



Michelle Donelan MP
Minister of State for Universities

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14th December 2020

Dear Sir Michael,

Guidance to the Office for Students: distribution of hardship funding

I would like to take this opportunity to thank the Office for Students for all its hard work over the last few months in response to the Covid-19 pandemic. Your work has been crucial in supporting students and will continue to be crucial.

This letter provides guidance from me to the Office for Students under section 2(3) of the Higher Education and Research Act 2017 on an area of immediate importance: the allocation of additional student premium funding, to be distributed by HE providers to students suffering hardship as a result of the Covid-19 pandemic. My guidance on this issue is set out below.

I would like to reiterate the priorities I and the Secretary of State set in previous guidance and ask the OfS to continue to work to implement the steers in that earlier guidance. This guidance does not supersede steers in any previous guidance.

Additional student premium funding for hardship

The Covid-19 pandemic has had an impact on student hardship, with more students at risk of facing increased costs or hardship as a result of the pandemic. There is a risk that some students may not be able to continue with their studies if additional hardship funding is not made available to them.

It is in recognition of these circumstances that the department is allocating additional one-off funding of £20 million to providers to help to address student hardship during financial year 2020/2021. This funding has been made available by the department to recognise the particular impacts on individual students arising from the Covid-19 pandemic.

Allocation and distribution of funding

I would like the OfS to use the existing student premium funding mechanism to distribute this funding, taking into account the following priorities:

- a) That funding is targeted towards those providers who recruit and support high numbers of disadvantaged students, reflecting where this funding is

needed most to enable students to continue with their courses and achieve successful outcomes.

- b) That full-time and part-time students will both be at risk of experiencing hardship resulting from the pandemic, but full-time students may be particularly affected, e.g., due to changes in their location of study.
- c) That the funding is available to students as quickly as possible, so that it can meet the immediate needs of students and be allocated in full by the end of this financial year (31 March 2021).

In distributing the funding, I would like you to split this one-off funding between the full-time, part-time and disabled student premiums. Funding should reflect the numbers of students used in each of the part-time and full-time student premium allocations with equal weighting (by headcount) to the needs of full-time and part-time students, recognising that the effects of the pandemic on student hardship apply to students in all modes and are not dependent on their intensity of study. Student premium funding for disabled students should be distributed on the same pro-rata basis as it currently is.

Payment, terms and conditions and monitoring

I would also like you to put in place the following terms and conditions of funding when you allocate this funding to providers:

- a. The funding is distributed in full within this financial year (by 31 March 2021) to higher education students to address hardship that they face, particularly where it is needed to support continuation of study and successful outcomes. The funding must not be used to meet providers' own costs. You should recover funding that is not used in the time available for the purposes intended.
- b. Providers can have flexibility in how they distribute the funding to students in a way that will best prioritise those in greatest need. The funding can be distributed to a wider population of higher education students than those counted in the student premium funding methods including, for example, postgraduates (whether taught or research), international students and others that do not meet the definition of 'OfS-fundable'. However, this funding should not be paid to individuals that are not studying at higher education level (level 4 or above).

Transparency and monitoring

I would like the OfS to monitor providers' use of this hardship funding through existing reporting mechanisms, including providers' audited financial statements. This approach will help to minimise the regulatory burden associated with monitoring use of these funds, while ensuring that funding is used for the purposes intended.

My preference is for the OfS issue an accounts direction under Condition E3 of its regulatory framework, requiring providers to set out how this funding has been used in their audited financial statements for financial year 2020/21. However, if you wish to use a different mechanism to achieve the same outcome of ensuring spending of this funding will be included in, and monitored through, providers financial statements, I would be content with that.

Finally, I would again like to thank the OfS for its continuing work to support the higher education sector during these challenging times, and to ensure a high-quality experience for all students, delivering excellent student outcomes and value for money.

I look forward to continuing to work closely with you.

Yours sincerely,

A handwritten signature in black ink, reading "Michelle Donelan". The signature is written in a cursive style with a long horizontal flourish at the end.

Michelle Donelan MP
Minister of State for Universities