

Office for  
Students



# Recurrent funding for 2019-20

Initial allocations

**Reference** OfS 2019.17

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# Summary

1. This publication summarises the Office for Students' (OfS's) initial allocations of recurrent funding to higher education providers for the academic year 2019-20, to support their teaching activities. These allocations are made to providers registered in the Approved (fee cap) category of the OfS Register on 15 April 2019. We have made provision to allocate further funding to any providers registered in that category between that date and the end of the academic year.
2. For the 2019-20 academic year, the overall grant we are distributing is £1,449 million. This consists of:
  - £1,309 million for recurrent teaching grant
  - £40 million for national facilities and regulatory initiatives
  - £100 million for capital funding.
3. The total recurrent funding for providers announced in this publication is £1,235 million. The remaining £74 million is funding for the National Collaborative Outreach Programme (£60 million), which is not part of the formula grants to providers, and funding set aside for distribution later in the year (£14 million).
4. The total budget for recurrent grant is an increase of £19 million compared with 2018-19, but has to support additional activity arising mainly from government health education reforms and the extension of funding to providers that we were not previously empowered to fund. This means that there is a reduction to the overall rate of recurrent funding per full-time equivalent student (FTE). This reduction is at least 4 per cent in real terms based on the providers included in these initial allocations. Within this overall reduction, the rate of funding for high-cost subjects has reduced in real terms by 0.5 per cent. There are greater reductions to the rates of funding for other elements of recurrent grant, such as student premiums.
5. This publication is part of a suite of documents released as part of the spring 2019 grant announcement, including:
  - a covering letter and recurrent grant tables for each provider
  - technical guidance that explains in detail how the figures in the recurrent grant tables are derived
  - 'Terms and conditions of funding for 2019-20' (OfS 2019.12)
  - 'Formula capital funding for 2019-20' (OfS 2019.13), which summarises our initial allocations of formula capital funding for the financial year 2019-20
  - 'Guide to funding 2019-20: How the Office for Students allocates money to higher education providers' (OfS 2019.18), which explains the methods used to calculate our grant in more detail.

6. All documents are available on the OfS website<sup>1</sup>. This publication is of interest to anybody who wants to know about the teaching funding distributed by the OfS, but does not go into the detail of our funding methods. We recommend that you consult these other documents as necessary.

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<sup>1</sup> See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/).

# The OfS recurrent grant

## Introduction

7. This publication announces initial recurrent grants for the academic year (1 August to 31 July) 2019-20. Unless otherwise stated, all years in this document relate to academic years. Rounding may cause differences between individual figures and totals in this document.
8. The OfS board agreed the approach to funding for 2019-20 at its meeting on 26 March 2019, and this was confirmed in 'Funding for 2019-20: OfS board decisions' (OfS 2019.11)<sup>2</sup>. Providers received details of their grant allocations on 8 May 2019.

## OfS budget for the 2019-20 academic year

9. The strategic guidance letter of 27 February 2019 to the OfS from the Secretary of State for Education confirmed the funding available for the financial year 2019-20<sup>3</sup>. The letter also identified the policies and priorities that should underpin our approach to funding. The overall settlement continues to reflect the outcome of the 'Spending review and autumn statement 2015'<sup>4</sup>, which announced a £120 million cash reduction to teaching grant by financial year 2019-20 compared with financial year 2015-16.
10. The strategic guidance letter did not show indicative funding levels for financial year 2020-21. It stated that:

'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 by Parliament and the courts, need to make in-year adjustments to allocations to our Partner Bodies in order to meet budget reductions.'
11. To set budgets for academic year 2019-20, we have had to make assumptions about the funding that might be available for financial year 2020-21, because of the overlap between the two from April to July 2020. However, any future changes to the grant made available to us by government for financial year 2019-20, or that we have assumed will be available for financial year 2020-21, are likely to affect the funding we are able to distribute to providers in academic year 2019-20. This may necessitate revising allocations after they have already been announced.
12. The total grant we are distributing in 2019-20 is £1,449 million. This is broken down in Table 1.
13. Initial capital funding allocations for the financial year 2019-20 were released on 29 March 2019 in OfS 2019.13<sup>5</sup>.

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<sup>2</sup> See [www.officeforstudents.org.uk/publications/funding-for-2019-20-ofs-board-decisions/](http://www.officeforstudents.org.uk/publications/funding-for-2019-20-ofs-board-decisions/).

<sup>3</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

<sup>4</sup> See <https://www.gov.uk/government/news/department-for-business-innovation-and-skills-settlement-at-the-spending-review-2015>.

<sup>5</sup> See [www.officeforstudents.org.uk/publications/formula-capital-funding-for-2019-20/](http://www.officeforstudents.org.uk/publications/formula-capital-funding-for-2019-20/).

**Table 1: OfS grant to be distributed in 2019-20**

Main elements of grant	Total (£M)
Recurrent teaching	1,309
Funding for national facilities and regulatory initiatives	40
Capital funding	100
<b>Total</b>	<b>1,449</b>

14. In addition to the £1,449 million that we allocate directly, we also contribute £47 million to the knowledge exchange funding distributed to providers by UK Research and Investment (through Research England) in the form of Higher Education Innovation Funding. This funding is being allocated according to a method agreed with us. Its distribution is not shown in this publication.

15. Table 2 shows our recurrent funding for 2019-20, split by different elements of grant. The amount of each funding stream that is related to the transfer of funding responsibility for pre-registration courses in nursing, midwifery and allied health professions is shown separately (see paragraphs 22 to 25).

**Table 2: Budgets for elements of recurrent teaching grant in 2019-20**

Elements of grant	Total (£M)	Related to nursing, midwifery and allied health (£M)
<b>High-cost subject funding</b>	<b>713</b>	<b>51</b>
<b>Targeted allocations</b>		
Very high-cost science, technology, engineering and maths (STEM) subjects	25	
Nursing, midwifery and allied health supplement	20	20
Erasmus+ and overseas study programmes	30	
Postgraduate taught supplement	8	
Intensive postgraduate provision	35	
Accelerated full-time undergraduate provision	3	
Premium to support successful student outcomes: full-time	165	13
Premium to support successful student outcomes: part-time	72	1
Disabled students' premium	40	2
Students attending courses in London	71	3
Specialist institutions	44	
Clinical consultants' pay	17	
Senior academic general practitioners' pay	1	
NHS pensions scheme compensation	5	
<b>Subtotal: targeted allocations</b>	<b>536</b>	<b>40</b>
<b>National collaborative outreach programme (NCOP)</b>	<b>60</b>	
<b>Total recurrent grant</b>	<b>1,309</b>	<b>91</b>

16. This publication is concerned with the distribution between providers of recurrent grants for teaching. Annex A summarises the initial funding allocations for each provider and is available to download alongside this document as a separate file. The headings for this table are defined in Annex B.
17. The distribution of recurrent funding to providers announced in this publication totals £1,235 million. The difference from the total of £1,309 million in Table 2 is:
- a. £60 million for NCOP, which is not part of the formula grants to providers. Phase 2 of this programme will run from 2019-20 to 2020-21<sup>6</sup>.
  - b. £14 million set aside for distribution later in the year.
18. Recurrent grant allocations are made to providers that are registered with the OfS in the Approved (fee cap) category. Annex A to this publication summarises the initial allocations of recurrent grant for all such providers on the register on 15 April 2019.
19. We will make further recurrent funding allocations to providers that are registered in the Approved (fee cap) category after this date and before the end of the academic year (31 July 2020). £14 million has been set aside for this purpose, drawn primarily from the budgets for student premiums, the targeted allocation for students attending courses in London and high-cost subject funding. We will not reduce allocations announced to providers on 8 May 2019 to extend funding to providers that join the OfS register later.
20. Subject to providers meeting all eligibility criteria for funding and our having sufficient funds available, we will provide grants to eligible providers that become registered between 16 April 2019 and 31 July 2020 on the following basis:
- a. For a provider that submitted its application to register in the Approved (fee cap) category by 30 April 2019 (subject to its application for registration being successful on or before 31 July 2020), a full allocation of recurrent funding for the whole academic year.
  - b. For a provider that submitted its application to register in the Approved (fee cap) category after 30 April 2019 (subject to its application for registration being successful on or before 31 July 2020), an allocation of recurrent funding, which will be reduced pro rata to reflect the number of days in the 2019-20 academic year before it becomes registered in this category.
21. We will periodically publish updated allocations through the 2019-20 academic year to reflect the inclusion of any further providers.

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<sup>6</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/national-collaborative-outreach-programme-ncop/ncop-in-the-future/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/national-collaborative-outreach-programme-ncop/ncop-in-the-future/).

## The approach to funding for 2019-20

22. OfS 2019.18 explains the methods used to calculate our grant<sup>7</sup>. Our total recurrent budget for 2019-20 of £1,309 million is an increase in cash terms of £19 million, compared with the equivalent budget total for 2018-19. The increase has to support additional activity, arising from:

- a. The government's health education reforms. These are:
  - i. The continuing transfer of funding responsibility relating to pre-registration courses in nursing, midwifery and allied health that were previously funded by the Department of Health and Social Care. For 2019-20, there are now three undergraduate entry cohorts, along with two entry cohorts under the new arrangements for postgraduate and dental hygiene and dental therapy courses.
  - ii. Increases in students on pre-registration medical courses, as a result of the phased increase in intakes from 2018-19.
- b. The extension of funding to providers that the OfS was not previously empowered to fund.

23. This additional activity means that there is a reduction to the overall rate of recurrent funding per full-time equivalent student (FTE). This reduction is at least 4 per cent in real terms<sup>8</sup> based on the providers included in these initial allocations, but will be greater if more providers become eligible for funding as a result of joining the OfS register in the Approved (fee cap) category.

24. The total budget for high-cost subject funding has increased by £32 million (4.7 per cent). This will:

- maintain the total budget in real terms
- provide a further £17 million to support the additional students who will count towards OfS funding for 2019-20 as a result of the government's health education reforms.

This means that the rate of funding per FTE for high-cost subject funding has increased in cash terms by approximately 1.5 per cent, which is a cut in real terms of about 0.5 per cent.

25. As well as high-cost subject funding, nursing, midwifery and allied health students are also eligible to be counted in the calculation of several other elements of our recurrent grant, as shown in Table 2. In particular, we provide a supplement for certain professions that reflects where their costs typically exceed the income available through tuition fees and other OfS teaching grants. The total allocated for this supplement has increased by £6 million to £20 million, to reflect the increase in student numbers affected by the transfer.

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<sup>7</sup> Available at [www.officeforstudents.org.uk/publications/](http://www.officeforstudents.org.uk/publications/).

<sup>8</sup> Comparisons in real terms with funding for 2018-19 use an estimated GDP deflator for academic year 2019-20 of 1.95 per cent.

26. The budget for the postgraduate taught supplement has decreased by £25 million to £8 million. As previously announced, this is now provided only for postgraduate students in price groups A to C2 who are on courses that are not eligible for masters' loans or under the undergraduate student support arrangements. The rate of funding for them is maintained at £1,100 per FTE. This allocation was introduced in 2012-13 to protect postgraduate taught activity from cuts that would otherwise have arisen with the shift from teaching grants to student tuition fees – at that time, postgraduate taught students (other than those on initial teacher training and some architecture courses) did not have access to publicly funded loans to help meet their tuition fee costs. The introduction of masters' loans in 2016-17 provided students with increased access to finance for masters' study and there has been a significant increase in postgraduate student numbers in both 2016-17 and 2017-18.<sup>9</sup> As a result of these changes, the OfS board decided in March 2018 to prioritise support through the postgraduate supplement away from students on courses eligible for masters' loans or undergraduate student support. However, such postgraduate students continue to be supported through the main high-cost subject funding allocation.
27. The budgets for the 'premium to support successful student outcomes: full-time', the 'premium to support successful student outcomes: part-time' and the 'disabled students' premium' have been maintained in cash terms. However, because of the increased activity that will be counted towards these allocations (from the providers new to OfS funding and the government's health education reforms), the rate of funding per FTE will decrease.
28. The budget for the targeted allocation for students attending courses in London has increased by £4 million. However, due to the increased activity counted towards this allocation, the rate of funding per FTE will decrease.
29. We are maintaining rates of grant (in cash terms) for the following targeted allocations:
- accelerated full-time undergraduate provision – the budget increases by £1 million
  - Erasmus+ and overseas study programmes – the budget is broadly maintained
  - intensive postgraduate provision – the budget is broadly maintained.
30. We are maintaining in real terms the total budget for the 'very high-cost STEM' subjects allocation, which reflects the high delivery costs associated with chemistry, physics, chemical engineering, and mineral, metallurgy and materials engineering. However, we are recalculating allocations to reflect the latest, increased student numbers from providers. This results in a reduced rate of funding per FTE.
31. The targeted allocation for specialist institutions has been maintained in cash terms but there is a small reduction to the overall budget as a result of the withdrawal of transitional funding for two providers.
32. The budgets for other targeted allocations are maintained in cash terms.

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<sup>9</sup> Further information on the provision of masters' loans, including the total amount of loans paid is available from the Student Loans Company at: <https://www.slc.co.uk/official-statistics/financial-support-awarded/england-higher-education.aspx>

## Recurrent funding outcomes for providers

33. When compared with their grant allocations for 2018-19, most providers will see changes as a result of the developments to the funding methods described in paragraphs 22 to 32. In addition, providers may see differences because of changes in their student numbers relative to other providers. Such changes can affect a provider's share of allocations for high-cost subjects and those targeted allocations that are recalculated each year to reflect the latest student numbers.

## Funding for national facilities and regulatory initiatives

34. We aim to provide as much as possible of our recurrent funding through allocations to providers. Further funding of £40 million supports national facilities and regulatory initiatives. This is provided for specific purposes and to promote change that cannot easily be achieved through other routes. Table 3 shows the budgets for 2019-20.

35. This funding supports activity such as the National Student Survey and facilities such as Jisc (which funds development and champions the use of digital technologies in UK education and research) and the Centre for Transforming Access and Student Outcomes in Higher Education, previously known as the Evidence and Impact Exchange (which works to ensure that interventions, activity and approaches to access, student success and progression are evidence-based and effective). It also supports our Challenge Competitions, which facilitate projects in specific areas where the higher education sector is not serving students as effectively as it could.

**Table 3: Funding for national facilities and regulatory initiatives 2019-20**

Funding stream	Budget (£M)
Provision of student information	3.0
Nursing, midwifery and allied health initiative	1.0
Centre for Transforming Access and Student Outcomes in Higher Education	1.5
Challenge Competitions	15.0
Jisc	18.0
Professional and operational services	1.5
<b>Total</b>	<b>40.0</b>

## Terms and conditions of OfS funding for 2019-20

36. OfS 2019.12 was published on 29 March 2019 and is available from the OfS website<sup>10</sup>. Providers should consult that document for full information on the terms and conditions attached to recurrent funding.

## Further information

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

<sup>10</sup> See [www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2019-20/](http://www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2019-20/).

## Annex A: Initial funding allocations

1. This is available to download as an Excel file alongside this document at [www.officeforstudents.org.uk/publications/recurrent-funding-for-2019-20/](http://www.officeforstudents.org.uk/publications/recurrent-funding-for-2019-20/). The table lists the initial recurrent grants for the academic year 2019-20 by provider.

## Annex B: Description of columns used in Annex A

1. Providers are listed by legal name, with trading names also listed. A hidden column in the Excel file identifies the government region for each provider.
2. **'High-cost subject funding'** shows the allocation for undergraduate and postgraduate taught students in high-cost subjects. A hidden column in the Excel file shows the amount of this that relates to the nursing, midwifery and allied health funding transfer.
3. **'Targeted allocations'** shows the total targeted allocation funding for each provider. Hidden columns in the Excel file show the breakdown between different allocations and the amounts of these that relate to the nursing, midwifery and allied health funding transfer, where applicable. The targeted allocations are those listed in Table B of the grant tables.
4. **'Total recurrent teaching grant'** is the sum of high-cost subject funding and targeted allocations. A hidden column in the Excel file shows the amount of this that relates to the nursing, midwifery and allied health funding transfer.
5. The annex also provides comparisons with recurrent funding provided for the 2018-19 academic year.
  - a. **'2018-19 Total recurrent teaching grant'** shows the OfS recurrent funding for each provider for the 2018-19 academic year. A hidden column in the Excel file shows the amount of this that relates to the nursing, midwifery and allied health funding transfer.
  - b. **'2018-19 Equivalent total recurrent teaching grant'** shows the provider's 2018-19 allocations plus the 2019-20 funding provided for the additional cohort of students arising from the nursing, midwifery and allied health funding transfer. This enables a more meaningful comparison across years as the funding for this cohort is substituting for income that previously would have been provided by the NHS and should therefore not be treated as additional.
  - c. **'Percentage difference to 2018-19 equivalent grant'** shows the percentage difference between **'Total recurrent teaching grant'** and **'2018-19 Equivalent total recurrent teaching grant'**.



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