

**Office for  
Students**



# **Funding for academic year 2019-20**

**Approach and data collection**

**Reference** OfS 2018.31

**Enquiries to** [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk)

**Publication date** 2 August 2018

# Contents

<b>Summary</b>	<b>3</b>
<b>Introduction</b>	<b>5</b>
<b>The recurrent funding method for teaching</b>	<b>6</b>
<b>Data collection to inform formula funding</b>	<b>7</b>
Data returns from providers offering their own recognised higher education in 2018-19	8
Data returns from providers without recognised higher education in 2018-19	9
Students taught under subcontractual arrangements	10
<b>Data definitions</b>	<b>11</b>
Recognised higher education for funding data collection purposes	12
The students to be counted and how we count them	13
The data tables to be completed	19
Training for providers to understand our data collection for funding purposes	20
Longer term review of our funding method and data collection	20
<b>Annex A Assigning subjects to price groups for providers that we are not funding directly in 2018-19</b>	<b>21</b>
<b>Abbreviations</b>	<b>22</b>

# Summary

1. This publication sets out the Office for Students' (OfS's) approach to calculating allocations of recurrent funding for academic year 2019-20, and outlines the data we will collect from eligible providers to inform these allocations. 'Eligible providers' refers to those eligible for our funding in 2019-20: that is, higher education providers that have successfully registered with the OfS in the Approved (fee cap) category. OfS grants do not directly fund individual students, but rather fund the educational activities of providers.
2. Our approach to funding for 2019-20 is transitional, because two major reviews of funding will not be complete in time to inform these allocations. These are the government's review of post-18 education and funding, and a fundamental review of our own funding method. In the meantime, our priorities are, as far as possible:
  - a. To treat all eligible higher education providers consistently, including those that we have not been empowered to fund for 2018-19.
  - b. To minimise changes to data collection that may be only short-term, recognising the costs to providers of such changes. As we review our method, we will consider afresh how we should use data to allocate, monitor and evaluate outcomes of the funding we distribute.
3. We will continue to apply existing funding methods until our review is complete, but will decide each year the balance of funding between different elements of grant to reflect the funding available to us and our priorities. This is likely to include changes to grant rates, but could also include changes to eligibility criteria for, or even discontinuation of, particular funding allocations, if this enables us to best prioritise within a constrained total budget. We will review and consult separately on the terms and conditions of grant that will apply for 2019-20.
4. To treat all providers consistently, we are altering the definition of recognised higher education for our funding purposes, which will apply to all eligible providers. We are minimising changes to other definitions and criteria that apply to how we count students in our funding for providers.
5. To inform funding for 2019-20, eligible providers will have to complete a data return with details of their higher education student numbers. Providers that in 2018-19 are already offering their own higher education courses that are recognised for funding purposes (other than through a subcontractual arrangement) will need to complete one of the following in-year data returns:
  - a. The higher education in further education: students (HEIFES) survey, to be completed by further education and sixth form colleges and academies (including 16-19 academies).
  - b. The higher education students early statistics (HESES) survey, to be completed by other higher education providers.
6. Eligible providers that do not have their own student numbers in 2018-19 on higher education courses recognised for funding purposes will provide a forecast of the student numbers they expect to recruit for 2019-20, in a higher education students forecast (HESF) survey. We will use this to calculate initial funding allocations for them, but will subsequently recalculate and adjust these allocations (up or down) to reflect the actual student numbers they have for 2019-20. This will ensure that they are neither advantaged nor disadvantaged by forecasts that turn out not to reflect the actual position.

7. This document is intended to provide an overview for a non-technical audience of our approach to funding for 2019-20 and supporting data collection. It does not contain the full technical specification of data requirements and definitions: we will confirm these in the data collection requests that we issue in autumn 2018. Any questions or comments on our approach to funding for 2019-20 and supporting data collection should be sent to [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk) **by 7 September 2018**. We are offering training to providers on the data we collect for our funding purposes in September and October.

# Introduction

8. During the transition period from 1 April 2018 to 31 July 2019, we are distributing funding to providers under powers that formerly applied to the Higher Education Funding Council for England (HEFCE) arising from the Further and Higher Education Act 1992. This has meant our direct funding powers are limited during this period to the same teaching and related activities and to the same categories of providers as applied under HEFCE.
9. From 1 August 2019, the OfS's regulatory framework comes into full effect. We will fund providers under powers arising from the Higher Education and Research Act 2017 (HERA). In particular, section 39 of HERA provides us with broad powers to fund education, and related facilities and activities, at registered providers that are 'eligible higher education providers'. Draft regulations, which are subject to the approval of Parliament, define eligible higher education providers as those in the Approved (fee cap) category on the OfS Register<sup>1</sup>. On the basis that those regulations are approved, we expect this will result in some providers that we have not previously been empowered to fund directly becoming eligible for our grants. Providers wishing to receive OfS funding in 2019-20 should apply for registration in the Approved (fee cap) category. OfS grants to providers for 2019-20 will be announced in spring 2019. We cannot guarantee funding in 2019-20 for providers that are not registered in the Approved (fee cap) category in time for inclusion in that grant announcement. To meet this timetable, we strongly encourage those that have not already done so to submit their applications:
  - a. **By 31 August 2018**, for providers that wish to receive public grant funding for the first time in 2019-20.
  - b. **By 31 October 2018**, for providers that we are funding in 2018-19 and wish to continue receiving funding in 2019-20.
10. We want to treat all eligible providers consistently in our approach to funding from 2019-20. This means having common definitions of which students on which courses we will count, and how we will count them, to inform our formula-based teaching grants. This publication sets out our approach and the underlying rationale for it. The approach is transitional, pending changes that might arise from the government's review of post-18 education and funding<sup>2</sup>, and a fundamental review of our own teaching funding method. In the meantime, we wish to minimise changes to data collection that may be only short-term, recognising the costs to providers of such changes. As we review our method, we will consider afresh how we should use data to allocate, monitor and evaluate outcomes of the funding we distribute to providers, in line with our data strategy.

---

<sup>1</sup> Information on the progress through Parliament of the draft Higher Education (Transparency Condition and Financial Support) (England) Regulations 2018 is available at <https://beta.parliament.uk/work-packages/jTuty5ho>.

<sup>2</sup> See <https://www.gov.uk/government/consultations/review-of-post-18-education-and-funding-call-for-evidence>.

11. There are some areas where, in the short term, the availability of data from different providers limits our ability to take identical approaches towards all. In these circumstances, we will adopt equivalent approaches that are designed to treat all providers fairly. These areas include:
  - a. The identification of subjects, and how these are mapped to price groups for our funding purposes.
  - b. The treatment of providers that do not currently offer higher education in their own right (though some may teach higher education courses on behalf of another provider under a subcontractual arrangement) and where there may therefore not be any existing students that we can count for funding purposes.
  - c. The treatment of providers where we do not have individualised student data needed to inform some funding allocations, such as student premiums.
12. We will apply terms and conditions to the money we allocate for 2019-20. These will place requirements on providers relating, for example, to the use of and monitoring arrangements for grants and anything else they will need to do in return for the money. This document does not set out those terms and conditions, but we will review and consult on them separately. We expect to make changes to reflect that some of the terms and conditions of grant that apply up to 31 July 2019 will become conditions of registration under the OfS's regulatory framework<sup>3</sup> that comes fully into force from 1 August 2019.
13. This document is intended to provide an overview for a non-technical audience of our approach to funding for 2019-20 and supporting data collection. It does not contain the full technical specification of data requirements and definitions: we will confirm these in the data collection requests that we issue in autumn 2018. References to where definitions for data surveys for 2017-18 can be found are given in footnotes. 'Year of study' is used in this document as a non-technical term, but has the same meaning as 'year of course' (used in previous data collection from further education and sixth form colleges) and 'year of instance' (used in previous data collection from other higher education providers). References to 'recognised higher education' mean recognised solely for our funding purposes, rather than any wider purpose.
14. Unless made clear otherwise in the text, references in this document to years mean the academic year which runs from 1 August to 31 July. Any reference to financial years means the period 1 April to 31 March.

## **The recurrent funding method for teaching**

15. Our funding method for academic year 2018-19 is explained in 'Guide to funding 2018-19: How the Office for Students allocates money to higher education providers' (OfS 2018.21)<sup>4</sup>. Further information about our allocations to providers is available on our website<sup>5</sup>.

---

<sup>3</sup> [www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/).

<sup>4</sup> [www.officeforstudents.org.uk/publications/guide-to-funding-2018-19/](http://www.officeforstudents.org.uk/publications/guide-to-funding-2018-19/).

<sup>5</sup> [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/).

16. The funding method for 2018-19 reflects that inherited from HEFCE. This was developed over a number of years, including following consultation with providers, and data has been collected consistent with how the method operates. We are keen to review the funding method, but this cannot be done in time to inform allocations for 2019-20. In the first instance, we need to ensure our future funding method appropriately reflects the outcomes of the post-18 education and funding review, and the government's response to it: the latter is not expected to be available until early 2019. In addition, the time required to undertake and consult on a fundamental review of our funding method does not fit with the need to specify to providers this autumn the data we will collect to inform 2019-20 funding allocations.
17. In allocating funding we want to secure the best outcomes for students, supporting our strategic objectives<sup>6</sup> and regulatory framework, as well as our general duties set out in HERA<sup>7</sup>. In this respect, funding is one of the regulatory tools that enables us to deliver our priorities, and this will underpin the review of our funding method beyond 2019-20.
18. Until we have completed our review we will continue to apply existing funding methods, but will develop them as necessary to ensure that, as far as possible, we treat all eligible providers consistently. In this respect, allocations for academic year 2019-20 will reflect a transitional approach.
19. We do not yet know what funding will be available to us from government for financial year 2019-20 and beyond. As will always be the case, we will review each year the balance of funding between different elements of grant to reflect the funding available to us and our priorities. This is likely to include changes to grant rates, but could also include changes to eligibility criteria for, or even discontinuation of, particular funding allocations, if this enables us to best prioritise within a constrained overall budget. We will also consider the extent to which any changes should be phased in over more than one year.

## Data collection to inform formula funding

20. OfS grants do not directly fund individual students, but rather fund the educational activities of providers. However, we allocate funding to achieve the best outcomes for students, and we count students in our formula funding methods as a measure of the teaching activities of providers. The budget available to us from government does not necessarily change just because we choose to count students in a particular way.
21. Our use of formula funding methods ensures we are consistent, transparent and efficient in how we distribute our fixed budget between eligible providers. We base allocations for one year on the most up-to-date student data for the whole of the preceding academic year. This ensures we have comparable data from all providers, however they structure their provision (for example according to the term dates and teaching arrangements for their courses). Hence, the allocations for 2018-19 that we announced in May 2018 were informed primarily by aggregate student numbers for the 2017-18 academic year. These were collected from providers in:

---

<sup>6</sup> See: Office for Students strategy 2018 to 2021, OfS 2018.18 at: [www.officeforstudents.org.uk/publications/office-for-students-strategy-2018-to-2021/](http://www.officeforstudents.org.uk/publications/office-for-students-strategy-2018-to-2021/).

<sup>7</sup> Section 2 of HERA available at: [www.legislation.gov.uk/ukpga/2017/29/section/2/enacted](http://www.legislation.gov.uk/ukpga/2017/29/section/2/enacted).

- a. The Higher Education Students Early Statistics (HESES) survey from higher education institutions<sup>8</sup>, submitted in December 2017.
  - b. The Higher Education in Further Education Students (HEIFES) survey from further education and sixth form colleges<sup>9</sup>, submitted in November 2017.
22. We also used the most recent individualised student data available (for academic year 2016-17) to derive information about the characteristics of students at different providers. We use individualised student data to calculate weighting factors for different providers in allocating student premiums<sup>10</sup>; these reflect, for example, students' entry qualifications, age, home postcode, and whether they have a disability. The individualised data returns are:
- a. The student record submitted by higher education providers to the Higher Education Statistics Agency (HESA)<sup>11</sup>.
  - b. The Individualised Learner Record (ILR) submitted by further education and sixth form colleges to the Education and Skills Funding Agency (ESFA)<sup>12</sup>.
23. For academic year 2019-20, wherever possible, allocations will be informed by aggregate student data for academic year 2018-19, which eligible providers will submit directly to us towards the end of 2018, and supplemented by individualised student data for academic year 2017-18, which eligible providers submit to HESA or the ESFA in autumn 2018.

## **Data returns from providers offering their own recognised higher education in 2018-19**

24. Pending a wider review of our funding method, we want to minimise changes to data collection that may be only short-term, recognising the costs to providers of such changes. This applies also to changing terminology that providers are familiar with. Hence eligible providers that have their own student numbers on recognised higher education<sup>13</sup> courses in academic year 2018-19 will complete an aggregate student data survey for 2018-19, but as before there will be a different version for further education and sixth form colleges and academies. The content of the surveys will be largely the same for all providers, but for reasons explained in paragraphs 51 to 53, there will be differences between providers in how subjects are identified and assigned to price groups for our funding purposes. We also wish to exclude from the

---

<sup>8</sup> See <http://webarchive.nationalarchives.gov.uk/20180405121548/http://www.hefce.ac.uk/data/collect/heses/>.

<sup>9</sup> See <http://webarchive.nationalarchives.gov.uk/20180405121147/http://www.hefce.ac.uk/data/collect/HEIFES/>.

<sup>10</sup> See paragraphs 56 to 60 of OfS 2018.21.

<sup>11</sup> See [www.hesa.ac.uk/collection/c17051](http://www.hesa.ac.uk/collection/c17051).

<sup>12</sup> See [www.gov.uk/government/collections/individualised-learner-record-ilr](http://www.gov.uk/government/collections/individualised-learner-record-ilr). The ILR is also submitted by a range of other providers in receipt of ESFA funding.

<sup>13</sup> See paragraphs 34 to 36 for the definition of recognised higher education that we will adopt for funding purposes.

surveys some information that will not be relevant to groups of providers because of the types of higher education they offer. We will also collect some additional information from providers that are not OfS-funded in 2018-19, where we do not have individualised student data for them for preceding years. This includes information on delivery location, which will be used to inform any location-dependent funding allocations for 2019-20<sup>14</sup>. The aggregate student data surveys for 2018-19 are:

- a. **Higher education in further education: students (HEIFES) survey:** to be completed by further education and sixth form colleges and academies (including 16-19 academies)<sup>15</sup>. We will publish the survey guidance in September 2018. For further education and sixth form colleges that we fund in 2018-19, this should be submitted to us by **12 November 2018**. For other colleges and academies, this should be submitted to us by **19 December 2018**. The later deadline is to allow for notification of OfS registration outcomes and recognises that these providers will be completing the survey for the first time.
- b. **Higher education students early statistics (HESES) survey:** to be completed by other higher education providers<sup>16</sup>. We will publish the survey guidance in September 2018. For those that we are funding directly for 2018-19, this should be submitted to us by **10 December 2018**. For those that we are not funding directly for 2018-19, this should be submitted by **19 December 2018**. As above, the slightly later deadline is to allow for notification of OfS registration outcomes and recognises that these providers will be completing the survey for the first time.

25. As has been the case with HESES and HEIFES surveys in previous years, these surveys will collect data on student activity covering the whole of the 2018-19 academic year, including forecasts of the numbers of students expected to start years of study later in the year and of the numbers expected not to complete their year of study. This ensures we count activity at providers on a consistent basis.

## Data returns from providers without recognised higher education in 2018-19

26. For some providers 2018-19 student data will not be available. This is the case for providers not offering recognised higher education courses directly in 2018-19 (though some may deliver courses indirectly under a subcontractual arrangement from another provider). These providers

---

<sup>14</sup> This includes the targeted allocation for students attending courses in London, and the London weighting that applies in our student premium allocations. Where we do not have individualised student data for a provider for 2017-18 to determine its student premium weighting factors, we will instead apply to the provider the average weighting for all eligible higher education providers for which we do have HESA or ILR data.

<sup>15</sup> Submission of HEIFES is a requirement on those we are funding for 2018-19 under paragraph 33 of the 'Terms and conditions of funding for further education and sixth form colleges for the period to 31 July 2019', OfS 2018.16. See [www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-further-education-and-sixth-form-colleges/](http://www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-further-education-and-sixth-form-colleges/).

<sup>16</sup> Submission of HESES is a requirement on those we are funding for 2018-19 under paragraph 8 of Annex A to the 'Terms and conditions of funding for higher education institutions for the period to 31 July 2019', OfS 2018.15. See [www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-higher-education-institutions/](http://www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-higher-education-institutions/).

will also not have previously submitted individualised student data to either HESA<sup>17</sup> or the ESFA. For such providers we need an equivalent approach that allows us to treat them fairly. We propose to do so as follows:

- a. Where we do not have individualised student data for a provider for 2017-18 from either HESA or ESFA to determine its student premium weighting factors, we will instead apply to the provider the average weighting for all eligible higher education providers for which we do have HESA or ILR data.
- b. Where a provider does not have any of its own student numbers on recognised higher education courses to report for 2018-19, we will instead ask it to provide a forecast of the student numbers it expects to recruit for 2019-20. Subject to us being content that the forecasts are reasonable and realistic, we will use this forecast to inform initial allocations of funding for 2019-20. However, we will subsequently recalculate and adjust these allocations (up or down) to reflect the actual student numbers they have for 2019-20 to ensure that these providers are neither advantaged nor disadvantaged by forecasts that turn out not to reflect the actual position. Providers in this position will be asked to complete a **'Higher Education Students Forecast for 2019-20'** ('HESF19') survey for submission by **19 December 2018**. Consistent with the HESSES and HEIFES surveys, the HESF19 survey should include the numbers of students forecast to start a year of study in the 2019-20 academic year (as a new entrant), but exclude the numbers forecast not to complete their year study.

## Students taught under subcontractual arrangements

27. Subcontractual arrangements (sometimes referred to as 'franchises') refer to where courses are made available by one (lead) provider, but where some or all of the teaching is subcontracted for delivery by a different provider. The lead provider has full contractual responsibility to the student for the provision of education (including for its quality and costs), even though its staff are not teaching (all of) the course. The lead provider will often also be the awarding body for the course qualification, but this may be a third party.
28. In subcontractual arrangements, students remain students of the lead provider, not of the delivery provider. As such, the lead provider is responsible for reporting the student in the data returns it makes to us and others, including, as appropriate, HESA, the ESFA and the Student Loans Company (SLC). Where the student is in receipt of SLC student support, any fee loan will be paid to the lead, rather than the delivery provider.
29. As the responsibility for reporting student data is dependent on which provider has the full contractual responsibility to the student, no change should be made as to which provider reports data on students continuing on the same course without each student's informed consent. Our normal expectation, therefore, is that subcontractual arrangements that applied when students started their courses will continue until they have finished them. Hence eligible providers that have delivered higher education courses only under subcontractual arrangements up to and including 2018-19 will not have any student numbers to report to us for

---

<sup>17</sup> This includes both the Student return submitted by providers that we are funding for 2018-19 and the 'AP Student' return submitted by others (formerly known as 'alternative providers').

2018-19, and will therefore be funded initially on the basis of a forecast of new entrants to their own courses for 2019-20.

30. We will implement transfers of funding between providers in respect of students continuing on a course only where all parties (the lead provider, the delivery provider and the individual students themselves) agree, and where this reflects a change as to which provider has the full contractual responsibility to the student for the provision of their education.

## Data definitions

31. We want to ensure that, as far as possible, all eligible providers return data according to common definitions and categorisations (whether we are funding them based on their 2018-19 student numbers or a forecast of their 2019-20 new entrants). This means, for example, having the same definitions determining which students on which courses we will count for our funding purposes and the same criteria for how we will count them. This section provides a non-technical summary of how we will do this. It does not contain the full technical specification of data requirements and definitions – these will be provided as part of the data collection requests that we issue in autumn 2018. While the description below refers predominantly to the HESSES and HEIFES surveys, those providers completing the HESF survey will be required to prepare their forecasts to reflect the same criteria and definitions as apply for those surveys.
32. Historically there has been a difference (inherited from HEFCE) in the types of higher education we have been empowered to fund at higher education institutions on the one hand, and further education and sixth form colleges on the other. There is no such difference under section 39 of HERA in our powers to fund eligible higher education providers from August 2019. However, notwithstanding the broad funding powers that section 39 of HERA provides, we will need to prioritise our limited resources, including to take account of where other organisations have particular funding responsibilities, or where others (particularly students themselves) are expected to contribute to, or fully meet, costs through their tuition fees.
33. Other organisations that have responsibility for funding education include:
  - a. The Department for Education (DfE) and ESFA for the years of compulsory education and further education.
  - b. The DfE for school teacher training.
  - c. The ESFA for what has previously been defined as non-prescribed higher education courses offered by further education and sixth form colleges, and other education and training providers that we and HEFCE have not previously been empowered to fund. The ESFA may support these through advanced learner loans administered together with the SLC<sup>18</sup>.

---

<sup>18</sup> See: <https://www.gov.uk/advanced-learner-loan/eligibility>. Advanced learner loans are available for study at Levels 3 to 6 (where this is outside the statutory entitlement for a learner aged 19 to 23 to be fully funded to achieve their first Level 3 qualification). Information on qualifications at Levels 3 to 6 fundable through advanced learner loans is available at <https://www.gov.uk/government/publications/advanced-learner-loans-qualifications-catalogue>. These have to be offered directly by a provider on the ESFA's register of training organisations (<https://www.gov.uk/government/collections/sfa-register-of-training-organisations>) that has an advanced learner loans facility agreement with the ESFA.

- d. UK Research and Innovation (UKRI) for postgraduate research students.

## Recognised higher education for funding data collection purposes

34. To reflect the education funding responsibilities of other organisations, we will define ‘recognised higher education’ for the purposes of completing the HESES, HEIFES and HESF19 surveys as set out below. Courses that do not meet the definition would therefore not be counted for our funding purposes.

### Recognised higher education for OfS funding purposes

Recognised higher education for OfS funding purposes:

- Includes courses that are designated under the Education (Student Support) Regulations 2011 and other courses that lead to qualifications meeting the standards at Level 4 and above of The Frameworks for Higher Education Qualifications of UK Degree-Awarding Bodies (FHEQ)<sup>19</sup>, or credit towards such a qualification that is itself at Level 4 or above.
- Excludes courses (and credit towards such courses) leading to qualifications in the Register of Regulated Qualifications<sup>20</sup>, unless they are courses designated under the Education (Student Support) Regulations 2011.

35. The reference to qualifications or credit at Level 4 and above of the FHEQ ensures we count only higher education, reflecting the responsibility of the DfE and ESFA for funding other education as described in paragraph 33.a. The exclusion of courses on the Register of Regulated Qualifications reflects the funding responsibility of the ESFA as described in paragraph 33.c. However courses on that register, which would be treated as recognised higher education because they are designated under the Education (Student Support) Regulations 2011, will include:

- a. Higher National Certificates and Higher National Diplomas awarded by (or under licence from) Pearson or the Scottish Qualifications Authority.
- b. Diplomas in Education and Training (or equivalent initial teacher training courses<sup>21</sup>) that are awarded by organisations other than providers with degree awarding powers.

36. This definition will increase slightly the number of courses offered by further education and sixth form colleges that are recognised higher education for funding purposes compared to the coverage of the previous HEIFES survey. For example, it will include some teacher training courses at Level 4 and above which lead to awards of those without degree-awarding powers.

---

<sup>19</sup> Available from: [www.qaa.ac.uk/quality-code/the-existing-uk-quality-code/part-a-setting-and-maintaining-academic-standards](http://www.qaa.ac.uk/quality-code/the-existing-uk-quality-code/part-a-setting-and-maintaining-academic-standards).

<sup>20</sup> See <https://register.ofqual.gov.uk/>.

<sup>21</sup> Courses are equivalent if they lead to qualifications that are at the same academic level and have the same credit value. A Certificate in Education and Training is not equivalent to a Diploma in Education and Training because the former has a lower credit value.

It will also include study towards credit at Level 4 and above, rather than a whole qualification, as long as this is not credit towards a qualification that is excluded because it is on the Register of Regulated Qualifications. However, we expect the additional activity that is reportable by further education and sixth form colleges to be limited. We do not expect significant changes in coverage compared to HESES for other providers that we are already funding.

## The students to be counted and how we count them

37. Our definition of recognised higher education will determine which courses we count for funding purposes, but we also need to consider which students on those courses we should count as fundable and how we should count them. These are equally important if we are to prioritise our limited resources effectively. This requires definitions and criteria to determine:
- a. The population of students on recognised higher education courses that are to be included in the HESES, HEIFES and HESF surveys.
  - b. How those students are counted to reflect, for example, how much active study they are undertaking in the year.
  - c. Which of those students should be treated as fundable.

### Criteria for counting students

38. Existing criteria for inclusion in the HESES and HEIFES surveys<sup>22</sup> require that:
- a. Students are students of the provider and are actively studying in the academic year. This excludes, for example, students taught by a delivery provider under a subcontractual arrangement and incoming exchange students.
  - b. No more than half the active study time for the student's course is spent outside the UK, unless certain exceptional circumstances apply<sup>23</sup>. This therefore generally excludes students studying mainly at overseas campuses of English providers and those studying by distance learning abroad.
  - c. A fee is charged for tuition or the supervision of research. This recognises that there is a contract relating to the provision of educational services to the student.
39. These criteria will continue to apply in the HESES and HEIFES surveys for 2018 and HESF19.

---

<sup>22</sup> See the HESES and HEIFES surveys for 2017, Annexes A and C.

<sup>23</sup> We allow exceptions where we agree that there is a clear **academic** reason for studying abroad rather than in the UK; or where students are in receipt of UK student support; or where the student is temporarily and unavoidably abroad and remains liable to UK tax on their earnings (or is a dependent of such a person). This last category will include members of the armed forces and their dependents, and complements similar arrangements that apply for student support purposes.

## Residential and fundability status of students

40. We will also continue to collect data separately for three different categories of students' residential and fundability status to inform 2019-20 funding allocations. These categories<sup>24</sup> are:
- a. Home (UK) and EU students<sup>25</sup> who are fundable. This is the only category counted for our funding purposes.
  - b. Home and EU students who are not fundable.
  - c. Island and overseas students (that is, those not meeting the definition for home and EU). 'Island' refers to students from the Channel Islands and Isle of Man.
41. To make the best use of UK taxpayers' money, we will continue to prioritise funding towards provision for students who have a sufficient connection with the UK. In part, this means counting students only if they are required to study predominantly within the UK (as described in paragraph 38.b). However, there has also been a longstanding expectation by government that, in general, overseas (non-EU) students should meet the full costs of their courses (even if they are studying in the UK). This is reflected in the Education (Fees and Awards) Regulations 2007<sup>26</sup>. We use Schedule 1 of these regulations to define home and EU students. The regulations permit providers to charge higher fees to those not meeting the criteria in Schedule 1.
42. Not all students meeting the definition of home and EU are treated as fundable. We treat students as non-fundable if:
- a. Another EU public source funds, or is responsible for funding, their provision. This includes:
    - i. Postgraduate research students (because UKRI has funding responsibility, as explained in paragraph 33.d)
    - ii. Students on initial and in-service teacher training courses for school teachers (because the DfE has funding responsibility, as explained in paragraph 33.b).
    - iii. Students whose courses are funded by, or the funding responsibility of, an NHS or Department of Health and Social Care organisation. There is currently a phased transfer to the main higher education finance arrangements (of SLC student support and OfS grants) with successive entry cohorts to courses leading to first registration to practice in nursing, midwifery and allied health professions.

However, years of study towards a recognised higher education course that are undertaken as part of an apprenticeship should not be reported as non-fundable solely on the basis that funding for their apprenticeship is provided by the ESFA. We fund providers where such years of study meet the criteria for particular elements of teaching grant. In this respect,

---

<sup>24</sup> See the HESES and HEIFES surveys for 2017, Annex F.

<sup>25</sup> The government confirmed on 2 July 2018 that students from the European Union starting courses in England in the 2019-20 academic year will continue to be eligible for 'home fee status'. See [www.gov.uk/government/news/further-financial-support-for-uk-and-eu-students](http://www.gov.uk/government/news/further-financial-support-for-uk-and-eu-students).

<sup>26</sup> Statutory Instrument 2007/779 (<http://www.legislation.gov.uk/uksi/2007/779/made>), as amended.

OfS funding is complementary to finance provided by the ESFA and employers, which is more analogous to finance that for other higher education provision would be provided through tuition fees or student support.

- b. Students are on a course which is not open to any suitably qualified candidate, typically because it is open only to employees of a particular company. This does not apply to apprenticeships. In general, where provision is offered solely for the benefit of a particular company, we would expect that company to meet its full costs.
- c. Students aiming for a qualification of an academic level that is no higher than one they have already achieved (an equivalent or lower qualification, ELQ), unless an exemption applies.

43. Given the constraints on public funding and the importance of increasing and widening participation, the government has for many years prioritised higher education finance towards those entering higher education for the first time or progressing through qualifications. For this reason it introduced the ELQ policy<sup>27</sup> in 2008. These constraints and priorities remain, and therefore, in the short term, we will continue to apply the ELQ policy for our funding purposes as it has applied in previous years. However, we will wish to consider, in reviewing our funding method for the longer term, the extent to which the ELQ policy, and exceptions to it, might continue to apply.

### **Students' level of study**

44. There are three main levels of study: postgraduate research, postgraduate taught and undergraduate. Postgraduate taught students are divided between three further levels for our funding purposes<sup>28</sup>. We will continue to categorise students according to these levels in collecting data to inform 2019-20 funding.

45. Postgraduate students are registered for courses or credits where a normal condition of entry is that entrants are already qualified to degree level (that is, at Level 6 of the FHEQ). Postgraduate research students are those whose qualification aim is a research-based higher degree (commonly a PhD or MPhil). Students not meeting the criteria to be postgraduate are reported as undergraduate.

46. The three levels for postgraduate taught students that apply for our funding purposes are:

- a. Postgraduate taught (masters' loan): those on courses that are designated for a postgraduate masters' loan (irrespective of students personal eligibility for such a loan).

---

<sup>27</sup> There are currently three different treatments of ELQ students and ELQ exempt categories that have evolved for different historical reasons, although there is a very significant overlap between them. These are treatments that apply for our funding purposes; those that apply for SLC student support purposes; and those that apply in defining qualifying persons on qualifying courses that are subject to regulated tuition fees. Students aiming for an ELQ are generally not counted towards our funding allocations unless they are covered by an exemption. Current exemptions, for OfS funding purposes, include: students aiming for foundation degrees; those aiming for a qualification in certain public sector professions, such as medicine, nursing, social work or teaching; and those receiving Disabled Students' Allowances.

<sup>28</sup> See the 2017 HESES survey, Annex I.

- b. Postgraduate taught (undergraduate fee): those on courses that are designated under the undergraduate student support regulations. This applies to those on initial teacher training courses, pre-registration courses in nursing, midwifery and allied health, and some students studying architecture.
- c. Postgraduate taught (other): those not meeting the criteria for the other two postgraduate taught levels. This may typically include those aiming for a PGDip, PGCert, or postgraduate credit.

## How we count students

47. The way we count students for our funding purposes has been a count of the full-time equivalence of students who complete their year of study:

- a. The full-time equivalence is 1.0 for a full-time year of study and 0.5 for a student undertaking the placement year of a sandwich course ('sandwich year out'). Where a full-time student studies for 45 weeks or more in the year, excluding any time spent in the work place, their year of study may be recorded as 'long'. The full-time equivalence for a part-time student is determined relative to a full-time student, either to reflect the number of credit points studied in the year or according to the duration of the course. The equivalent full-time course is also used to determine whether a part-time year of study is recorded as 'long'<sup>29</sup>.
- b. In broad terms, completion of a year of study requires a student to undertake the final assessment of, or otherwise pass, all the modules they intended within 13 months of the start of the year of study<sup>30</sup>. This approach has been designed as an output-based measure, that is not dependent on academic success (and thus does not put pressure on academic standards), but which encourages providers to support students through to the completion of all they intended to do (and paid a fee for) during the year.

48. These criteria will also continue to apply in the HESES and HEIFES surveys for 2018 and HESF19. The guidance for HEIFES up to 2017 did not previously allow for students to be studying only for credit, rather than a full qualification. As this activity may be countable in HEIFES 2018, the guidance and definitions for full-time equivalence, completion and long years of study will be developed in HEIFES to be consistent with that applying for HESES.

---

<sup>29</sup> Guidance on the full-time equivalence of a part-time year of study is provided in Annex C of the HESES survey. The definitions of mode of study (full-time, sandwich year out and part-time) are provided in Annex H of the HESES survey. The definition of a long year of study is provided in Annex J of the HESES and HEIFES surveys. Full-time undergraduates in price groups B to D, and full-time and part-time postgraduates in price groups B, C1 and C2, who are on long years of study are counted towards the targeted allocations for accelerated full-time undergraduate provision and intensive postgraduate provision respectively.

<sup>30</sup> The definition of completion and non-completion is given in Annex D of the HESES survey.

## Subject of study

49. For some OfS grants, different rates of funding apply depending on what subject a student is studying. This applies in particular to the main allocation of high-cost subject funding, but also to the allocations for:
- accelerated full-time undergraduate provision
  - intensive postgraduate provision
  - students attending courses in London.
50. We have five broad subject groupings, called 'price groups', each with a different rate of funding:
- Price group A.** The clinical years of study for medicine, dentistry and veterinary science (in 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). It also applies to students studying for a first registrable qualification in dental hygiene or dental therapy.
  - Price group B.** Laboratory-based science, engineering and technology subjects and pre-registration courses in midwifery and certain other allied health professions<sup>31</sup>.
  - Price group C1.** Intermediate-cost subjects of archaeology; design and creative arts; information technology, systems sciences and computer software engineering; media studies; and pre-registration courses in nursing.
  - 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).
  - Price group D.** Classroom-based subjects such as humanities, business or social sciences.
51. The first criteria for assigning students' years of study to price groups are common to all providers:
- Firstly, sandwich years out are assigned to price group C2.
  - Secondly, other years of study are mapped to price groups for students undertaking courses leading to qualification to practice in certain professions, or courses that provide further training for those already qualified in those professions. This applies in relation to medicine, dentistry, veterinary science, nursing, midwifery, certain allied health professions, social work and teacher training.

---

<sup>31</sup> These allied health professions are dietetics, occupational therapy, operating department practice, orthoptics, orthotics and prosthetics, physiotherapy, podiatry and chiropody, radiography (diagnostic), radiography (therapeutic), and speech and language therapy.

52. Where students' years of study do not meet the criteria above, different arrangements apply for determining how they map to price groups<sup>32</sup>. These vary by category of provider as described below, because of the different data reporting arrangements that have applied to them, but are designed to ensure all providers are funded on an equivalent basis. We will look to make these arrangements more consistent for the longer term, as appropriate.
- a. Further education and sixth form colleges and academies use Learning Directory Classification System (LDCS) codes to report students' subject of study on the ILR. We therefore map these codes to price groups for our funding purposes. This will continue to be the case, whether such a provider is completing the HEIFES or HESF survey.
  - b. Higher education institutions that we have funded up to 2018-19 report data by academic cost centres<sup>33</sup>. Cost centres comprise groups of staff whose attributes and activities collectively show similar characteristics (in terms of academic coherence) and broadly similar patterns of costs (for teaching, research and capital). Providers use cost centres in reporting finance, staff and student data and this has enabled us to assess, for example, the relative costs of activity in different subjects. Hence, for these providers, students' years of study are assigned to price groups according to a mapping from the cost centre(s) in which they are taught. This will continue to be the case for the 2018 HESES survey that they complete.
  - c. Other higher education providers that have submitted the AP (alternative provider) Student return to HESA have used the Joint Academic Coding System (JACS)<sup>34</sup> to report students' subject of study, but do not report cost centres. Providers that we are not already funding directly for 2018-19, but which have their own (rather than any subcontracted-in) student numbers in that year and which are not further education or sixth form colleges or academies, will therefore assign students' years of study in their HESES survey according to a mapping of JACS codes to price groups. That mapping is provided in **Annex A** of this publication.
53. From 2019-20, HESA is replacing JACS with the Higher Education Classification of Subjects (HECoS)<sup>35</sup>. This means that providers without their own student numbers on recognised higher education courses to report for 2018-19, and which we will initially fund on the basis of a forecast of the student numbers they expect to recruit for 2019-20, will instead assign students' years of study in the HESF survey according to a mapping of HECoS codes to price groups. That mapping is also provided in **Annex A**. However, as explained in paragraph 52.a, further education and sixth form colleges and academies that complete the HESF survey will use the mapping of LDCS codes to price groups.

---

<sup>32</sup> The guidance on assigning activity to price groups is in Annex G of the HESES and HEIFES surveys for 2017.

<sup>33</sup> See <https://www.hesa.ac.uk/support/documentation/cost-centres>.

<sup>34</sup> See <https://www.hesa.ac.uk/support/documentation/jacs>. Higher education institutions that we are already funding for 2018-19 also report students' subject(s) of study using JACS codes.

<sup>35</sup> See <https://www.hesa.ac.uk/innovation/hecos>.

## Data quality and assurance

54. Providers themselves are responsible for the quality and accuracy of the data they submit to us and other bodies. We do not approve or agree their data submissions, but we monitor the reasonableness and credibility of data, including by comparing and reconciling between different datasets and carrying out audits. We will require providers to amend their data submissions, if we believe there are errors or inappropriate classifications which would significantly and materially affect our use of the data. This may include requiring changes to how providers use subject classifications (be they cost centres or LDCS, JACS or HECoS codes) and hence how students are assigned to price groups.

## The data tables to be completed

55. As previously explained, pending a wider review of our funding method, we want to minimise changes to data collection that may be only short-term. This means minimising changes to the tables in HESES and HEIFES. Those tables are:

### Tables for completion in HESES and HEIFES for 2018-19

Table reference	Table content	Included in HESES?	Included in HEIFES?
Courses	Countable years of study between 1 August and 1 November 2018 at course level.	No	Yes
1	Full-time counts of years of study.	Yes	Yes
2	Sandwich year out counts of years of study.	Yes	Yes
3	Part-time counts of years of study and FTE.	Yes	Yes
4	Home & EU undergraduate years abroad.	Yes	Yes
5	Further student breakdowns for planning purposes.	Yes	Yes
6	Years of study taught under subcontractual arrangements by other providers.	Yes	Yes
7a	Full-time counts of years of study for 2016-17, 2017-18 and 2018-19 starters on pre-registration health courses.	Yes	Yes
7b	Sandwich year out counts of years of study for 2016-17 and 2017-18 starters on pre-registration health courses.	Yes	Yes
7c	Part-time counts of years of study for 2016-17, 2017-18 and 2018-19 starters on pre-registration health courses.	Yes	Yes
8	Teaching location information for providers that are not OfS-funded in 2018-19.	Yes	Yes

56. The HESF survey will collect a forecast of completed years of study and associated full-time equivalents (FTEs) broken down by:

- price group (A, B, C1, C2, D)

- mode (full-time or part-time). As the survey is a forecast of new entrants, we do not expect any students to be on a sandwich year out
- level (undergraduate; postgraduate taught (masters' loan); postgraduate taught (undergraduate fee); postgraduate taught (other))
- length (standard or long year of study)
- teaching location information.

## **Training for providers to understand our data collection for funding purposes**

57. We offer training to providers on the data we collect for our funding purposes, because of the importance we attach to providers understanding our definitions clearly and submitting accurate data. These seminars are aimed primarily at those who are new to completing our data returns. The seminars are:

- a. For further education and sixth form colleges and academies on the HEIFES and HESF surveys:
  - i. Tuesday 25 September 2018, London.
  - ii. Tuesday 2 October 2018, Bristol
  - iii. Wednesday 10 October 2018, Manchester
- b. For higher education providers that we are already funding for 2018-19 on HESES: Tuesday 4 September 2018, London.
- c. For other higher education providers that have applied to register in the Approved (fee cap) category: Thursday 18 October 2018, London.

To attend a training seminar please email [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk).

## **Longer term review of our funding method and data collection**

58. The arrangements set out in this document are designed as a short-term transitional approach that will enable us, as far as possible, to treat all eligible providers consistently and fairly in our approach to funding. We will undertake a more fundamental review of our funding method, and the data that underpins it after the government's review of post-18 education and funding.

59. That fundamental review needs to start with a statement of principles and priorities. A prime concern will be how our funding can deliver our regulatory objectives and how we will be able to demonstrate this. We will also review what data we collect to inform the distribution and monitoring of our funding in the context of the data strategy we are due to publish at the end of the year. That will be the opportunity to consider afresh what we count for funding purposes and how we count it.

# Annex A

## Assigning subjects to price groups for providers that we are not funding directly in 2018-19

This annex applies only to higher education providers that we are not already funding for 2018-19 and which are not further education and sixth form colleges or academies. The accompanying Excel workbook contains mappings of:

- JACS4 to price groups
- HECoS to price groups
- Common Aggregation Hierarchy (CAH) Level 3 to price groups
- JACS4 to CAH3 to price groups
- CAH3 to HECoS to price groups.

This workbook is available to download alongside this publication at [www.officeforstudents.org.uk/publications/funding-for-academic-year-2019-20-approach-and-data-collection/](http://www.officeforstudents.org.uk/publications/funding-for-academic-year-2019-20-approach-and-data-collection/).

## Abbreviations

<b>DfE</b>	Department for Education
<b>ELQ</b>	Equivalent or lower qualification
<b>ESFA</b>	Education and Skills Funding Agency
<b>FHEQ</b>	The Frameworks for Higher Education Qualifications of UK Degree-Awarding Bodies
<b>FTE</b>	Full-time equivalent
<b>HECoS</b>	Higher Education Classification of Subjects
<b>HEIFES</b>	Higher Education in Further Education: Student survey
<b>HESES</b>	Higher Education Students Early Statistics survey
<b>HESA</b>	Higher Education Statistics Agency
<b>HESF</b>	Higher education students forecast
<b>JACS</b>	Joint Academic Coding System
<b>LDCS</b>	Learning Directory Classification System
<b>OfS</b>	Office for Students
<b>SLC</b>	Student Loans Company
<b>UKRI</b>	UK Research and Innovation



© The Office for Students copyright 2018

This publication is available under the Open Government Licence 3.0.

[www.nationalarchives.gov.uk/doc/open-government-licence/version/3/](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/)