



**The Rt Hon Gillian Keegan MP**  
Secretary of State for Education

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4 April 2024

Dear Lord Wharton

**Guidance to the Office for Students from the Secretary of State for Education on the allocation of Strategic Priorities Grant funding for the 2024-25 Financial Year and associated terms and conditions**

I am writing to set out the Higher Education (HE) Strategic Priorities Grant (SPG) budget for the 2024-25 financial year with my funding priorities. This letter provides guidance to the Office for Students (OfS) under section 2(3) of the Higher Education and Research Act 2017 (HERA 2017) and sets terms and conditions of funding under section 74(1) of that Act. In giving this guidance and determining the terms and conditions of funding, I have had regard to the need to protect the institutional autonomy of English higher education providers (HEPs) under sections 2(4) and 74(3) of the HERA 2017.

Your SPG budget for the 2024-25 financial year and the related terms and conditions are set out in Annexes 1 and 2 of the guidance. Guidance on the government's broader priorities for the OfS will be communicated separately.

I want to thank the OfS for successfully launching the Degree Apprenticeship Development Fund during the 2023-24 financial year, with wave 1 allocating £12m to 51 providers and strong progress being made on wave 2. I am pleased to confirm the total funding for this campaign is being maintained at £40m across the two financial years as set in the funding guidance of 30 March 2023. For the 2024-25 financial year, the funding available amounts to £24m which should be used to help more people – including those who might not otherwise be able to go to university – to access these life changing opportunities.

Additionally, I renew my thanks for the work of the OfS in supporting the development and implementation of the NHS Long Term Workforce Plan. The coming financial year marks the start of the expansion, with additional medical places from Autumn 2024. As a result of this expansion, and the launch of the medical degree apprenticeship pilot, I am providing funding as part of the 2024-25 financial year allocation in line with the increased provision of 405 medical places starting in 2024-25 academic year.

## **Strategic Priorities Grant Guidance for the 2024-25 Financial Year**

It remains my priority that students pursue HE studies that enable them to progress into employment, thereby benefitting them as well as the wider economy. It is important to provide students with different high-quality pathways in HE, notably through higher technical qualifications (HTQs), and degree apprenticeships. These are important alternatives to three-year degrees and provide valuable opportunities to progress up the ladder of opportunity.

In setting the budget for this SPG for the 2024-25 financial year, I have had regard to the wider existing and emerging priorities to ensure a fair distribution of funding across the education and skills sectors. I have set the budget for the OfS at a level that enables me to continue to deliver on my priorities for HE.

Details of the changes in funding that I wish the OfS to make for the 2024-25 financial year are set out below.

I have set out in Annex 2 to the guidance, the terms and conditions of funding made under section 74(1) of HERA 2017, that apply to the SPG funding provided to the OfS for the 2024-25 financial year.

### **High-cost subject funding – supporting strategically important subjects**

As set out in the terms and conditions of funding in Annex 2, the OfS must increase the funding for strategically important high-cost subjects (i.e. those in price groups A, B and C1.1), by at least £18m. This funding supports HEPs to deliver vitally important courses that support the NHS and wider healthcare policy, science, engineering and technology subjects, as well as those for specific labour market needs. As also set out in the terms and conditions, funding for subjects in price group C1.2 must be at least maintained at the current level of £16.7m. The OfS must also ensure that funding for Intensive Postgraduate Provision and the Postgraduate Taught Supplement funds strategically important high-cost subjects only, as per the terms and conditions.

### **Degree apprenticeships**

I am pleased with the progress made by the OfS to date in delivering the £40m, two-year programme of degree apprenticeship development funding. Your team should be congratulated for delivering the first two funding competitions to expand the range of degree apprenticeships on offer and to improve equality of opportunity. As set out in the terms and conditions of funding, the OfS must allocate at least £24m of funding to this activity.

For the competition for the third wave of funding, due to be delivered early in the 2024-25 financial year, I would like to see a continued focus on our priorities of improving access and growing the offer in careers currently under-served by degree apprenticeships, including targeting new providers who have not delivered degree apprenticeships to date, alongside your work to improve access to these for groups who do not typically take up these life-changing opportunities.

## **Level 4 and 5 provision**

Uptake of Level 4 and 5 provision remains low compared to other levels of study. We remain an international outlier in the relative proportion of learners taking these courses, despite employer demand and positive earnings outcomes for students that can, in some cases, be better than degree-level study.

Our programme of Level 4 and 5 expansion through the introduction of HTQs as flagship Level 4 and 5 courses continues, with over 170 qualifications now available and offered by over 140 providers across the country.

As set out in the terms and conditions of funding, the OfS must allocate no less than £16m to build capacity among providers with eligible learners on Level 4 and 5 qualifications via a formula allocation. I would like the OfS to include an uplift within this formula for learners on HTQ courses, as flagship, high-quality Level 4 and 5 qualifications.

## **NHS Long Term Workforce Plan 2024 medical expansion (205 places) and medical degree apprenticeship pilot (200 places)**

As per the guidance of 1 October 2023 to you, I am providing additional funding to increase the maximum limits for the home students by 205 medical training places starting in 2024-25 academic year. This funding is being made available via a transfer from the Department for Health and Social Care (DHSC) to meet the additional SPG costs, and is set at a level such that the expansion does not have an adverse impact on the OfS funding rate for providers. The total amount of the transfer this year is £2m, which includes funding for the 200 medical degree apprenticeship pilot programme that will start in 2024. This programme remains a priority for the two departments, and I would like the OfS to continue to collaborate closely with officials at DHSC and DfE to make a success of the Plan's delivery.

## **Funding for world-leading specialist providers**

In recognition of the considerable cultural, societal and economic benefits they offer, it is important that we continue to support our world-leading small and specialist providers. The OfS should continue to fund world leading specialist providers up to a limit of £58.1m for FY24/25. The OfS should continue to encourage them, through regulatory expectations in relation to equality of opportunity, to promote the prospects for disadvantaged students at these providers.

## **Uni Connect**

Widening access to HE and supporting disadvantaged students by raising aspiration and attainment remain priorities. I am pleased to see HEPs refreshing their Access and Participation Plans and continuing their work with schools to support pupils from disadvantaged backgrounds get onto the pathway that is right for them, whether that be through an apprenticeship, an HTQ, or a course at another university. I am

therefore providing funding of £20m for Uni Connect.

Following the Public First evaluation, the OfS should consider how Uni Connect best focuses its resources on activities that are found to be the most effective, and the targeting of geographical areas to address regional disparities in progression to HE. I welcome the OfS working with DfE to ensure a coherent careers information, advice and guidance offer is accessible for all students, particularly those who are disadvantaged.

### **Student Premiums – supporting student outcomes for full-time and part-time students and the disabled students’ premium**

In light of continuing cost-of-living pressures, and as set out in the terms and conditions of funding in Annex 2, I am increasing the funding for Student Premiums by at least £5m. The OfS should ensure HE providers are aware they can draw on the Student Premiums to support students in financial hardship. I would like the OfS to continue to liaise with my officials on the impacts of cost-of-living pressures.

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

Supporting the mental health of our students is a priority. I would like the OfS to continue taking a leading role on student mental health, including participating in the HE Mental Health Implementation Taskforce, and distributing funding to help providers implement best practice identified and shared by the Taskforce. This should include exploring appropriate guidance and frameworks for providers not in scope of existing mental health charters. As set out in the terms and conditions of funding at Annex 2, funding for the Premium for student transitions and mental health is being protected at £15m. This funding should help providers to engage with the National Review of Higher Education Student Suicides and develop mental health and suicide prevention strategies. I am pleased the OfS continues to fund Student Space, which provides mental health resources to students no matter where they study.

### **Changes to student numbers**

The impact of changes to student numbers on the total funding requirements for formula-funded grant elements should continue to be assessed. The OfS should seek to protect funding rates for the following funding elements: nursing, midwifery and allied health supplement, overseas study programmes, and accelerated full-time undergraduate provision. Additional funding made available from these funding lines due to changes in student numbers should be allocated to funding for high-cost courses.

## Capital funding

The £450m capital funding for the 2022-23 to 2024-25 financial years was confirmed in the strategic guidance of 30 March 2022. The multi-year allocation approach has enabled us to support a wider range of more impactful projects that will support high-quality skills-based higher education. I am pleased that around one-quarter of capital projects out of the 100 successful bids are now complete or nearing completion. The OfS should monitor the delivery of the outstanding projects carefully to ensure that both progress and spend remain on track. The OfS should inform the department of any concerns with project delivery, including if new delivery risks emerge or issues arise. The remaining capital funding not allocated as part of the competitive bidding round should continue to be used to maintain the small annual formula-based allocations to providers and can also be used to support Jisc, if required, as in previous years.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gillian Keegan', with a large, stylized flourish extending to the right.

**The Rt Hon Gillian Keegan MP  
Secretary of State for Education**

## Annexes

### Annex 1: Finance Annex

Figures are rounded.

<b>Strategic Priority Grant All figures in £m</b>	<b>Financial Year 2024-25</b>
Recurrent Grant	1,456

  

<b>Strategic Priority Grant All figures in £m</b>	<b>Financial Year 2022-23 to 2024-25 Funding as per 2022 guidance letter</b>
Capital Grant	450

#### Notes:

- i. The amounts set out above are the OfS's resource and capital budgets. They represent the maximum amount of resource and capital that the OfS may consume in pursuance of the priorities agreed with the Department for the financial years 2022-23 to 2024-25. Figures may not sum due to rounding. If the Department's level of overall funding is decreased due to wider events, or in order to cover other unavoidable financial pressures, the Department may, within the framework set out by Parliament and the courts, need to make in-year adjustments to allocations to our Partner Bodies in order to meet budget reductions. The funding that is set out in this letter is, as ever, subject to Parliamentary approval through the Estimates process twice a year.
- ii. Capital funding of £450m in total will be made available for the financial years 2022-23 to 2024-25.
- iii. The OfS will receive a separate allocation letter detailing their finalised 2024-25 financial year unrounded resource, capital and administrative allocations.
- iv. Although the teaching and student element of Higher Education Innovation Funding (HEIF) is distributed by Research England, the OfS will be responsible for the priorities and evaluation of the £48m Strategic Priorities Grant contribution to HEIF in 2024-25. This is included in the figures above and has been maintained at the same level as in the 2023-24 financial year.
- v. The recurrent funding figure for the 2024-25 financial year above includes £53.1m of which: £2m for the 2024 medical expansion as part of the NHS Long Term Workforce Plan and 2024 medical degree apprenticeship pilot; £51.1m funding the expansion of medical student places by 1,500 (agreed in 2016 and started in 2017). The £51.1m sum is funded by £48.7 m from DHSC and £2.4m from DfE. The £2.4m contribution by DfE is a one off and being provided as part of an agreement between the two departments to offset 50% of the costs incurred by the Department for Health and Social Care (DHSC) for the expansion of medical places during the COVID pandemic. As such, it reduces the proportion of DHSC funding for this year only.

## Annex 2: Additional Terms and Conditions of funding

1. The Strategic Priorities Grant (SPG) is allocated by the Secretary of State to the Office for Students (OfS) for the financial year for distribution pursuant to section 39 of the Higher Education and Research Act 2017 to higher education providers for the academic year.
2. The following terms and conditions apply to the SPG of **£1,455,700,000** allocated by the Secretary of State to the OfS **for the financial year 2024-25** for distribution to higher education providers for the **academic years 2023-24 and 2024-25** (the Grant).
3. The OfS must allocate funding to eligible higher education providers (Providers) for **funding for high-cost courses**<sup>1</sup>.
  - 3.1. The OfS must ensure that the total budget to be allocated to Providers for **High-Cost subject: price groups A to C1.1** is increased by at least £18,000,000 (eighteen million pounds) from the total budget allocated for High-Cost subject: price groups A to C1.1 as part of the SPG in 2023-24.
  - 3.2. The OfS must allocate funding of at least £16,700,000 (sixteen million seven hundred thousand pounds) to Providers for **High-Cost subject funding for price group C1.2**.
  - 3.3. The OfS must ensure that the **postgraduate taught supplement** is only allocated in respect of subjects in price group A, B and C1.1, and that the budget to be allocated to Providers for the **postgraduate taught supplement** funding is reduced by £5,000,000 (five million pounds) from the budget allocated for the postgraduate taught supplement as part of the SPG in 2023-24.
  - 3.4. The OfS must ensure that the **intensive postgraduate provision** is only allocated in respect of subjects in price groups A, B and C1.1, and that the budget to be allocated to Providers for the **intensive postgraduate provision** is reduced by £10,000,000 (ten million pounds) from the budget for the intensive postgraduate provision allocated as part of the SPG in 2023-24.
  - 3.5. Subject to sufficient bids being received that meet the requirements, the OfS must allocate at least £24,000,000 (twenty-four million pounds) of funding to Providers for **Degree Apprenticeships**. Where sufficient bids are not received to distribute the total funding allocated by the OfS for Degree Apprenticeships, the OfS may reallocate funding not distributed to any other budget under the Grant.

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<sup>1</sup> Funding for high-cost courses means the following sub-set budget lines:

Funding for high-cost subjects in price groups A to C1.1; funding for high-cost subjects in price group C1.2; the nursing, midwifery and allied health supplement; very high-cost STEM subjects; overseas study programmes; degree apprenticeships; level 4 and 5 provision; postgraduate taught supplement; intensive postgraduate provision; accelerated full-time undergraduate provision; clinical consultants' pay; senior academic general practitioner's pay; NHS pension compensation scheme.

- 3.6. The OfS must allocate to Providers no less than £16,000,000 (sixteen million pounds) for **Level 4 and 5** funding.
  - 3.7. When determining the amount to be allocated to Providers for other sub-set budget lines under **Funding for high-cost courses**, the OfS must ensure that the total budget for Funding for high-cost courses is no less than the total budget allocated for funding for high-cost courses as part of the SPG in 2023-24.
4. The OfS must allocate to Providers funding for **Student Access and Success**.
  - 4.1. When determining the amount to be allocated to Providers, the OfS must ensure that the total budget for the **Student Premiums**<sup>2</sup> is increased by at least £5,000,000 (five million pounds) from the budget allocated for the Student Premiums as part of the SPG in 2023-24<sup>3</sup>.
  - 4.2. When determining the amount to be allocated to Providers, the OfS must ensure that the budget for the **Premium for student transitions and Mental Health** is no more than the budget allocated for the Premium for student transitions and Mental Health as part of the SPG in 2023-24<sup>4</sup>.
  - 4.3. When determining the amount to be allocated to Providers the OfS must ensure that the budget for **Uni Connect funding** is reduced by £10,000,000 (ten million pounds) from the budget allocated for Uni Connect funding as part of the SPG in 2023-24.
5. The OfS must allocate funding for **National Facilities and Regulatory Initiatives**.
  - 5.1. When determining the amount to be allocated to Providers, the OfS must ensure that the total budget for **National Facilities and Regulatory Initiatives** is reduced by at least £3,000,000 (three million pounds) from the total budget allocated as part of the SPG for National Facilities and Regulatory Initiatives in 2023-24.
  - 5.2. The OfS must 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 to run any new challenge competition(s).

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<sup>2</sup> Student premiums means: full-time premium, part-time premium and disabled premium.

<sup>3</sup> The budget allocated for student premiums as part of the SPG in 2023-24 means the budget excluding any additional budget allocated to the student premiums as a result of the letter from the Secretary of State dated 25 January 2024 providing guidance to the Office for Students on the use of £10m from the Higher Education Strategic Priorities Grant (SPG) for the 2023/24 Financial Year.

<sup>4</sup> The budget allocated for the Premium for student transitions and Mental Health as part of the SPG in 2023-24 means the budget excluding any additional budget allocated to the Premium for student transitions and Mental Health as a result of the guidance letter from the Secretary of State dated 25 January 2024 providing guidance to the Office for Students on the use of £10m from the Higher Education Strategic Priorities Grant (SPG) for the 2023/24 Financial Year.



6. The OfS must ensure that the budget for the additional medical school places for the NHS Long Term Workforce Plan 2024 expansion and for the medical degree apprenticeship pilot initiative is no less than £2,000,000 (two million pounds).
7. If the OfS does not comply with any of the requirements in paragraphs 3 to 6, the Secretary of State may require the repayment of the whole or any part of the Grant still held by the OfS.
8. The Secretary of State may revise these terms and conditions as appropriate, including, but not limited to, to take account of changes to the funding allocated by the government to the OfS for distribution to Providers in the 2024-25 financial year.