



Rt Hon Gavin Williamson CBE MP
Secretary of State

Sanctuary Buildings Great Smith Street Westminster London SW1P 3BT
tel: 0370 000 2288 www.education.gov.uk/help/contactus

Sir Michael Barber
Nicholson House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

1st January 2020

Dear Sir Michael,

Following my strategic guidance of 11 September this year, I would like to take this opportunity to set out the Teaching Grant budget for the 2020/21 financial year. Alongside this, I would like to provide some specific steers on funding priorities given the need to ensure we are spending public money in the most efficient and effective way.

Firstly, I would like the OfS to continue to prioritise the allocations for high cost subjects, world leading small and specialist institutions, and the student premium, all of which have an important role to play in maintaining the high quality of teaching and in supporting successful participation for underrepresented students.

Secondly, in line with your regulatory focus on ensuring value for money, I would like the OfS to protect those areas of the grant where the evidence base for need is strongest, and where there is clear alignment with priority activities, working closely with the DfE to identify these areas.

Thirdly, I would like you to take this opportunity to consider how to fund the particular costs associated with operating in London in the fairest and most efficient way, in particular focusing on how to support the delivery of high-cost subjects in inner London.

Finally, I am pleased to note that the Office for Students intends to conduct a review of the funding method for the years beyond FY 20/21. I am strongly in support of this move to evaluate value for money and to consider the best way to target grant funding to the Higher Education sector in future. I know that the OfS have been working

closely with my officials on funding policy, and I hope to see this continue in the coming months and years. In particular, I would like you to prioritise:

- Streamlining the grant allocations to be more efficiently targeted and to represent an overall strategic approach to supporting priorities such as the Industrial Strategy, access and participation and specialist institutions;
- Consideration of how to make sure the Student Premium is best targeted to support access, participation and successful outcomes for disadvantaged students, using the most up-to-date and relevant metrics;
- Developing a new framework for evaluation and assurance of the Teaching Grant, working closely with the DfE over the coming months to agree this.

A handwritten signature in black ink, appearing to read 'G. Williamson', written in a cursive style.

Rt Hon Gavin Williamson CBE MP
Secretary of State for Education

Annex: Finance Annex

Figures are rounded

All figures in £m	2020-21 OfS Teaching Grants
Recurrent Teaching Grant	1,329
Capital Teaching Grant	150
TOTAL TEACHING FUNDING	1,479

Notes:

- i. The amounts set out above are the OfS's resource and capital budgets. They represent the maximum amount of resource and capital that the OfS may consume in pursuance of the priorities agreed with the Department for the Spending Review period. Figures may not sum due to rounding. If the Department's level of overall funding is decreased due to wider events or in order to cover other unavoidable financial pressures, the department may, within the framework set by Parliament and the courts, need to make in-year adjustments to allocations to our Partner Bodies in order to meet budget reductions. The funding that is set out in this letter is, as ever, subject to Parliamentary approval through the Estimates process twice a year.
- ii. OfS will receive a separate allocation letter detailing their finalised 2020-21 unrounded resource, capital, and administration allocations.
- iii. Although the teaching and student element of Higher Education and Innovation Funding (HEIF) is distributed by Research England, the OfS will be responsible for the priorities and evaluation of the £47m Teaching Grant contribution to HEIF. This is included in the figures above.
- iv. The above figure includes £19m additional funding for the expansion of medical student places.