

Nicholson House
Lime Kiln Close
Stoke Gifford
BRISTOL
BS34 8SR

0117 931 7317

Email: recurrentgrant@officeforstudents.org.uk

www.officeforstudents.org.uk

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Dear Accountable Officer

Recurrent grants for 2021-22

I am writing with details of your initial recurrent funding allocations for the academic year 2021-22.

All information in this letter and associated documents is confidential and subject to embargo until 0001 on Friday 30 July 2021. This means that neither the letter and associated documents, nor their substance, are to be disclosed to any other person outside of the provider or used in the public domain while subject to the embargo.

This letter summarises the main changes to funding from the OfS for 2021-22, compared with 2020-21. Full details are set out in the documents listed in Annex A.

Details of the approach to capital funding for financial year 2021-22 were set out in 'Capital funding for financial year 2021-22: Allocations and invitation to bid' (OfS 2021.27), published on 20 July 2021.

We do not require a reply to this letter.

Updated recurrent grant allocations for 2020-21

In addition to the allocations for 2021-22 announced today, we are also releasing an update of the allocations of recurrent grant for 2020-21, since these were last published in October 2020-21.¹ There are some changes affecting 16 providers, which arise either from changes to underlying provider data, or from providers joining or leaving the OfS Register in the Approved (fee cap)

¹ See: www.officeforstudents.org.uk/publications/recurrent-funding-for-2020-21/.

category. The updated recurrent grants for 2020-21 do not show the one-off allocations, totalling £95 million, that have been made during the year.²

Recurrent grant budgets for 2021-22

'Recurrent funding for 2021-22: Outcomes of consultation' (OfS 2021.26) set out the decisions we have taken on the approach to funding for 2021-22, in the light of the consultation outcomes and the terms and conditions of grant that the Secretary of State placed on the funding available to us. It provides information on budgets and rates of grant for different elements of our formula allocations. We will publish in the autumn an updated version of our guide to funding for 2021-22.

Our total recurrent budget for providers for 2021-22 of £1,266 million is an increase of £10 million (0.8 per cent) compared with the total originally announced for 2020 21, but has to support an increase of nearly 83,000 (7 per cent) in full-time equivalent student numbers (FTEs).³ This means that there is a reduction in the amount of funding per student that we are able to provide to universities and colleges. Within the overall budget:

- a. The various elements of funding that support high-cost courses increase overall by £3 million (0.3 per cent), from £897 million to £900 million:
 - i. The largest element of this, high-cost subject funding, has increased by £63 million (9 per cent to £755 million. Within this, the rate of funding for subjects in price groups A, B and for the new price group C1.1 (covering computing and IT, archaeology and pre-registration nursing courses) has increased by 4 per cent, while the rate of funding for the new price group C1.2 (covering performing and creative arts and media studies) has reduced by 50 per cent.
 - ii. The targeted allocation for students attending courses in London has been removed. This allocation totalled £65 million in 2020-21.
 - iii. We are maintaining in cash terms the rates of funding for the nursing, midwifery and allied health supplement. Because of increases in student numbers, the budget has increased by 17 per cent to £27 million.
 - iv. The budgets for other targeted allocations have been maintained in cash terms.
- b. Funding for student access and success has reduced overall by £3 million (1 per cent) from £316 million to £313 million. Within the total, we have:

² These one-off grants comprise £10 million in recurrent funding to support increased student numbers following the decision to revert to centre-assessed grades for A-level and other Level 3 qualifications in summer 2020 (see: www.officeforstudents.org.uk/publications/additional-funding-for-2020-21-and-monitoring-of-medical-and-dental-intake-targets-outcomes-of-consultation/) and three allocations of funding, totalling £85 million, to address student hardship arising from the coronavirus (COVID-19) pandemic.

³ The total originally announced for 2020-21 excludes the £95 million in one-off grants that were made later in the year.

- i. Reduced funding for Uni Connect by £20 million (-33 per cent).
 - ii. Provided £5 million to address student hardship. This has been allocated through the existing student premiums for full-time undergraduates (£3,750,000), part-time undergraduates (£475,000) and disabled students (£775,000). Excluding that hardship funding, the budgets for those student premiums have otherwise been maintained in cash terms.
 - iii. Provided £12 million through a new student premium to support students transitioning into higher education and mental health.
- c. We are increasing by £10 million (23 per cent) from £43 million to £53 million, the targeted allocation for world-leading specialist providers.

To set budgets for the 2021-22 academic year, we have had to make assumptions about the funding that might be available for the 2022-23 financial year, because of the overlap from April to July 2022 between the two. Changes to government grant or our assumptions may mean that we have to revise allocations later in the year.

Only providers that have successfully joined the OfS Register in the Approved (fee cap) category by 8 July 2021 will receive allocations in this grant announcement. We will make further recurrent funding allocations to providers that are registered in this category after this date and before the end of the academic year (31 July 2022). We will not reduce your announced allocations to extend funding to providers that join the OfS Register later in the year.

2021-22 recurrent grant changes for higher education providers

Changes to grant for individual providers compared with 2020-21 arise for two reasons:

- a. Changes to OfS funding methods and budgets for 2021-22. The most significant contributory factors for individual providers are:
 - i. The increase in the proportion of funding provided through the main high-cost subject funding allocation.
 - ii. The reduction of 50 per cent to the rate of high-cost subject funding provided for subjects in the performing and creative arts and media studies.
 - iii. The removal of the targeted allocation for students attending courses in London and of London weighting in the student premium funding methods.
 - iv. The increase to the targeted allocation for specialist institutions.
- b. Changes in student numbers at each provider relative to all others. In broad terms, providers whose student numbers have not increased as much as the sector average are likely to receive a reduced share of the total funding. This will, however, depend on their mix of students between different types of courses and student characteristics.

Further information and requests for changes

While we do not require a reply to this letter, providers may wish to request changes to allocations. The technical guidance provides further details and deadlines that apply. The main reasons for possible changes are:

- a. Appeals relating to the targeted allocation for ‘very high-cost science, technology, engineering and mathematics (STEM) subjects’.
- b. Amendments to data submitted by providers. We expect to accept data amendments only to correct errors that are widespread, significant and have a material impact on our use of the data.⁴ We may also accept amendments to data without recalculating funding. In the exceptional circumstance that we are prepared to accept data amendments for funding purposes, we will update the provider’s grant tables to reflect changes to funding.
- c. Other reasons such as transfers of provision between providers, mergers or other changes to a provider’s status in the Approved (fee cap) part of the OfS Register.

We can provide informal advice about the effects of any data changes, transfers or mergers to aid planning. If you wish to discuss this, or have any questions about your allocations, please contact recurrentgrant@officeforstudents.org.uk.

Yours sincerely

Nolan Smith
Director of Resources and Finance

⁴ Providers should consult the OfS website for guidance on amendments to data. See www.officeforstudents.org.uk/data-and-analysis/amendments-to-data/.

Annex A

Documents and tables accompanying this grant announcement

1. Detailed information related to allocations for 2021-22 are released alongside this letter on the OfS portal (extranet.officeforstudents.org.uk/data) under embargo until 0001 on 30 July 2021.
2. The section '2021-22 Grant tables (Office for Students)' can be accessed via the OfS portal user administrator system. Your provider has at least one nominated user administrator who will be able to give colleagues at your provider access to this section of the portal. Guidance for user administrators can be found on the log-in page of the portal. If you have queries about portal access, please email portal@officeforstudents.org.uk. The section contains:
 - a. Your 2021-22 recurrent grant tables. This shows the funding allocated for 2021-22 under different funding streams and a breakdown of the data used to calculate it.
 - b. '2021-22 Recurrent grant: technical guidance for higher education providers', which explains in detail how the figures in the grant tables have been derived. The technical guidance document is aimed primarily at finance and planning officers.
 - c. 'Recurrent funding for 2021-22' (OfS 2021.29). This provides a summary report on our recurrent grant allocations. A separate Excel file (Annex A) shows the total initial recurrent allocations for each provider.
 - d. 'Terms and conditions of funding for 2021-22' (OfS 2021.30). These apply to the recurrent and capital funding the OfS will distribute to providers that are registered in the Approved (fee cap) part of the OfS Register and supplement the conditions of registration that apply to them.
3. The documents described in 2b to 2d will also be made available on the OfS website from 30 July 2021. In addition, we will publish tables showing the 2021-22 recurrent grant for providers collectively. HESES20 data submitted by providers is also available on the OfS website (see: www.officeforstudents.org.uk/data-and-analysis/data-collection/get-the-heses-data/).
4. The section '2020-21 Grant tables (Office for Students)' can also be accessed via the OfS portal user administrator system. For the providers that have a change to 2020-21 recurrent grant since individual grant tables were last released in October 2020, revised (or new) tables are available in this section of the portal.

Other documents and data to be released later

5. For providers that submitted 2019-20 individualised student data, we will be making available funding data summaries, which will show them how that data has been used to inform funding. Providers will be able to access their outputs from **Monday 16 August 2021** on the OfS portal. The funding data summary outputs contain data that has been used to calculate the 2021-22 student premium allocations (including the allocation to address student hardship and the allocation for student transitions and mental health), which are shown on Table F of the grant

tables. The outputs also contain data that shows how we have assigned price group C1 FTEs into price group C1.1 and C1.2, as shown on Table B of the grant tables. Further information about the funding data summaries is available in '2021-22 Recurrent grant: technical guidance for higher education providers'.

6. We intend to publish shortly 'Data collection to inform funding for 2022-23: Notification of changes'. This document will notify providers of the changes that we intend to make to the 2021 Higher Education Students Early Statistics (HESES21) survey and the Higher Education Students Forecast 2022-23 (HESF22) survey compared with last year. We will alert student data contacts as soon as this is available.
7. We also intend to publish in autumn 2021 an updated 'Guide to funding 2021-22: How the Office for Students allocates money to higher education providers'.