

Terms and conditions of funding for 2025-26

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Summary

1. This document sets out terms and conditions of funding that apply for the academic year 1 August 2025 to 31 July 2026. These apply to the recurrent and capital funding the Office for Students (OfS) will distribute to providers that are registered in the Approved (fee cap) part of the OfS Register of higher education providers.
2. Terms and conditions of OfS funding supplement the conditions of registration that apply to providers in the Approved (fee cap) category.¹ Where requirements are a condition of registration, we have tried to avoid replicating them as conditions of funding.

Introduction and scope

3. These terms and conditions of funding are made under Section 41 of the Higher Education and Research Act 2017 (HERA). They apply to the higher education providers that the OfS funds; they support the OfS's responsibility to provide annual assurances to Parliament that funds provided are being used for the purposes for which they were given and value for money is being achieved.
4. The OfS funds eligible higher education providers – those registered in the Approved (fee cap) category of the OfS Register² – for certain activities as defined under Section 39(1) of HERA. Being registered as an Approved (fee cap) provider is a prerequisite for a provider to be eligible for OfS funding under Section 39(1) of HERA, and the main requirements that the OfS places on providers arise from the conditions of registration that apply to them as Approved (fee cap) providers. These are set out in the OfS regulatory framework for higher education in England³ and in any specific conditions of registration that additionally apply to a provider, as separately notified to it (whether or not such specific conditions are published on the OfS's Register).⁴
5. Our condition of registration G2 requires a provider to comply with any terms and conditions that, under sections 41(1) or 94(2) of HERA, are attached to financial support received from the OfS and UK Research and Innovation (UKRI).⁵ A breach of these terms and conditions of OfS funding may therefore be a breach of this condition of registration.
6. All funding allocated to eligible higher education providers by the OfS under Section 39(1) of HERA is subject to the terms and conditions set out in this document and, in accepting funding, the provider is agreeing to them. The OfS will make material revisions to this document only after consulting providers or such representative bodies for providers as it considers appropriate. We may apply additional terms and conditions to individual grants, relating to the use of funds or monitoring arrangements: these will be set out before the first payment of those grants is made, normally when the grant award is first notified to the provider.

¹ See Conditions of registration.

² Under the Higher Education (Transparency Condition and Financial Support) (England) Regulations 2018 (www.legislation.gov.uk/uksi/2018/1382/made).

³ See Regulatory framework for higher education in England.

⁴ See The OfS Register.

⁵ See Condition G2: Compliance with terms and conditions of financial support.

Terminology

‘Academic year’ means the 12-month period 1 August to the following 31 July.

‘Adjust’ and **‘adjustments to’** grant and other allocations mean that the OfS will recalculate and implement changes to payments or other allocations that it has previously notified to a provider. Adjustments may be positive or negative (including being reduced to zero), and may arise as a result of changes to the data or information used to inform funding calculations (including in relation to any eligibility criteria for funding that may apply),⁶ our monitoring of funding allocations, or for other reasons arising from the terms and conditions under which it provides grant. Where an adjustment involves a reduction to grant, this will normally be implemented by reducing future grant payments. If these are insufficient to allow the OfS to recover grant already paid in a timely way, we may require a direct repayment by the provider.

‘Capital funding’ and **‘capital grant’** mean funding allocated in respect of capital expenditure incurred, or to be incurred, by the provider. Capital expenditure means money used to acquire or maintain fixed assets, such as land, buildings and equipment, and 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. Capital grants must be used for the purposes set out above.

‘Financial year’ means the 12-month period 1 April to the following 31 March.

‘Funding’, **‘Grant(s)’** and **‘Money’** are used synonymously in this document to mean financial support provided under section 39(1) of HERA by the OfS to the governing body of an eligible higher education provider in respect of expenditure incurred, or to be incurred, by the provider for the purposes of either or both of the following:

- a. The provision of education by the provider.
- b. The provision of facilities, and the carrying on of other activities, by the provider, which its governing body considers it is necessary or desirable to provide or carry on for the purposes of, or in connection with, education.

‘Provider’ means an ‘English higher education provider’ as defined in Section 83 of HERA.

‘Eligible higher education provider’ means a provider registered in the Approved (fee cap) part of the OfS’s Register.⁷

⁶ Some OfS grants may have additional criteria or conditions that must be met as a prerequisite for a provider to be eligible for them (that is, additional to the general requirement that the provider is registered in the Approved (fee cap) part of the OfS’s Register). If the OfS finds, after a grant award has been made, that a provider did not meet such eligibility criteria, it may adjust or withdraw the grant.

⁷ As defined in The Higher Education (Transparency Condition and Financial Support) (England) Regulations 2018. Eligibility criteria for registration of a provider are set out in paragraphs 74 to 91 of the regulatory framework for higher education in England.

‘Recurrent grant’ and **‘recurrent funding’** mean funding allocated on an annual basis in respect of operating expenditure incurred, or to be incurred, by the provider on its ongoing teaching and related activities for an academic year. It is largely calculated by formula, informed by data submitted by providers; allocations will be published by the OfS before the start of the academic year.

‘Suspend’ or **‘suspension of’** grant are used to mean that the amount of grant that was due to be paid in a particular time period will not be paid until the provider has met specific conditions, but will be payable (subject to any recalculation and adjustment that may apply) once we confirm to the provider that it has met those conditions. Such conditions may relate to the provider’s registration with the OfS (which could itself be suspended in whole or part), or to specific requirements it places on a provider for its funding purposes.

‘Withdraw’ or **‘withdrawal of’** grant are used to mean that the amount of grant that was due to be paid in a particular time period will not be paid at all. This may apply to all OfS funding for a provider or to a particular element of its OfS grant. It may arise as a result of changes to the status of its registration with the OfS (such as its removal or suspension in whole or part from the OfS’s Register), or for another reason arising from the terms and conditions of funding set out in this document or elsewhere.

The terms under which the OfS provides funding

7. The OfS will notify each eligible higher education provider about its allocations of funding. We will first publish allocations of recurrent funding for providers for the 2025-26 academic year in July 2025. We will allocate capital funding for the financial year 2025-26 through a combination of a competitive bidding process (announced in June 2025) and a small formula allocation, which will be announced in autumn 2025. Other grants will be notified separately.
8. We will allocate funding through two primary methods:
 - a. Through formula allocations informed by data submitted by providers, either to the OfS directly, or through end-of-year student record returns submitted to the designated data body or the education and skills funding agency. This is used for the majority of the funding we distribute.
 - b. Through a competitive bidding process, where providers are required to directly apply for funding. This applies to the distribution of capital funding, and other competitive funding streams, depending on the availability of funds.
9. If data or information required to inform our distribution of funding is not available, we may, at our sole discretion, use our own assumptions or estimates to determine a provider’s eligibility for, and level of, funding. This includes where data has not been provided, or the OfS considers that it is incomplete, incorrect or otherwise not of a satisfactory quality. This may include assuming that the provider has no eligible activity to count towards the allocation of a particular element of funding and thus that no such funding should be provided to it.
10. The OfS has a duty to protect the use of public funding and when making funding decisions we reserve the right to consider the range of information known to the OfS, so that we have assurance that any risks are minimised.

Revision of funding allocations

11. The OfS may revise any funding allocation to take account of changes in the grant provided to us by government (see paragraphs 16 to 18).
12. The OfS may also adjust allocations subsequently:
 - a. In the light of any assurance or regulatory work we carry out with individual providers.
 - b. In light of amendments to data that we agree to accept,⁸ and any transfers of students or activity between providers that we agree to reflect.
 - c. For other reasons arising from the eligibility criteria for, and terms and conditions of, OfS funding set out in this document or notified separately. The OfS may also deny a provider access to future grant funding, including access to specific grants or to discretionary funding.
13. Where providers do not have higher education provision recognised for OfS funding purposes in 2024-25, we may choose to calculate initial funding allocations for 2025-26 using forecast data. Where this is the case, the OfS will recalculate and adjust those allocations to reflect a provider's actual student numbers in 2025--26, using the same funding methods,⁹ data categorisations and definitions as have applied in determining the initial allocations. If the provider does not have any OfS-fundable students in 2025-26, all recurrent and capital funding for that year will be withdrawn, as set out in paragraph 25.

Assurance

14. If the OfS finds that erroneous data has resulted in providers receiving incorrect funding, then we will adjust their allocations accordingly, subject to the availability of our funds. Data error may be identified through audit and reconciliation work, data amendments or any other means.
15. Where data error has resulted in a funding allocation being too high, we will recover the excess funding from the provider for any year informed by the audited or reconciled data (including any consequential effects on funding for subsequent years), unless there is evidence that a provider has deliberately not complied with the funding rules or has ignored previous advice¹⁰ and recommendations. In these exceptional circumstances, the OfS may recover funding that relates to a longer period, up to a maximum of seven years. A provider must repay any funding that the OfS identifies as having been overpaid as a result of such recalculations.

⁸ The OfS's data amendments process is set out at www.officeforstudents.org.uk/data-and-analysis/amendments-to-data/.

⁹ This may involve changes to rates of grant as a result of implementation of changes to OfS budgets as described in this document or changes to provider grant rates or weighting factors, as a result of recalculation using updated provider data.

¹⁰ Either from the OfS or, in the case of funds allocated before 2018, from the Higher Education Funding Council for England.

Changes to the grant available to the OfS

16. The government's strategic guidance letter to the OfS of 19 May 2025 confirmed the recurrent funding available for the 2025--26 financial year (April to March) but did not show any indicative recurrent funding for the 2026--27 financial year. The letter also identified the policies and priorities that should underpin the OfS's approach to funding and applied terms and conditions to the OfS's use of the strategic priorities grant for the 2025--26 financial year. Capital funding for the 2025-26 financial year was announced in a separate letter also dated 19 May 2025.¹¹
17. The OfS has agreed recurrent funding budgets for the 2025-26 academic year in the light of the strategic guidance letter from the Secretary of State. In doing so, we have had to make an assumption about the recurrent funding that might be available for the 2026-27 financial year, because of its four-month overlap with the 2025-26 academic year. Capital funding is allocated on a financial-year basis and does not require the same assumptions.
18. Any changes to the grant made available to us by government for financial year 2025-26, or that we have assumed for financial year 2026-27, are likely to affect the funding we are able to distribute to providers in the 2025-26 academic year. **If such changes arise, the OfS may adjust any funding allocation to a provider after it has been announced, to ensure that the total funding we allocate remains within the available budget.** If a funding adjustment is required, the OfS will contact affected providers as soon as practicable to inform them of the adjustment and the change(s) to their existing funding.

Arrangements for payment

19. The OfS will normally pay recurrent funds to the provider in monthly instalments, in accordance with a funding profile for the whole academic year that will be notified separately.
20. The OfS will normally pay formula-based and competitive capital grants for the 2025-26 financial year according to a funding profile that will be notified to providers via the grants profile available on the OfS portal.¹² For competitive grants, this profile is informed by the distribution of funding sought in a provider's successful bid, or as we may subsequently agree in the light of our monitoring of providers' progress with their funded projects. We require providers to notify us if payment according to that profile will result in them receiving funding in advance of need (that is, in advance of them incurring the capital expense). In such a case, we will suspend or reduce profiled payments to reflect the provider's circumstances. We may require providers to submit evidence of expenditure before the OfS releases further funding.
21. The OfS reserves the right to amend payment profiles during the year, but we will make adverse changes to the profile only in exceptional circumstances and following consultation with the provider.

Providers joining the register in the Approved (fee cap) category mid-year

22. The OfS has a limited budget to distribute between eligible higher education providers. We determine and announce the distribution of grants between providers according to a timetable

¹¹ Government guidance letters are available at www.officeforstudents.org.uk/for-providers/regulatory-resources/guidance-from-government/.

¹² See [Office for Students portal](#).

that we specify. While providers may apply to join the OfS's Register at any time, upon registration in the Approved (fee cap) category, a provider becomes eligible (subject also to any other specific eligibility criteria that may apply) only for those grants whose distribution has not already been determined by the OfS, even if payment of those grants has not yet been made (in whole or part). This means that:

- a. Where the OfS determines allocations through a competitive or review process, this will involve an assessment against eligibility criteria or the prioritisation of submissions or bids from providers.¹³ In such cases, a provider must be registered in the Approved (fee cap) part of the OfS Register at the time that the OfS agrees funding allocations to be considered eligible. If a provider becomes registered in the Approved (fee cap) category after this date, it will only become eligible for funding at the next competition or review process. This principle also applies where allocations determined by such a process apply for a period of more than one year.
- b. Where the OfS otherwise determines allocations by formula, the OfS may, at our sole discretion, consider whether we have scope to include a provider, newly registered in the Approved (fee cap) category, in any update or recalculation of such allocations where the provider was not so registered when the allocations were first determined. This applies to most elements of recurrent and formula-based capital grants. Factors that we will consider in deciding whether we have such scope include (but may not be limited to):
 - i. whether the OfS has sufficient budget available in the year to make an allocation to the provider without this having an adverse effect on allocations for providers already announced
 - ii. whether the OfS has sufficient data or information necessary to determine an allocation for the provider, or can secure it in a timely way
 - iii. the desirability of treating providers in similar circumstances consistently.

Removal of funding

23. Grant payments (whether profiled or otherwise) will be made only while, and in respect of periods during which, a provider meets all eligibility requirements, including that it is in the Approved (fee cap) category on the OfS's Register. A provider will have no entitlement to receive any unpaid balance of a grant previously notified if, at the time payment is due, it is no longer eligible for funding. Thus:

- a. If we suspend a provider from the OfS Register, or suspend some elements of the provider's registration, we may (depending on the nature of that suspension) suspend or withdraw payments of grant, in whole or part, until the suspension from the Register is lifted.

¹³ Examples include:

- Funding Competitions – see OfS Challenge Competitions.
- Uni Connect.
- Capital bidding competitions – see, Capital funding for financial year 2025 to 2026.

- b. If a provider ceases to be registered in the Approved (fee cap) category of the OfS Register, then the provider's eligibility for OfS funding and all grant payments to it will cease with immediate effect.
- c. If a provider does not have any OfS-fundable students in 2025-26, it will no longer be eligible for funding.

24. The OfS will withdraw grant to the provider if it is not used for the purposes intended,¹⁴ as set out in paragraphs 28 to 47, or as notified separately.

25. If a provider does not have any OfS-fundable students in academic year 2025-26, all recurrent and capital funding for that year will be withdrawn. Unless subsequently revised, 'OfS-fundable students' has the meaning set out in Annex F of the 2024 Higher Education Students Early Statistics (HESES) survey,¹⁵ as applying to countable students in the survey population who are on courses recognised for OfS funding purposes.

26. In cases where the OfS requires repayment of funds, we may charge interest, at 2 per cent above the Bank of England base rate, for the period before the provider repays the funding.

Repayable grants and loans

27. The OfS may make repayable grants or loans to a provider for the purposes set out in paragraph 4. The provider must repay any such financial support to the OfS according to the timetable and circumstances that we will specify when we make such awards.

Conditions of funding with which providers must comply

28. The provider is free to distribute internally, at its own discretion, all funding from the OfS which is not earmarked or provided for a specific purpose, subject to that funding being used for the activities and facilities eligible for funding under Section 39(1) of HERA, and for the primary benefit of the provision of higher education courses and current and prospective students on them. We recognise that our funds may also benefit other areas of activity, for example in contributing to the costs of staff who may work across both further and higher education, or across higher education teaching, research and administrative roles. Any funds that have been earmarked or provided for a specific purpose must be used solely for that purpose.

¹⁴ Under condition of registration E3 the governing body of a provider must ensure the provider's compliance with all its conditions of registration and with the OfS's accounts direction. The most recent accounts direction was published in '[Regulatory advice 9: Accounts direction. Guidance on preparing and publishing financial statements for accounting periods beginning on or after 1 August 2019](#)' (OfS 2019.41). Under the accounts direction, a provider's external auditor must report to the governing body on whether in all material respects:

- funds, from whatever source, administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- where applicable, funds provided by the OfS, UKRI (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

¹⁵ See [Higher Education Students Early Statistics survey 2024-25](#) (OfS 2024.42).

29. When using OfS funding, providers must apply proper processes that ensure effective accountability and that secure value for money. This requirement also applies where the provider passes on part of its OfS funding to another legally distinct entity (for example, under a subcontractual arrangement) for the provision of education, or related facilities or activities. In these circumstances the provider awarded the funding by the OfS will be held accountable for those funds. That provider must therefore ensure adequate and effective accountability arrangements are in place when it passes on such funding to another entity.
30. The OfS reserves the right to require providers to complete monitoring returns on their use of OfS funding. These returns will focus on how OfS funds have been spent. This may include information related to additional terms and conditions for specific funds (such as those described in paragraph 44 for capital funding). Such monitoring will be used to collect information on how OfS funding has supported the activities of the provider and the additionality that OfS funding has delivered across the sector.

Earmarked funding

31. Some OfS funding is earmarked as being provided for specific purposes and must be used only for those purposes. This applies to some recurrent grants (see paragraphs 32 to 37), capital funding (see paragraphs 38 to 48), funds awarded through competitions, such as Uni Connect, and OfS Funding Competitions, and to other grants that support national facilities and regulatory activities. We will specify any restriction on the use of funds in advance of the first payment of those funds (usually when the award of funding is notified to a provider). Any such restriction may be **additional to** the terms and conditions specified in this document.

Student premium funding

32. Four formula-based student premium allocations have been provided for 2025-26:
- premium to support successful student outcomes: full-time
 - premium to support successful student outcomes: part-time
 - disabled students' premium
 - premium for student transitions and mental health.
33. Student premium funding is earmarked to contribute towards the aims and objectives set out in providers' approved access and participation plans for 2025-26 or (for those without such plans) access and participation statements; providers must therefore use student premium grants solely for these purposes. In particular:
- a. The full-time and part-time student premiums are intended to support the costs of activities that contribute to providers' ambitions around student success and progression.

- b. The disabled students' premium is intended to support the costs of activities that will promote inclusion and remove barriers to participation and success for disabled students.¹⁶
- c. The premium for student transitions and mental health is earmarked for activities and services that support students transitioning into higher education, particularly to address the challenges that this can present for mental health.

Targeted allocation for very high-cost STEM subjects

34. The funding for the targeted allocation for very high-cost science, technology, engineering and maths (STEM) subjects is earmarked to support the direct teaching costs of higher education programmes in those subjects and providers must therefore use the funding solely for this purpose. If the OfS finds that a provider was not eligible for funding, including because it has ceased recruiting to the subjects concerned, or that the provider has not used the funding for the purposes intended, we will require the provider to repay all the allocation attributable to the subjects concerned.

Nursing, midwifery and allied health supplement

35. To be eligible for the nursing, midwifery and allied health supplement, a provider must be actively recruiting to have new entrants in the year for which funding is provided to pre-registration courses for the professions listed in paragraph 36 that this funding aims to sustain. The funding is earmarked to support the direct teaching costs of such courses, and to cover costs that would otherwise fall to students, such as vaccinations, Disclosure and Barring Service checks, occupational health checks and uniforms. Providers must therefore use the funding solely for these purposes. Pre-registration courses are undergraduate and postgraduate courses that, on successful completion, lead to eligibility to apply to join the registers (or the relevant part or parts of the registers) for the professions concerned maintained by:

- a. The Nursing and Midwifery Council (for nursing and midwifery).¹⁷
- b. The Health and Care Professions Council (for other professions).¹⁸

36. For the purposes of the nursing, midwifery and allied health supplement, the professions are:

- adult, mental health, child, learning disability and other (unclassified) nursing
- dietetics
- midwifery

¹⁶ This includes measures to address the needs of students with, for example, mental health issues or autistic spectrum disorders. Providers should have regard to the report '[Inclusive teaching and learning in higher education](#)', which encourages providers to look at how they can support and offer the best environment for disabled students, considers the requirement to provide 'reasonable adjustments' under the Equality Act 2010, and suggests actions to mitigate risks associated with that.

¹⁷ Pre-registration courses are those at English providers listed at '[Approved programmes](#)' by selecting the relevant pre-registration course type from the drop-down menu headed 'Course'.

¹⁸ Pre-registration courses are those at English providers listed at '[Approved programmes](#)', selecting the relevant profession from the drop-down menu under 'Search by profession'.

- occupational therapy
- operating department practice
- orthoptics
- physiotherapy
- podiatry
- prosthetics and orthotics
- diagnostic radiography
- therapeutic radiography
- speech and language therapy.

37. If the OfS finds that a provider was not eligible for funding, including because it has ceased recruiting to pre-registration courses for the professions concerned, or that a provider has not used the funding for the purposes intended, we will require the provider to repay all the allocation attributable to the courses concerned.

Capital funding

38. Capital funding (as defined in the 'Terminology' section) is provided on a financial-year basis and must be used for the purposes intended, in accordance with the terms and conditions that apply (as set out in paragraphs 40 to 48). The OfS will not make payments to providers in advance of need and thus providers must use capital grants in full within the relevant funding period for which they are provided. There are two active capital funding allocation streams for financial year 2025-26:

- a. funding allocated through a competitive bidding process
- b. formula grants, to be announced in autumn 2025.

39. We announced details of how capital funding will be allocated in June 2025.¹⁹

40. For both capital funding streams, the relevant funding period is the financial years 2025-26; the deadline for the spend of this funding is 31 March 2025. OfS funding must not be used for advance payments to contractors, or other financing arrangements (such as bonds) where payments precede production of goods or delivery of services.

41. Allocations of capital funding are provided to enhance the learning experience of higher education students at providers, by helping raise the quality of their learning and teaching facilities. Providers must use capital grants for this purpose, in particular to directly support relevant facilities in relation to one of more eligible projects:

- a. Relevant facilities are:

¹⁹ OfS, '[Capital funding for financial year 2025 to 2026](#)' (OfS 2025.29).

- i. The purchase of equipment (including IT equipment) used for learning, teaching or assessment. This does not include renting or hiring of equipment.²⁰
 - ii. The acquisition, replacement or construction of premises or infrastructure (including IT infrastructure) used for learning, teaching or assessment. Acquisition may include the purchase of leaseholds, but this category does not include the making of payments outside of the purchase price, such as for rental or service charges.
 - iii. The refurbishment, expansion or adaptation of existing premises or infrastructure (including IT infrastructure) that are to be used for learning, teaching or assessment.
- b. Eligible projects are capital expenditure projects that will:
- i. Support the capital needs of providers in delivering courses that will address the government's missions and priority sectors for growth and meet the needs of local employers and regional economies as identified through one or more of the following:
 - the needs of local employers and regional economies, as identified in Local Skills Improvement Plans (LSIPs)
 - Skills England's initial priorities
 - the government's developing Industrial Strategy.
 - ii. Demonstrate value for money and support environmental sustainability in reducing energy consumption.

42. In addition, any capital grants awarded through the bidding competition must be used:

- a. On expenditure items included in the provider's successful bid or which we have subsequently approved.
- b. In accordance with any other terms and conditions that were specified when we awarded the grant, or which have been set out by us subsequently.

43. OfS capital funding must be used for projects that focus on higher education teaching and may be subject to audit. We recognise, however, that it may be neither feasible nor desirable to create ring-fenced boundaries between higher and further education, or teaching and research facilities. For example, equipment purchased using OfS capital funds may be used by both higher and further education students or for both teaching and research purposes.

²⁰ Permissible capital expenditure on software includes the purchase of operating systems or substantial applications packages, including where licence, update and maintenance charges are rolled up into the up-front cost and not separately charged over the expected life of the product – that is, where the product has been purchased outright. However, software licences and maintenance expenditure incurred on a periodic basis (even if the period between payments is more than a year) are not allowable as capital expenditure and should instead be treated as recurrent.

44. OfS capital funding may be used to contribute towards the costs of a capital project in combination with funding from other sources. However, there must be no double-counting in attributing the same amounts of capital expenditure:
- a. To both OfS grants and income provided by any other UK or EU public funds.
 - b. To both OfS formula-based capital grants and any other OfS capital grants for specific projects.
45. All providers that are in receipt of OfS formula-based or competitive capital funding will be required to report on their use of that funding after the end of each financial year, usually in April, and those reports may also be subject to audit. Details about reporting requirements will be notified by us separately.
46. If our monitoring of a provider's delivery of its capital project does not give us confidence that it will be able to use all the competitive capital funding awarded within the funding period to March 2026, and in line with the terms and conditions that apply, we may withdraw the offer of funding in whole or part. Such exceptional circumstances may include significant delays in delivery (for whatever reason) compared with the timetable set out in the provider's bid (or that may subsequently be agreed by us), or failure of the provider to engage to our satisfaction in any reporting and monitoring requirements.
47. If we are not satisfied that a provider has used the funds in accordance with the requirements in paragraphs 40 to 46, or as notified separately, we will reclaim some or all of the funding provided. If providers are unsure whether the use they propose of their formula capital allocation will meet the requirements set out, they should contact capitalgrant@officeforstudents.org.uk for advice in advance of committing to the expenditure.
48. At the end of each financial year, the OfS will request monitoring information from providers to ensure that we are satisfied that capital spend is aligned to our terms and conditions of funding, and that the outlined scope and scale of the projects supported through competitive funding is being delivered. We will actively monitor spend on a yearly basis to ensure that the total capital funding is spent across all providers collectively to meet the budget. Providers must notify the OfS immediately of any changes in circumstances or scope of individual projects, to ensure that government funding is being used appropriately. We reserve the right to review the offer of funding if there are significant changes to project scope or delays to its delivery. Providers must send details of any proposed change or expected delay to a project to capitalgrant@officeforstudents.org.uk as soon as possible so that these can be reviewed and assessed by us without delay.

Exchequer interest

49. There is an Exchequer interest that has built up over time in providers in receipt of HEFCE and OfS capital funding. All providers that receive OfS capital funding from the 2019-20 financial year, and any providers that, as higher education institutions,²¹ have received HEFCE or OfS

²¹ As defined in Section 65 of the [Further and Higher Education Act 1992](#).

capital funding since 1 August 2009, must comply with the following conditions in relation to such capital funding received during those periods.

50. If either of the following events occurs, they will trigger immediate liability for the provider to repay to the OfS the full amount of the Exchequer interest balance. The provider will recognise the OfS as an unsecured creditor until such repayment is made. If a liability to make repayment arises, we may agree to accept repayment of some other sum, or to delay repayment, at our absolute discretion, and such agreement may be on such terms and conditions as we think fit.
- a. The first trigger event will be if the provider becomes insolvent, including going into liquidation or administration, or if it dissolves or transfers its undertaking to some other body, or if it experiences any analogous event.
 - b. The second trigger event is if the provider ceases to be an eligible higher education provider for OfS funding purposes (that is, it is no longer in the Approved (fee cap) category of the OfS Register).
51. If either of the triggers is activated, the OfS will calculate, and share with the provider, the Exchequer interest balance. We have the right, but not the obligation, to request repayment of the Exchequer interest balance: the OfS has discretion to waive the requirement for repayment. In making this decision, we will consider the extent of any continuing public benefit arising from the use of previous OfS or HEFCE capital grants.

Definitions and abbreviations

Governing body	The university council, board of governors or other body ultimately responsible for the management and administration of a higher education provider's revenue and property, and the conduct of its affairs.
HEFCE	Higher Education Funding Council for England
HERA	Higher Education and Research Act 2017
HESES	Higher Education Students Early Statistics (survey)
OfS	Office for Students
UKRI	UK Research and Innovation

Must denotes mandatory requirements and **should** (applied to providers) denotes the OfS's view of good practice.



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