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Dr. Nicola Pratt
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20 July 2020

Dear Nicola,

Thank you for your letter of 17 June outlining your concerns for higher education in light of the COVID-19 pandemic. I am working closely with my colleague Minister Donelan on the issues you have raised and therefore will be responding on her behalf also.

Minister Donelan and I are extremely grateful for the leadership that we have seen from higher education (HE) providers in the response to COVID-19.

We recognise that the COVID-19 pandemic is bringing very significant financial challenges to the sector. To respond to this, the Government has launched 2 new support packages to protect research jobs and ground-breaking research projects impacted by coronavirus.

From this autumn, UK universities will be able to access a package of government grants/long-term, low interest loans covering up to 80% of their income losses caused by an expected decline in international students in Academic Year 2020-21, up to the value of non-public funded research activity, helping to ensure that their crucial research can continue. In addition, around £280 million government funding will be made available to universities impacted by coronavirus. This will fund extensions to grants, allowing them to continue developing ambitious and innovative research projects, funded through UKRI and the National Academies, including supporting researchers' salaries and other research costs like laboratory equipment and fieldwork.

The points you have raised on protecting and supporting HE during this time and for the future are precisely what the University Research and Knowledge Exchange Sustainability Taskforce, Minister Donelan and I are discussing. To date, the Taskforce has met 4 times; meetings have been constructive and have directly fed into policy development.

We are clear that we do not want to see any students miss out on the opportunity to benefit from our excellent HE system as a result of COVID-19. HE is playing a vital role in developing the scientists, engineers, nurses, teachers and other professionals across industry and public service, who are showing now more than ever their value to society and to the economy.

We have confirmed that providers are eligible to apply for government support schemes, and recently published further guidance to help providers access these. These include the Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and COVID Corporate Financing Facility (CCFF). The Office for Students (OfS) estimates that these schemes could be worth at least £700m to the sector, depending on eligibility and take up. Providers will make their own decisions about whether to apply for this support. Details can be found at: <https://www.gov.uk/government/news/government-support-package-for-universities-and-students>.

We have also confirmed that HE providers can access the Coronavirus Job Retention Scheme (CJRS) to safeguard staff jobs. This includes access to support for those staff with short term or hourly paid contracts. We have also published further guidance about the CJRS and how providers should access the scheme – in particular, any grant from the CJRS should not duplicate other sources of public funding where these are being maintained, such as UK home student tuition fees.

Details of the scheme are available on GOV.UK at: <https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-guidance-for-research-organisations>.

We will pull forward tuition fee payments, expected to be worth £2.6bn, for providers so that they receive more cash in the first term of academic year 20/21. This will have no impact on students but will allow providers to better manage financial risks over the autumn.

This will be available to all providers across the UK. In reprofiling these payments, we are clear in our expectation that providers should use the cashflow benefits appropriately, taking significant steps to improve efficiencies and manage their finances in order to avoid cashflow problems further going forward.

Reprofiling in this way is a one-off intervention for the autumn term only, to help providers take all necessary steps now to prepare for the future. In England, we have already brought forward £100m Quality-related Research funding for providers into the current academic year to help to address some of the immediate pressures being faced for university research activities.

This combination of measures should help stabilise providers' financial position. But we recognise that there remains significant uncertainty around the extent of financial challenge providers will face and the full picture of this will not become clear until the autumn term. That is why we have announced today the establishment of the Higher Education Restructuring Regime to support, in the right circumstances, individual HE providers in England at risk of market exit as a result of COVID-19 and to intervene where there is a case to do so.

We will continue to work with the sector and the OfS to understand the financial impacts on providers and their access to measures to support financial sustainability. The OfS has stated that one of its key priorities during the pandemic is to support the financial sustainability of the sector and it has enhanced its monitoring to identify any potential risks. Providers with concerns about their financial viability or sustainability have been encouraged to contact OfS at the earliest opportunity.

Thank you again for writing on these important issues, I hope the response Minister Donelan and I have provided has been useful.

Yours ever,

A handwritten signature in black ink, reading "Amanada Solloway". The signature is fluid and cursive, with a long, sweeping underline that extends to the right and then loops back under the name.

AMANADA SOLLOWAY MP

Parliamentary Under Secretary of State – Minister for Science, Research and Innovation