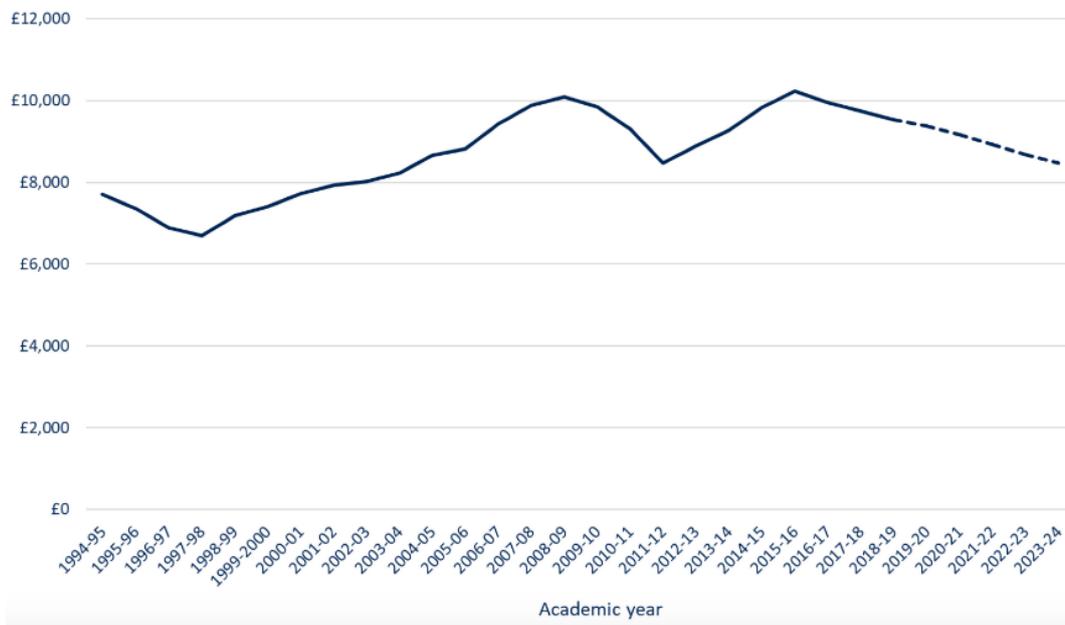


OfS analysis shows unit of resource for teaching approaching 2011/12 levels

- 1.1 New analysis from the Office for Students (OfS) shows that by 2023/24 the unit of resource will be very similar in real terms to the level it was in 2011/12.¹ This was the year before the £9,000 fee was introduced, and a year in which the unit of resource was at a particularly low level because of cuts related to the 2007/08 financial crisis (see figure 1).
- 1.2 This OfS analysis further shows that Price Groups across all subjects are now facing significant deficits. They estimate that in 2019/20, lab-based subjects, such as chemistry, physics and engineering faced average deficits of £1,848 per year per student, while deficits for medical and dental provision were as much as £2,094 per student.² Medical, science, technology and engineering qualifications will be crucial in both protecting the nation's health and ensuring economic regeneration after the pandemic, but these deficits threaten the sustainability of offering these courses. Even the most inexpensive classroom-based courses now operate at a loss of £974 per student.

Figure 1 – England HEI teaching unit of resource (tuition fees and teaching income per Home & EU student) in real terms.³



- 1.3 This erosion in funding for undergraduate provision takes place at a time when universities are already under significant financial pressure, grappling with the costs of making campuses Covid-secure, delivering a high-quality blended learning experience, and expanding provision of mental health and wellbeing support for students and staff.⁴ It also comes in a year in which high tariff universities have taken on an additional 12% of students because of

¹ [Development of OfS approach to funding](#), September 2020.

² See Table B4, [Development of OfS approach to funding](#), September 2020.

³ Source: Figure B1, Annex B, OfS approach to funding, September 2020.

⁴ See '[Universities spend millions on 'Covid-secure' campuses](#)', Research Professional, 4 November 2020 which estimated that many Russell Group universities had already spent over £1m on Covid safety measures, with King's College London spending as much as £14.5m. See also [How Russell Group universities are supporting students' mental health and wellbeing during the Covid-19 pandemic](#), 2 November 2020.

centre assessed grades (CAG) being awarded⁵ with only 1.4% additional T grant being offered by Government to compensate for this increase.⁶

- 1.4 This new OfS analysis also points out several issues with the 2018 and 2019 IFS reports, specifically Figure 5.1 (Figure 3.1 of the Augar report) as well as in Table 4.1 of the IFS's 2017 Report (Figure 3.6 of the Augar report). For instance, the OfS calculates unit of resource by academic year, in a way that accounts for the phasing in of changes in financial arrangements across successive entry cohorts, while the 2018 and 2019 IFS analysis instead calculates unit of resource for the entirety of a multi-year undergraduate degree beginning in a specific year. The IFS analysis also does not reflect the overall financial picture for providers, because it does not include other funding sources outside HEFCE or OfS, such as for those students supported by teacher training programmes or NHS bursaries.⁷
- 1.5 Most importantly, the IFS analysis does not account for teaching capital grants, despite the importance of this investment in delivering quality education and the dramatic decline in this funding stream since 2011.⁸ The IFS also uses the GDP deflator to express real terms value, though the OfS uses RPIx because this measure is what the government will use to maintain the real terms value of the fee. Finally, the 2017 IFS analysis assumes that all providers charge the maximum fee available for full-time undergraduates, though this is not the case. The OfS uses the average fee charged for Home and EU undergraduate entrants, which better reflects those institutions who charge less than the highest amount permitted. All of these factors help account for why the unit of resource presented by the OfS analysis is significantly lower than that presented by the IFS.⁹
- 1.6 Our recent submission to the Spending Review details our call for Government to guarantee levels of teaching grant funding on a *per student* basis at levels that at least match existing funding and ideally meet the full costs of high-quality provision.¹⁰ This need for a more sustainable funding base for teaching has become even more urgent within the context of the financial uncertainty caused by Covid-19 and the upcoming demographic shift in eighteen-year olds.¹¹ Our universities also need to ensure the appropriate level of funding to support the CAG cohort through the entirety of their degrees, beyond their first year. **To achieve these aims, the overall funding envelope for teaching will need to increase, and we hope to see this reflected in Spending Review decisions.**

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⁵ Data provided by [UCAS](#), filtered by tariff group of provider (10 September 2020)

⁶ 1.4% is calculated using the additional £20M recurrent and capital funding and the total £1,426m OfS grant to be distributed in 2020/21 (£1,255m in recurrent funding, £21m in funding for national facilities and regulatory initiatives, and £150m capital funding). See OfS [Recurrent funding for 2020/21](#).

⁷ [Development of OfS approach to funding](#), September 2020, p. 24.

⁸ The OfS analysis details the significant cuts that were made to HEFCE grants between 2009-10 and 2011-12, including a £477 million cut to teaching capital grants. See [Development of OfS approach to funding](#), p. 23.

⁹ [Development of OfS approach to funding](#), September 2020, p. 30.

¹⁰ <https://russellgroup.ac.uk/news/2020-spending-review-submission/>

¹¹ While the number of UK 18 year olds has been declining since 2009, ONS data shows that from 2021 the number of 18 year olds is set to increase, and between 2020 and 2030 this number will increase by 25%. See ['Being 18 in 2018'](#) data set, Office of National Statistics, 13 September 2018.