funding for health education leading to professional registration to practise is organised in co-operation with the OfS and NHS England. OfS and UKRI funds underpin teaching and research respectively in higher education providers, while NHS England funds support the clinical facilities that are needed to carry out teaching and research in hospitals and other parts of the health service. The DHSC also provides maintenance grants for students on courses leading to qualification to practise in certain nursing, midwifery and allied health professions,<sup>13</sup> as well as some bursaries and further learning support, all of which are additional to the support that may be available through the SLC.
- e. **Apprenticeships.** Finance for the delivery of apprenticeships is provided through the DfE (following the closure of the Education and Skills Funding Agency (ESFA)), with contributions to costs made by employers. This supports the delivery of apprenticeships for the individuals studying in the year in which funding is provided, and is analogous to the finance that, for other types of higher education provision, would be provided through course fees or SLC student support.
- f. **Knowledge exchange and innovation.** This is funded from a variety of sources, including direct funding provided by UKRI. Higher education providers also play a significant role in local growth partnerships and can receive funding to support their knowledge exchange and skills activities.

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<sup>12</sup> See [About UK Research and Innovation](#).

<sup>13</sup> See [NHS Learning Support Fund](#).

## Our funding methods

39. Under section 39 of HERA, we can fund higher education and related facilities and activities at eligible providers. This means providers must be registered with us in the Approved (fee cap) category to be eligible to receive OfS funding. Additional eligibility criteria may also be in place for particular grants.

## Our funding approach and objectives

40. We want to make the best use of taxpayers' money, prioritise funding to get the best value, provide appropriate support of government policy aims and ensure that providers are accountable for the money they get, without creating an excessive regulatory burden on them.
41. Our funding helps to ensure the availability of high quality, cost-effective higher education across the country. We promote quality of provision, and greater choice and opportunities for students, by investing in:
- high-cost subjects at undergraduate and postgraduate levels, including medicine, science, engineering, healthcare and other strategically important subjects
  - world-leading specialist providers.
42. We want students from disadvantaged backgrounds, underrepresented groups and those with disabilities not only to access higher education, but also to achieve successful outcomes, including progression to postgraduate study. We allocate around a fifth of our funding to support providers in the work they do to assist students to participate and succeed in higher education. This complements the commitments providers themselves make and the outcomes they agree with us as part of their access and participation plans.
43. Our funding supports competition between higher education providers by recognising their success in recruiting and retaining students. We also support collaborations, where these bring benefits for students and employers.
44. We will continue to review our funding method for future years, so that it further supports our duties and regulatory objectives.
45. The development of our funding method needs to reflect the balance of funding responsibilities between ourselves and other public bodies, as well as the overall funding available to us and its relationship with student finance.

## Terms and conditions

46. Under HERA, the OfS can fund providers registered with the OfS in the Approved (fee cap) category. Any such eligible providers are subject to the OfS's general ongoing conditions of registration.<sup>14</sup> (Some providers may also have additional, specific ongoing conditions of registration.)

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<sup>14</sup> See [Conditions of registration](#).

47. Our terms and conditions of OfS funding<sup>15</sup> supplement these conditions of registration. In particular, our ongoing condition of registration G2 requires a provider to comply with any terms and conditions that we apply to our funding.<sup>16</sup> A breach of our terms and conditions is therefore also likely to breach this condition of registration.
48. Our terms and conditions were determined following consultation with providers and sector bodies. In developing them, we considered carefully how they interact with the conditions of registration that apply to providers in the Approved (fee cap) category and sought to minimise any overlap between them. Where requirements are a condition of registration, we sought to avoid replicating them as conditions of funding.
49. If the OfS takes regulatory action with a provider regarding a breach of a condition of registration, for example if registration is suspended, this may result in changes to grant allocations and payments.

## **Accountability**

50. Substantial amounts of taxpayers' money are allocated to providers every year. It is important, therefore, that providers are regulated and that there is accountability for how this public funding is used. The OfS is accountable to Parliament for the funding that we allocate. Our terms and conditions of funding underpin how we can ensure that the public funding for which we are responsible is used effectively and responsibly.
51. Providers are accountable to the OfS (and again ultimately to Parliament), for the way they use the funding we give them. As independent bodies, providers also receive money from many other public and private sources; the OfS's terms and conditions do not apply to these other funds.

## **Scope of our terms and conditions**

52. While some recurrent funding is earmarked for particular purposes, providers are autonomous bodies that set their own strategic priorities. Our terms and conditions allow providers flexibility, within our broad guidelines, in how they use the funding that we provide: they are not expected to model their internal allocations on our calculations. This allows providers to target spending towards their own priorities, provided these relate to the teaching activities that the OfS is empowered to fund. The grant allows providers to be autonomous and does not impose the burden of accounting in detail for expenditure.
53. The terms and conditions focus on:
- What OfS funding can be used to support. Where OfS funding is earmarked for specific purposes (such as for capital funding), it must be used only for those aims.
  - The circumstances under which we may recalculate and adjust funding. These include adjustments:

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<sup>15</sup> OfS, '[Terms and conditions of funding](#)' (OfS 2026.37).

<sup>16</sup> This condition also requires providers to comply with any terms and conditions attached to funding received from UKRI.

- i. To reflect the findings of any audits or reconciliations of the data submitted by providers that inform funding.
  - ii. To take account of changes to the grant available to us from government. We set 2026-27 academic year budgets in the light of the June 2026 strategic guidance letter from government that set out the funding available for the financial year 2026-27. In doing so, we had to make an assumption about the funding that might be available for the 2027-28 financial year, because of its four-month overlap with the 2026-27 academic year. Any changes to the grant made available to the OfS by government for financial year 2026-27, or that we have assumed for financial year 2027-28, are likely to affect the funding we are able to distribute to providers in the 2026-27 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 the OfS allocates remains within the available budget.
  - iii. To reflect changes to a provider's eligibility for funding, for example as a result of changes to the status of its registration with the OfS.
- c. A small number of requirements relating to specific grants, including eligibility criteria. For example, to be eligible for the nursing, midwifery and allied health supplement a provider must be actively recruiting new entrants to pre-registration courses for the professions that this funding aims to sustain.

## Formula-based allocations

54. The majority of OfS funding allocations are calculated by formula, based on student data submitted by providers. This is true for most of our recurrent funding allocations; we also distribute a small amount of capital funding through formula methods. Using this formula approach means that our funding methods are fair, transparent and efficient.
55. In general, our funding formulas:
- a. Use student numbers as a proxy volume measure for the amount of teaching activity at a provider.
  - b. Reflect OfS and government policy priorities. These priorities reflect the cost of delivery and strategic importance of certain types of provision.

## Data sources

56. We use two types of data returns to inform our formula allocations:
- a. **Aggregate student data** summarises the student body at a provider and reports on the number of students that meet certain criteria. (For example, how many are studying on a full-time year or on a part-time year.)
  - b. **Individualised student data** provides specific information on each individual student studying with a provider in a year. (For example, this might record the course studied, when the student started studying, etc.)

57. Providers submit aggregate data directly to the OfS through the **Higher Education Students Early Statistics (HESES)** survey.<sup>17</sup> Funding for the 2026-27 academic year is based on student numbers for the 2025-26 academic year reported in the HESES25 survey, which was submitted in winter 2025.
58. Using in-year data from HESES ensures that our funding decisions are based on the most up-to-date information available. However, because HESES25 data was provided before the end of the 2025-26 academic year, it necessarily includes some forecasts of student activity up to the end of the year.
59. Individualised data is not submitted to the OfS directly. There are two sources of this data:
- For further education and sixth form colleges and academies, we use the **individualised learner record**, which is now submitted to the Department of Education following the closure of the ESFA.<sup>18</sup>
  - For other providers, this is the **student record** submitted to the designated data body.<sup>19</sup>
60. Individualised data is submitted at the end of the academic year. We use individualised data for the 2024-25 academic year (the most recent year available) to inform our funding for 2026-27.
61. Individualised data is used to gain information about student characteristics for some allocations, particularly our student premium funding (see paragraphs 107 to 122). Where individualised data is not available, for example where a provider is new, we use sector averages.

### Which students are included in our funding calculations?

62. In general terms, we count students if:
- They have 'Home fee' status, as defined in legislation.<sup>20</sup>
  - They are on a higher education course recognised for our funding purposes, as defined in our HESES guidance.
  - Funding responsibility does not rest with another public source. For example, postgraduate research students are not counted for our funding and fall under the responsibility of UKRI; the DfE has responsibility for school teacher training; and funding responsibility for taught Open University students in Scotland, Wales and Northern Ireland rests with the devolved administrations, rather than the OfS.

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<sup>17</sup> See [HESES](#).

<sup>18</sup> See [Individualised Learner Record \(ILR\)](#)

<sup>19</sup> See the [HESA data collection website](#).

<sup>20</sup> The legislation is the Education (Fees and Awards) (England) Regulations 2007, as amended. These regulations permit providers to charge higher fees to students who do not meet certain criteria relating to their nationality and residential status. Students who do not have 'Home fee' status may be charged higher fees (sometimes referred to as 'overseas fees' or 'international fees'). See <https://commonslibrary.parliament.uk/eligibility-for-home-fee-status-and-student-support-in-england/>.

- d. They are on a course open to any suitably qualified candidate. For example, if a course was available only to candidates from a particular employer, it would not be considered an 'open' course. This restriction does not apply to courses taken as part of an apprenticeship.

63. In using the HESES data from 2025-26 to calculate funding for 2026-27, we have not generally counted students aiming for an equivalent or lower qualification (ELQ). A student is considered to be studying for an ELQ if they already have a qualification at the same (or higher) level. For example, if a student has a MSc in Chemistry, they will be considered to be aiming for an ELQ if they study for a BSc in Physics. The introduction of funding through the Lifelong Learning Entitlement (LLE) in 2026-27 will remove the restriction on ELQ students being able to access public funding for courses starting from January 2027. We will update our HESES guidance for autumn 2026 to reflect this.
64. Not all countable students will attract funding for their providers through every element of the OfS grant. For example, an undergraduate in a classroom-based subject is not counted towards high-cost subject funding but may be counted towards student premium funding allocations.

### **How do we count these students?**

65. Students are counted in terms of full-time equivalents (FTEs). FTE is a measure of how much a student studies over a year, compared with someone studying full-time:
- A full-time student counts as one FTE.
  - Students on a sandwich year out are counted as 0.5 FTE.
  - The FTE of part-time students depends on the intensity of their study by comparison with an equivalent full-time student, based either on how long it takes them to complete their qualifications, or on how many credit points they study in the year.
66. When counting student FTEs in our funding methods, we also introduce an assessment of how many of these students are expected to complete their year of study.<sup>21</sup>
67. In their HESES25 survey returns, providers did not directly return data on the study intensity of part-time students, or on the number of non-completing students. To convert the headcount of students from HESES into fundable FTEs to inform our funding allocations for 2026-27, we applied 'multiplication factors' to the HESES data. These multiplication factors were agreed with each provider in March 2026 as representative of its provision; the factors reflect the intensity of part-time provision and expected completion rates for each provider.<sup>22</sup>

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<sup>21</sup> In this context, non-completion means that students did not complete the study intentions they had at the beginning of their year of study. E.g. if a student intended to study six modules in the year, but only completed five of these in the year, they would be a non-completion.

<sup>22</sup> Further information on the multiplication factors for 2025-26 is available at OfS, '[HESES25: multiplication factors representations process guidance](#)' (OfS 2025.68).

## Maximum fundable limits for pre-registration medical and dental courses

68. We limit the number of students on pre-registration medical and dental courses that we will count towards our funding allocations. These are courses that lead on successful completion to a first qualification that enables students to register in the UK to practise as a medical doctor or dentist.<sup>23</sup> These limits recognise the very high cost of training for doctors and dentists and help ensure that unplanned growth on these courses does not divert OfS funding away from other priority activities and courses. The limits support workforce planning in the NHS, enabling consistency between the numbers graduating and the number of foundation programme training places available.
69. We monitor a provider's recruitment against its expected maximum intakes for medicine and dentistry over a rolling five-year period, rather than immediately taking action for over-recruitment in a single year. If there has been net recruitment above the maximum fundable limits across this five-year period as a whole, then we reduce the student numbers we count for funding in the following year to reflect that. This approach gives some flexibility to providers in managing their recruitment from year to year.

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<sup>23</sup> Further information about medical and dental intake targets is available at [Medical and dental maximum fundable limits](#).

# OfS funding for 2026-27

## The OfS's budget

70. Each year, the Secretary of State for Education writes to the OfS to set out the SPG funding available for us to distribute in the upcoming financial year. These letters also set out the government's priorities for allocation of our funding; under HERA we are required to have regard to this guidance when allocating funding.
71. There are two main types of funding:
- Recurrent funding** represents the majority of the money available to us and is used to support the yearly teaching activities of providers.
  - Capital funding** is provided to support sustainable investment in higher education learning and teaching facilities and equipment, and thus to enhance the learning experience of their students.
72. We received a guidance letter on 6 July 2026 which made available £1,252 million of recurrent funding for the financial year 2026-27.<sup>24</sup> We received a separate guidance letter on the same date which also made available £88 million of capital funding for the same financial year. The government guidance letters also imposed additional terms and conditions on our use of the funding available for 2026-27.

## Capital grant budget

73. Providers can use capital funding to acquire or maintain fixed assets, such as land, buildings. Capital grant allocations are made on a financial year basis (1 April to 31 March) and we have £88 million of capital funding to distribute in the 2026-27 financial year. From this total we are distributing to providers:<sup>25</sup>
- £76.8 million reflecting the outcomes of a bidding competition
  - £7.8 million of formula funding.
74. The remaining £3.5 million has been used to support capital expenditure by Jisc relating to the services it provides for the sector.
75. Providers will only be allocated a formula capital grant for the financial year 2026-27 if they do not take part in the bidding competition or if they do so and their bid is unsuccessful.
76. As well as capital funding distributed to providers by the OfS, the government will transfer an additional £48 million in capital funding to UKRI. This is administered through Research England to fund knowledge exchange, which is allocated as part of Higher Education Innovation Funding (HEIF).<sup>26</sup> HEIF is a formula-based allocation that supports and develops a broad range of knowledge-based interactions between higher education and the wider world,

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<sup>24</sup> See [Guidance from government](#).

<sup>25</sup> See [Capital funding for financial year 2026 to 2027](#) (OfS 2026.29).

<sup>26</sup> See [Higher Education Innovation Funding](#).

which result in benefits to the economy and society. We agree the allocation method and monitoring arrangements for this OfS element with Research England.

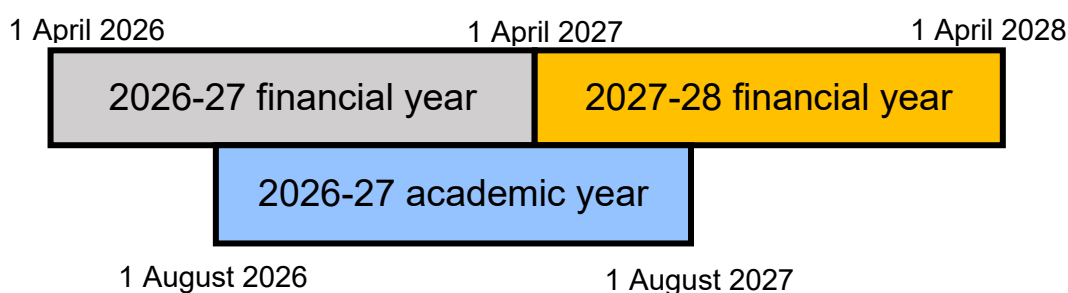
77. Further details of our capital allocation methods can be found in paragraphs 133 to 143.

## Recurrent grant budget

78. The recurrent budget element makes up the large majority of the funding available to us. This is used to support providers' ongoing teaching and related activities, and most of it is allocated to providers through formula-based grants.

79. We have a total of £1,252.0 million in recurrent funding available for distribution in the 2026-27 financial year. However, although our budget is provided by the government on a financial year basis, we distribute the bulk of our funding to providers on an academic year basis. This reflects the revenue and cost base of providers and aligns with their budgeting and planning processes.

80. The 2026-27 academic year overlaps two financial years: the last eight months of the 2026-27 financial year and the first four months of the 2027-28 financial year.



81. This means that, to determine the total amount of funding available to us for the 2026-27 academic year, we need to take a portion from each financial year's budget. This results in a recurrent funding budget of **£1,252.0 million** for this academic year, as shown in Table 1.

**Table 1: Breakdown of OfS non-capital funding for academic year 2026-27**

| Element of grant                                           | Amount (£ million) |
|------------------------------------------------------------|--------------------|
| Recurrent funding for providers                            | 1,224.6            |
| Funding for national facilities and regulatory initiatives | 27.4               |
| <b>Total</b>                                               | <b>1,252.0</b>     |

Note: Figures in the table may not add up, due to rounding differences.

82. Most of this funding (£1,224.6 million) is distributed to providers as formula-based recurrent funding. Further details on how this is done can be found in paragraphs 89 to 131.

83. The remaining £27.4 million is used to provide funding for national facilities and regulatory initiatives. This supports facilities such as Jisc and OfS funding competitions. Further details on how this is distributed can be found in paragraph 132.

## Providers that join the OfS Register mid-year

84. We update allocations periodically during the year. This might be to include funding that was not finalised in time for the initial allocations or to reflect, for example, changes to providers' data or their status on the OfS Register.
85. Providers that join the Register in the Approved (fee cap) category later in the year, but before the end of 2026-27, will also receive funding allocations, subject to their meeting all eligibility criteria that apply to our grants and our having enough funding available. Providers must be registered by:
- **31 March 2027** to be eligible for 2026-27 formula capital grants
  - **31 July 2027** to be eligible for 2026-27 recurrent grants.
86. We will not reduce the initial allocations already announced to providers to extend funding to providers that join the OfS Register later in the year.
87. Where providers join the Register in the Approved (fee cap) category before one of the dates noted in paragraph 85, we will provide formula funding allocations that will be reduced to reflect the number of days left in the year (academic for recurrent, financial for capital).
88. When we allocate formula capital funding, a minimum threshold applies. (See paragraphs 140 to 143 for further details.) Eligible providers in the Approved (fee cap) category may receive a formula capital grant only if their allocation (after any reduction to reflect the date on which they joined the Register) is not less than the minimum threshold.

## Recurrent funding for 2026-27

89. Most providers' income for teaching and related activities comes primarily through students' course fees. OfS recurrent funding is provided to supplement tuition fee income and supports the delivery of strategically important activities.
90. For example, some priority subject areas, such as medicine or engineering, may have delivery costs that typically exceed the amount received through course fees. Our funding also supports provider efforts to widen access to underrepresented or disadvantaged groups and to ensure students' continued participation and success in higher education.

## How recurrent funding is allocated

91. Our recurrent funding is provided through:
- a. **Funding for high-cost courses:** these funding streams recognise additional provider costs from teaching particular priority subjects.
  - b. **Funding for student access and success:** helping to meet additional costs that arise in ensuring successful outcomes for students who belong to groups that are underrepresented in higher education or who need additional support.
  - c. **Funding for specialist providers:** supporting providers identified as world-leading for their teaching activities following a peer review panel exercise held in 2022.

92. We divide most of the money between providers using formulas that consider certain factors for each provider, including the number and type of students, and the subjects taught. Calculations for allocations may also take account of students in different **modes of study** (full-time, sandwich year out and part-time) and **levels of study** (undergraduate and taught postgraduate).

### **Terms and conditions placed on us by government for 2026-27**

93. As noted in paragraph 72, the government has placed terms and conditions on how we set our recurrent funding budgets for the 2026-27 academic year. We must comply with these requirements. Full details of these terms and conditions are discussed in 'Funding for 2026-27: Decisions and allocations',<sup>27</sup> but in summary they require us to:
- a. Maintain in cash terms the same total level of funding as in 2025-26 for high-cost subject funding in price groups A and B. (This includes courses in medicine, dentistry and veterinary science, and undergraduate pre-registration dental hygiene and dental therapy courses.)
  - b. Maintain in cash terms the same total levels of funding as in 2025-26 for funding for the nursing, midwifery and allied health supplement and for the very high-cost STEM subjects allocation.
  - c. No longer allocate funding for:
    - i. clinical consultants' pay.
    - ii. senior academic general practitioners' pay.
    - iii. NHS pension scheme compensation.
    - iv. high-cost subject funding for price groups C1.1 (nursing, computing, geographical systems and archaeology) and C1.2 (creative and performing arts).
  - d. Maintain the current per-student funding rates for the disabled students' premium and premium for student transitions and mental health as part of the student premiums (where affordable within the SPG budget).
  - e. Only allocate student premium funding for students being taught under a franchise arrangement where the franchise provider is in the Approved (fee cap) category of the OfS Register (unless they are an exempt provider in line with the 'Strengthening oversight of partnership delivery in higher education: government response'<sup>28</sup> published in December 2025).
  - f. Apply the same restrictions regarding franchise students to calculation of high-cost subject funding.
  - g. Ensure that the budget for Uni Connect funding is not more than £20 million.

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<sup>27</sup> OfS, 'Funding for 2026-27' (OfS 2026.36).

<sup>28</sup> See [Franchising in higher education - GOV.UK](#).

- h. Maintain the main budget allocation at £56.8 million for world-leading specialist provider funding.
- i. Ensure that the budget for specialist provider transitional funding is no more than £0.4 million.
- j. Allocate funding for National Facilities and Regulatory Initiatives – in doing so, the OfS must:
  - i. Ensure that the total budget to be allocated to the Centre for Transforming Access and Student Outcomes (TASO) is no more than £1.5 million.
  - ii. Not allocate funding to any new challenge competition(s) unless the OfS has identified funds from the Grant which are not otherwise allocated and the OfS has sought and received written agreement from the Secretary of State.

## Elements of recurrent grant

94. Table 2: Elements of recurrent grant for 2026-2 shows the main elements of our recurrent grant for 2026-27. A further disaggregation of the first two elements follows in separate tables.

**Table 2: Elements of recurrent grant for 2026-27**

| Elements of recurrent grant                                                                                            | Amount (£ million) |
|------------------------------------------------------------------------------------------------------------------------|--------------------|
| Funding for high-cost courses (see Table 3: Funding for high-cost courses for academic year 2026-27)                   | 890.1              |
| Funding for student access and success (see Table 6: Funding for student access and success for academic year 2026-27) | 277.4              |
| Funding for specialist providers (see paragraphs 129 to 131)                                                           | 57.1               |
| <b>Total</b>                                                                                                           | <b>1,224.6</b>     |

Note: Figures in the table may not add up, due to rounding differences.

## Funding for high-cost courses

95. Funding for high-cost courses comprises a number of allocations as shown in Table 3: Funding for high-cost courses for academic year 2026-27.

**Table 3: Funding for high-cost courses for academic year 2026-27**

| Funding for high-cost courses                                      | Amount (£ million) |
|--------------------------------------------------------------------|--------------------|
| High-cost subject funding: price groups A and B                    | 823.3              |
| Nursing, midwifery and allied health supplement                    | 32.1               |
| Very high-cost science, technology, engineering and maths subjects | 24.7               |
| Funding set aside for emerging priorities                          | 10.0               |
| <b>Total funding for high-cost courses</b>                         | <b>890.1</b>       |

Note: Figures in the table may not add up, due to rounding differences.

## High-cost subject funding

96. High-cost subject funding recognises that providers will face additional costs when teaching certain subjects. Funding rates are informed by the assignment of subject areas to six price groups based on the course characteristics and associated teaching costs, and strategic prioritisation from government.
- a. **Price group A.** The clinical years of study for medicine, dentistry and veterinary science, and undergraduate pre-registration dental hygiene and dental therapy courses. This price group is only relevant to providers offering training for students seeking a first qualification that enables them to register to practise as a doctor, dentist or veterinary surgeon, or who are already qualified in those professions, and to students studying for a first registrable undergraduate qualification in dental hygiene or dental therapy.
  - b. **Price group B.** Laboratory-based science, engineering and technology subjects, and pre-registration courses in midwifery and certain other allied health professions.<sup>29</sup>
  - c. **Price group C1.1.** Intermediate-cost subjects in computing and information technology, archaeology, and pre-registration courses in nursing.
  - d. **Price group C1.2.** Intermediate-cost subjects in performing and creative arts.
  - e. **Price group C1.3.** Intermediate-cost subjects in journalism, media studies, publishing and information services.
  - f. **Price group C2.** Other intermediate-cost subjects with a laboratory, studio or fieldwork element, such as geography, mathematics, languages or psychology. This price group also includes all students on work experience placement years of sandwich courses (sandwich year out).
  - g. **Price group D.** Classroom-based subjects such as humanities, business or social sciences.
97. As referenced in paragraph 93, terms and conditions were applied to the Strategic Priorities Grant from the DfE. These included the requirement that the OfS must allocate high-cost subject funding for students attending franchised provision only where the franchise provider is in the Approved (fee cap) category of the OfS Register (unless they are an exempt provider in line with the 'Strengthening oversight of partnership delivery in higher education: government response'<sup>30</sup> published in December 2025).
98. The HESES25 collection classified students being taught at subcontracted 'non-Approved (fee cap)' providers as non-fundable, but it could not identify those being taught at exempt providers. However, these numbers can be estimated from providers' end-of-year individualised data returns. To implement this condition, we are using 2024-25 individualised

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<sup>29</sup> These allied health professions are dietetics, occupational therapy, operating department practice, orthoptics, orthotics and prosthetics, physiotherapy, podiatry, radiography (diagnostic), radiography (therapeutic), and speech and language therapy. Price group B also includes postgraduate pre-registration courses in dental therapy.

<sup>30</sup> See [Franchising in higher education - GOV.UK](#).

student data to determine exempt provider franchise factors that will moderate the proportion of students that were taught at exempt providers.

99. These 'exempt franchise factors' are unique to each provider and 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). The moderating factors are used to adjust the number of FTEs that we count when calculating our high-cost subject funding allocations.

100. High-cost subject funding is calculated using the following formula:

- **funding FTEs** derived from provider HESES student data

multiplied by

- provider-specific '**exempt franchise factors**' for students taught under subcontractual arrangements at exempt 'non-Approved (fee cap)' providers<sup>31</sup>

multiplied by

- sector-wide **funding rates by price group**.



101. Table 4: Rates of high-cost subject funding for price groups per student FTE shows rates of high-cost subject funding for the academic years 2025-26 and 2026-27.

**Table 4: Rates of high-cost subject funding for price groups per student FTE**

| Price group | Rate of funding 2025-26 (£) | Rate of funding 2026-27 (£) |
|-------------|-----------------------------|-----------------------------|
| A           | 11,580.00                   | £11,072.14                  |
| B           | 1,737.00                    | £1,660.82                   |
| C1.1        | 289.50                      | £0.00                       |
| C1.2        | 130.54                      | £0.00                       |
| C1.3        | 0                           | 0                           |
| C2 and D    | 0                           | 0                           |

<sup>31</sup> If there is no subcontracted provision via exempt 'non-Approved (fee-cap)' providers, the moderating factor will be 1.

## Nursing, midwifery and allied health supplement

102. The nursing, midwifery and allied health supplement supports the sustainability of certain pre-registration courses where there is evidence from costing studies<sup>32</sup> that average course costs exceed those that would otherwise be met through course fees and other grants. To be eligible a provider must be actively recruiting new entrants to pre-registration courses for the professions that this funding aims to sustain. Table 5: Price groups and rates of funding per FTE for the nursing, midwifery and allied health supplement shows how pre-registration courses are assigned to price groups for high-cost subject funding and the rates of grant per FTE that apply for 2026-27 through the nursing, midwifery and allied health supplement.

**Table 5: Price groups and rates of funding per FTE for the nursing, midwifery and allied health supplement**

| 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           | £82.06                                    | £804.67                                  |
| Midwifery                     | B           | £82.06                                    | £804.67                                  |
| Nursing – adult               | C1.1        | £220.13                                   | £942.74                                  |
| Nursing – children            | C1.1        | £426.60                                   | £1,149.21                                |
| Nursing – learning disability | C1.1        | £426.60                                   | £1,149.21                                |
| Nursing – mental health       | C1.1        | £220.13                                   | £942.74                                  |
| Nursing – unclassified        | C1.1        | £220.13                                   | £942.74                                  |
| Occupational therapy          | B           | £82.06                                    | £804.67                                  |
| Operating department practice | B           | £82.06                                    | £804.67                                  |
| Orthoptics                    | B           | £3,695.10                                 | £4,417.71                                |
| Orthotics and prosthetics     | B           | £3,695.10                                 | £4,417.71                                |
| Physiotherapy                 | B           | £82.06                                    | £804.67                                  |
| Podiatry                      | B           | £1,320.81                                 | £2,043.42                                |
| Radiography (diagnostic)      | B           | £1,320.81                                 | £2,043.42                                |
| Radiography (therapeutic)     | B           | £1,320.81                                 | £2,043.42                                |
| Speech and language therapy   | B           | £288.53                                   | £1,011.13                                |

<sup>32</sup> See [webarchive.nationalarchives.gov.uk/ukgwa/20180405125423/http://www.hefce.ac.uk/lt/healthcare/nursing/](http://webarchive.nationalarchives.gov.uk/ukgwa/20180405125423/http://www.hefce.ac.uk/lt/healthcare/nursing/).

## Very high-cost STEM subjects

103. We provide funding to help secure the provision of four very high-cost science, technology, engineering and maths (STEM) subjects: chemistry, physics, chemical engineering, and mineral, metallurgy and materials engineering. This allocation supplements the standard price group B high-cost subject funding and helps maintain provision for subjects that have been historically vulnerable because of low student demand.
104. This funding is not recalculated each year to reflect the latest student numbers: the allocations for 2026-27 are maintained in cash terms at the same level as last year.
105. To be eligible, a provider must be actively recruiting new entrants in 2026-27 to one or more of these subjects and must have at least 30 student FTEs for a specific subject to receive an allocation.

## Funding set aside for emerging priorities

106. For 2026-27 we are reserving £10 million in funding that will not be part of our initial distribution of funding in July 2026. These funds have been set aside to allow us to respond flexibly to changes or emerging needs in the funding landscape during the 2026-27 academic year; for example so that we can calculate funding allocations for providers that join the Register part-way through the year (see paragraphs 84 to 88). Any unused funds will be reallocated to providers before the end of the academic year.

## Funding for student access and success

107. Our funding for student access and success supports providers in meeting the needs of students who belong to groups that are underrepresented in higher education or who need additional support to achieve successful outcomes.
108. Funding for student access and success makes up about 22 per cent of our total recurrent funding. It comprises five allocations as shown in Table 6: Funding for student access and success for academic year 2026-27.

**Table 6: Funding for student access and success for academic year 2026-27**

| Funding for student access and success                    | Amount (£ million) |
|-----------------------------------------------------------|--------------------|
| Premium to support successful student outcomes: full-time | 132.9              |
| Premium to support successful student outcomes: part-time | 60.0               |
| Disabled students' premium                                | 50.5               |
| Premium for student transitions and mental health         | 14.0               |
| Uni Connect                                               | 20.0               |
| <b>Total funding for student access and success</b>       | <b>277.4</b>       |

Note: Figures in the table may not add up, due to rounding differences.

109. The government has also placed terms and conditions on us that affect how we have set the budgets listed above:
- Where affordable within the SPG budget, we must maintain the current per-student funding rates for the disabled students' premium and the premium for student transitions and mental health.
  - If increases to student numbers require it, we must reduce the per-student funding rates for the full-time and part-time student premiums.
110. The terms and conditions also require that, when allocating student premium funding, we must apply the same restrictions regarding students attending franchised provision that apply to high-cost subject funding. As discussed in paragraph 97, this means that such students are only counted where the franchise provider is in the Approved (fee cap) category of the OfS Register, unless they are an exempt provider. In calculating student premium allocations, we will also use moderating factors to account for exempt students, as described in paragraphs 98 to 99. The budgets set out in Table 6 reflect the implementation of this method.

### Premium to support successful student outcomes: full-time

111. This allocation enables providers to support full-time and sandwich year out undergraduate students who are deemed to have a higher risk of withdrawing from their studies. The funding supports additional investment by providers in services that ensure their retention and success.

112. The full-time student premium allocation is calculated using the following formula:

- funding FTEs** derived from provider HESES student data

multiplied by

- provider-specific **weightings based on student characteristics**

multiplied by

- provider-specific '**exempt franchise factors**' for students taught under subcontractual arrangements at exempt 'non-Approved (fee cap)' providers<sup>33</sup>

multiplied by

- a single **funding rate**.



<sup>33</sup> If there is no subcontracted provision via exempt 'non-Approved (fee-cap)' providers, the moderating factor will be 1.

113. We calculate weighting factors for each provider that reflect the characteristics of their students. Where we do not have representative data for a provider to enable us to calculate a specific weighting factor, we instead use average weighting factors for all providers.
114. These weightings reflect a number of characteristics that, based on analysis of historic data, reflect students who have an increased risk of withdrawal. These are age, qualification aim and the type of qualification that a student has on starting their course. We also look at whether the student comes from an area that is underrepresented in higher education, based on their postcode.<sup>34</sup>

### **Premium to support successful student outcomes: part-time**

115. This allocation enables providers to support their part-time students to achieve successful outcomes. Part-time study is important as a flexible route for older learners, especially those from underrepresented groups. However, there have been significant reductions in part-time student numbers in recent years and therefore we consider part-time provision to be at risk.
116. The part-time premium is calculated using the following formula:

- **funding FTEs** derived from provider HESES student data

multiplied by

- provider-specific '**exempt franchise factors**' for students taught under subcontractual arrangements at exempt 'non-Approved (fee cap)' providers

multiplied by

- a single **funding rate**.

### **Disabled students' premium**

117. This allocation enables providers to support successful outcomes for disabled students. It aims to support providers to move towards inclusive models of support and to meet the rapid rise in students reporting disabilities and mental health issues.
118. For each provider, we calculate a weighting that reflects the proportion of their UK students who receive the disabled students allowance (weighted at two) or who self-declare a disability (weighted at one). Where we do not have representative data for a provider to enable us to calculate its weighting, we instead use the average weighting for all providers for which we do have data. This weighting is applied to the provider's student FTEs.

119. The disabled students' premium allocation is calculated using the following formula:

- **funding FTEs** derived from provider HESES student data

multiplied by

- **provider-specific weighting** as described in paragraph 118

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<sup>34</sup> See [About POLAR and Adult HE](#). For 2024-25 funding, we have used the POLAR4 classification.

multiplied by

- provider-specific '**exempt franchise factors**' for students taught under subcontractual arrangements at exempt 'non-Approved (fee cap)' providers

multiplied by

- a single **funding rate**.

120. A minimum allocation of £1,000 will be paid if the calculation above yields a lower figure.

### **Premium for student transitions and mental health**

121. The allocation supports providers in:

- a. Addressing the challenges to student mental health for those at the beginning of their undergraduate studies. This may include supportive and preventative measures that help to maintain good mental health and prevent more serious problems arising later.
- b. Developing effective joint working between their student support services and local NHS mental health services, to ensure students are referred quickly and appropriately. These partnerships should bring together the appropriate skills, experience and expertise to meet the needs of students.

122. The funding provided enables providers to engage with best practice developed and disseminated on mental health, including that shared by government's Higher Education Mental Health Implementation Taskforce,<sup>35</sup> and other guidance which supports the development of effective mental health and suicide prevention strategies. The allocation is made pro-rata to the number of OfS-fundable undergraduate entrants reported by each provider in 2025-26.

123. The allocation for the premium for student transitions and mental health is calculated using the following formula:

- **Headcount of OfS-fundable undergraduate entrants** derived from HESES25 student data

multiplied by

- provider-specific '**exempt franchise factors**' for students taught under subcontractual arrangements at exempt 'non-Approved (fee cap)' providers

multiplied by

- a single **funding rate**.

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<sup>35</sup> [Higher education mental health implementation taskforce - GOV.UK.](#)

## Uni Connect

124. The Uni Connect programme brings together partnerships of universities, colleges and other local partners to deliver outreach programmes and support schools and colleges to access outreach provision. It aims to reduce the gap in higher education participation between the most and least represented groups.<sup>36</sup> In doing so it contributes to the government's social mobility goals and the OfS's strategic objective that all students, from all backgrounds, with the ability and desire to undertake higher education, are supported to access, succeed in, and progress from higher education.
125. The programme consists of 29 local partnerships delivering impartial information, advice and guidance and outreach activity to equip young and adult learners from underrepresented groups to make an informed choice about their options in relation to the full range of routes into and through higher education.
126. Partnerships focus their targeted work on the geographical areas where the higher education participation of young people is both low and much lower than expected given Key Stage 4 GCSE (and equivalent) attainment levels. The partnerships comprise higher education providers, schools, colleges and other organisations such as employers, third sector bodies, local authorities and local enterprise partnerships.
127. Uni Connect supports a strategic local infrastructure of universities, colleges and other partners that increases collaboration, offers an efficient and low-burden route for schools and colleges to engage, and addresses outreach 'cold spots' for underrepresented groups.
128. This allocation totals £20 million in 2026-27. We do not allocate this funding to providers; partnerships will receive their funding allocations for 2026-27 separately.

## Funding for specialist providers

129. This allocation provides additional funding to certain specialist higher education providers that recognises the higher cost and distinctive nature of their provision, and the public value that they bring to the sector. These providers contribute significantly to the diversity of the higher education provider landscape, and offer prospective students enhanced choice in their higher education experience.
130. In October 2021, we consulted on the future approach to funding for specialist providers, with the outcomes of the consultation published in February 2022.<sup>37</sup> To be eligible to receive this funding, a provider registered with us in the Approved (fee cap) category must meet criteria as a specialist provider and also be assessed as world-leading. We invited specialist providers to submit evidence that they met criteria for being world-leading, which was assessed by a Specialist Provider Panel, set up as a time-limited committee of the OfS board.<sup>38</sup>

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<sup>36</sup> See our webpages on [Uni Connect](#).

<sup>37</sup> OfS, '[World-leading specialist provider funding: Outcomes of consultation and invitation to submit](#)' (OfS 2022.11).

<sup>38</sup> See our webpage on [the specialist provider panel](#).

131. We undertook a further consultation in July 2022, seeking views on the formula method used to distribute specialist provider funding.<sup>39</sup> Having considered the responses to this consultation, we announced allocations of specialist provider funding in December 2022, reflecting the panel's decisions on which providers met the criteria for being world-leading.<sup>40</sup> We will distribute a total of £57.1 million in the 2026-27 academic year. This consists of two elements:

- a. £56.8 million of funding distributed to 20 providers that were assessed as meeting the criteria for being 'world-leading'. These allocations are the same as for 2026-27.
- b. £0.4 million of transitional funding, distributed to three providers previously in receipt of world-leading specialist provider funding in 2021-22 – either directly or indirectly as part of a larger provider – but which were not assessed as meeting the criteria in the 2022 exercise. These allocations have reduced by £ 0.3 million (-45.4 percent) compared with 2025-26. As agreed with the providers concerned, this is the last year for which transitional funding will be provided.

## Funding for national facilities and regulatory initiatives for 2026-27

132. For 2026-27, this amounts to **£27.4 million**. Funding for national facilities and regulatory initiatives is used to support measures that benefit the sector as a whole and to promote change that cannot be easily achieved through other routes. This includes support for:

- a. **Jisc**,<sup>41</sup> which provides UK universities and colleges with shared digital infrastructure and services such as the Janet network, English regional network upgrades, cybersecurity and learning analytics.
- b. **The National Student Survey**,<sup>42</sup> which gathers students' opinions on the quality of their courses and helps to inform prospective students' choices.
- c. **TASO (Transforming Access and Student Outcomes in Higher Education)**,<sup>43</sup> an organisation that undertakes and uses research and evaluation to determine what works in eliminating equality gaps in higher education.
- d. **The performing arts specialist initiative**,<sup>44</sup> which provides 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, with a particular focus on contemporary music, drama and dance.

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<sup>39</sup> OfS, '[Consultation on specialist provider funding method](#)' (OfS 2022.36).

<sup>40</sup> OfS '[World-leading specialist provider funding: Outcome](#)' (OfS 2022.64).

<sup>41</sup> See [Jisc](#).

<sup>42</sup> See [National Student Survey - NSS](#).

<sup>43</sup> See [TASO](#).

<sup>44</sup> OfS, '[Initiative funding for specialist performing arts providers: Funding allocations](#)' (OfS 2023.09).

- e. **OfS funding Competitions.**<sup>45</sup> These are time-limited competitions that support strategic priorities in the sector. Competitions are periodic and depend on funds being made available to us by government. At time of writing, the most recent such exercise was the defence-related skills competition, launched in February 2026. New competitions are published on the OfS website along with details on how to apply.

## Capital funding for 2026-27

133. The government provides capital funding to support sustainable investment in higher education. It supports capital expenditure – that is, money used to acquire or maintain fixed assets, such as land, buildings and equipment, which is normally capitalised in the provider's audited annual accounts. It does not include expenditure on rent or hiring or leasing of equipment and facilities.
134. Unlike recurrent funding, capital funding is allocated on a financial year basis. The government has made a total of £88 million of capital funding available to us for 2026-27.
135. The government guidance letter announcing this (see paragraph 72) asked us to allocate the majority of most of the capital grant funding through a competitive process. As in previous years, we are also allocating a smaller amount of funding through a formula-based allocation process and providing capital funding to Jisc.
136. We have decided that from the total funding available, we will allocate:
- £76.8 million through a competitive bidding process
  - £ 7.8 million through a formula grant allocation
  - £ 3.5 million to support Jisc.

### Allocation of capital through competitive bids

137. We are distributing the majority of our capital funding (£76.8 million) for the 2026-27 through a bidding exercise. We invited providers to bid for this funding on 16 July 2026, with providers required to submit their bids by 4 September 2026. The bidding exercise is open to providers in the Approved (fee cap) category, for projects that meet the eligibility criteria.
138. We have applied a cap of £2.0 million to the amount that we will allocate in financial year 2026-27 in support of any single bid. All funding allocated to providers must be spent in full by 31 March 2027.
139. We have published full details of the capital funding bidding exercise.<sup>46</sup> The outcomes of the bidding exercise will be announced in late 2026.

### Formula-based capital funding

140. We will continue to provide a small formula-based capital allocation for the 2026-27 financial year. As in 2025-26, we will not provide a formula allocation to providers that are successful in the competitive bidding process described above. This means that we will not calculate or

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<sup>45</sup> See [Funding competitions - Office for Students](#).

<sup>46</sup> See [Capital funding for financial year 2026 to 2027](#) (OfS 2026.29).

announce formula capital allocations until the bidding process has concluded. We will announce formula capital in late 2026, alongside details of the successful competitive bids.

141. Formula capital funding is calculated based on weighted FTEs for each provider:

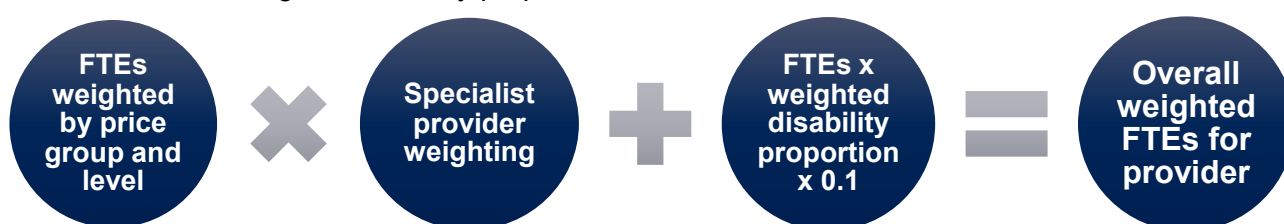
- FTEs weighted by price group and level

multiplied by

- specialist provider weighting

plus

- FTEs  $\times$  weighted disability proportion  $\times$  0.1



142. The FTEs used in this calculation are the same ones that inform 2026-27 recurrent grant, plus those on initial teacher training courses leading to qualified teacher status fundable by DfE. These are weighted with regards to:

- Price group and level.** These recognise that, for example, clinical and laboratory-based subjects have higher capital costs than classroom-based subjects, and that postgraduates may use more specialist facilities and do so more intensively. Table 7: Formula-based capital funding weights for price group and level shows the weighting factors for each price group and level.

**Table 7: Formula-based capital funding weights for price group and level**

| Price group         | Undergraduate weights | Postgraduate weights |
|---------------------|-----------------------|----------------------|
| A                   | 2.70                  | 2.97                 |
| B                   | 1.90                  | 2.09                 |
| C1.1, C1.2 and C1.3 | 1.10                  | 1.21                 |
| C2                  | 1.00                  | 1.10                 |
| D                   | 1.00                  | 1.00                 |

- Specialist provider weighting.** This recognises the particular needs of world-leading specialist providers, as discussed in paragraph 129. Variable weightings are applied to reflect the relative size of a provider's specialist provider allocation (if applicable).
- Weighted disability proportion.** This recognises costs as providers invest in inclusive models of support to meet the rapid rise in students reporting disabilities and mental health issues and deliver on the commitments made to those students in their access and participation plans or statements. This reflects the weighting used in calculating the disabled students' premium (see paragraphs 117 and 118).

143. We aim to distribute capital grant in the most effective way to secure benefits for students. Therefore, as in previous years, we expect to retain an overall maximum cap on the total formula funding received by any provider and to maintain a minimum allocation threshold. However, given the reduced level of funding available to us, these will also be reduced. Final maximum and minimum thresholds will be confirmed in the autumn, but we expect these to be approximately £30,000 and £10,000, respectively.

# Summary of terms and abbreviations

## Academic year

In this document, an academic year means the period from 1 August to the following 31 July.

## Access and participation plan

Having an access and participation plan approved by the OfS's Director for Fair Access and Participation is a condition of registration for those providers registered with the OfS in the Approved (fee cap) category that charge fees up to the higher amount permitted in legislation. Access and participation plans set out how higher education providers will improve equality of opportunity for underrepresented groups to access, succeed in, and progress from higher education. They include the provider's ambition for change, the measures it will put in place to achieve that change, the targets it has set and the investment it will make to deliver the plan.

## Allied health professions

Except where stated otherwise, references in this document to allied health professions are to dental hygiene, dental therapy, dietetics, occupational therapy, operating department practice, orthoptics, orthotics and prosthetics, physiotherapy, podiatry, radiography (diagnostic), radiography (therapeutic), and speech and language therapy.

## Bidding competition

Funding available via competition. Providers are invited to submit a bid requesting funding to support a project, or particular activities or facilities that we wish to prioritise. Providers' bids will be awarded funding if they make a sufficiently strong case against criteria specified in the competition.

## Capital funding

Funding to help providers invest in their physical infrastructure so it remains fit for purpose.

## Course fees

Fees paid to a provider for a student to attend a course (sometimes also called tuition fees). For providers registered in the Approved (fee cap) category, fees for most UK undergraduates and for postgraduate initial teacher training courses are subject to limits set out in regulations.

## Department for Education (DfE)

This is the government department to which the OfS is accountable,<sup>47</sup> but as a non-departmental public body we operate at arm's length from it.

## Department for Health and Social Care (DHSC)

This is the government department that provides maintenance grants for students on courses leading to qualification to practise in certain nursing, midwifery and allied health professions, as well as some bursaries and further learning support.

## Disabled Students' Allowance

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<sup>47</sup> See [Department for Education](#).

Grants to help meet the extra costs students can face as a direct result of an impairment or specific learning difficulty.

## **ELQ**

Equivalent or lower qualification. Many students who are studying for a qualification equivalent to, or lower than, one they already hold are not counted for OfS funding purposes, but exemptions from this policy apply.

## **ESFA**

The Education and Skills Funding Agency. The ESFA was an executive agency of the DfE that was accountable for funding education and skills for children, young people and adults. It was officially closed on 31 March 2025 with its functions transferred to the DfE from 1 April 2025.<sup>48</sup>

## **Financial year**

In this document, the financial year means the period from 1 April to the following 31 March.

## **FTE**

Full-time equivalent. FTE is a measure of how much a student studies over a year, compared with someone studying full-time. Someone studying full-time counts as one FTE, whereas a part-time learner doing half that amount of study counts as 0.5 FTE.

## **Funding for national facilities and regulatory initiatives**

Allocations used to secure change or fund activities that cannot be addressed through recurrent funding. This includes support for national facilities, such as Jisc, and regulatory activities such as the National Student Survey.

## **Further education and sixth form colleges and academies**

Further education colleges are publicly funded providers that focus on technical and professional education and training for young people, adults and employers. Sixth form colleges and academies are publicly funded providers that focus on education of 16 to 18-year-olds, including enabling them to progress to university or higher-level vocational education. Both categories may provide a broad range of education, including some higher education. Following the closure of the ESFA, their primary regulator is now the Department of Education.

## **HEIF**

Higher Education Innovation Funding. The method by which knowledge exchange funding is distributed to providers by UKRI, through Research England.

## **HERA**

The Higher Education and Research Act 2017.<sup>49</sup>

## **HESES**

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<sup>48</sup> See [Education and Skills Funding Agency](#) and [Letter to accounting officers: 19 March 2025](#).

<sup>49</sup> See [Higher Education and Research Act 2017](#).

Higher Education Students Early Statistics survey.<sup>50</sup> This annual aggregate student number survey informs our funding and is completed by providers that have registered students on higher education courses recognised for OfS funding purposes.

### **Higher education provider**

A provider of higher education courses in England, including universities and colleges of higher education, further education and sixth form colleges and academies, and other organisations.

### **Jisc**

Jisc provides UK universities and colleges with shared digital infrastructure and services, such as the Janet network and is the designated data body in England that collects and publishes data on behalf of the OfS.<sup>51</sup>

### **Knowledge exchange**

Higher education providers increasingly engage with businesses, public and third sector services, the community and wider public, transferring or exchanging knowledge with the aim of delivering external impact, such as improving products, services, profitability and so on. This is linked with research and teaching, and includes consultancy and advisory work, the creation of intellectual property, the development of academic and student entrepreneurship, and a variety of other activities.

### **Level**

Level of study can be undergraduate, postgraduate taught or postgraduate research. The OfS funds undergraduate and postgraduate teaching, while UKRI funds postgraduate research.

### **Mode**

Mode of study can be full-time, part-time or sandwich year out.

### **Multiplication factors**

Multiplication factors are factors applied to provider data submitted in HESES25 which the OfS uses to derive fundable FTEs. The multiplication factors are based on historic provider data, where available.<sup>52</sup>

### **OfS**

The Office for Students.

### **Price group**

A group of subjects that have broadly similar costs for teaching. The price groups attract different rates of funding in the funding method.

### **Register**

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<sup>50</sup> See [HESES](#).

<sup>51</sup> See [Jisc](#) and [Designation of Jisc as the new data body](#).

<sup>52</sup> OfS, '[HESES25: multiplication factors representations process guidance](#)' (OfS 2025.68).

The OfS Register. This lists all the English higher education providers officially registered by the OfS. It is a single, authoritative reference about a provider's regulatory status.<sup>53</sup>

### **Research England**

One of the councils of UKRI, which provides funding for research and knowledge exchange. It administers OfS funding for knowledge exchange according to a method and monitoring arrangements that we agree.

### **Sandwich course**

A full-time course of study which includes periods of work experience in organisations outside the provider. 'Sandwich year out' means a year spent away from the provider on a work experience placement in business or industry.

### **STEM**

Science, technology, engineering and mathematics.

### **SLC**

The Students Loans Company. A non-profit making, government-owned organisation set up to provide loans and grants to students in universities and colleges in the UK.

### **UKRI**

UK Research and Innovation.<sup>54</sup> A research and innovation funding organisation established by the Higher Education and Research Act 2017.

### **Uni Connect**

Uni Connect is a nationwide network of universities and colleges working in partnership to deliver sustained outreach to young people in areas where higher education participation is unexpectedly low.<sup>55</sup> So far over 1.3 million young people from underrepresented groups have engaged with the Uni Connect programme.

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<sup>53</sup> See [The OfS Register](#).

<sup>54</sup> See [UKRI – UK Research and Innovation](#).

<sup>55</sup> See [Uni Connect](#).

## Further reading

OfS funding webpages: [Finance and funding](#)

[Guidance from government](#)

### OfS publications

(All available in the [publications section of the OfS website](#).)

[‘Terms and conditions of funding 2026-27’](#) (OfS 2026.38).

[‘Capital funding for financial year 2026 to 2027’](#) (OfS 2026.29).

[‘Funding for 2026-27: Decisions and allocations’](#) (OfS 2026.36).

[‘Higher Education Students Early Statistics survey 2025-26’](#) (OfS 2025.67)<sup>56</sup>

[‘Securing student success: Regulatory framework for higher education in England’](#) (OfS 2022.69)

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<sup>56</sup> Guidance on the HESES26 survey will be published in autumn 2026.



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