

Office for
Students



Recurrent funding for 2021-22

Outcomes of consultation

Reference OfS 2021.26

Enquiries to recurrentgrant@officeforstudents.org.uk

Publication date 20 July 2021

Contents

Summary	2
Next steps	3
Introduction	4
Context for the consultation proposals	5
Summary of the consultation proposals	7
Further terms and conditions of grant applied by government	8
Overview of consultation responses and OfS position	9
Prioritising activities and funding	9
OfS decisions	10
Elements of recurrent grant for academic year 2021-22	10
Students from the Crown Dependencies	12
High-cost subject funding	12
Funding to improve access and support successful student outcomes	13
Other targeted allocations	14
Changes to terms and conditions of grant for 2021-22	16
Annex A: Analysis of consultation responses on recurrent funding for 2021-22 and summary of OfS decisions	18
Overview of consultation process and responses	18
Analysis of responses to each question and OfS decisions	22

Summary

1. 'Consultation on recurrent funding for 2021-22' (OfS 2021.01) sought views on the Office for Student's approach to distributing non-capital grants for academic year (August to July) 2021-22 and terms and conditions that should apply to some elements of grant.¹ This document sets out our analysis of the responses we received to the consultation, our own response to the views expressed by consultees and the decisions that we have taken on recurrent funding for academic year 2021-22. We received 8,072 responses to our consultation, which we have shared with the Department for Education, along with our analysis of them.
2. Our decisions follow:
 - a. Having regard to the Secretary of State for Education's letter of 19 January 2021, setting out details of the funding available to us for distribution to providers for the financial year (April to March) 2021-22 and the government's funding policies and priorities.²
 - b. Receipt of the Secretary of State's letter of 25 March 2021, applying terms and conditions of grant in relation to funding for world-leading specialist providers for 2021-22.
 - c. Consideration of the responses to our consultation in OfS 2021.01.
 - d. Receipt of a further letter from the Secretary of State of 19 July 2021, setting out further terms and conditions of grant. These require us to implement two particular proposals on which we had consulted, albeit with a modification:
 - i. We must reduce by 50 per cent the high-cost subject funding rate of grant for performing and creative arts and media studies. However, the Secretary of State has identified archaeology as a strategically important subject that should no longer be subject to this reduction.
 - ii. We must not vary rates of grant, directly or indirectly, on the basis of the region of the UK in which a provider or its students are located or courses offered. This means we can no longer provide allocations or weightings that recognise the additional costs to providers of operating in London.
3. In light of the grant settlement we received from government for financial year 2021-22, the terms and conditions of grant that have been placed on us by the Secretary of State, the responses we received to our consultation and having regard to our duties under the Higher Education and Research Act 2017 and the Equality Act 2010, we confirm that we are implementing the proposals set out in our consultation in OfS 2021.01, with the exception of the treatment of archaeology in the high-cost subject funding method. Archaeology will be assigned to price group C1.1 and receive a 4 per cent uplift to its rate of grant, rather than price group C1.2, which would have resulted in a 50 per cent reduction.

¹ See www.officeforstudents.org.uk/publications/consultation-on-recurrent-funding-for-2021-22/.

² Guidance letters to the OfS from the Secretary of State are available from: www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

Next steps

4. On Thursday 29 July, we intend to issue, via the OfS Portal, the recurrent grant letters and tables for 2021-22 for individual providers, together with technical guidance and a summary publication showing allocations for all providers. This information will then be publicly released on our website on 30 July.

Introduction

5. On 19 January 2021, the Secretary of State for Education wrote to the Office for Students (OfS) setting out details of the funding available to us for distribution to providers for the financial year (April to March) 2021-22 and the government's funding policies and priorities.³ That statutory guidance letter set out a number of changes that the government wished to see in how the OfS distributes recurrent grant.
6. On 25 March 2021, we received a further statutory guidance letter from the Secretary of State also applying terms and conditions to funding to be allocated to world-leading specialist providers.⁴ This specified further requirements that we must meet relating to £43.4 million currently distributed to 16 world-leading specialist providers plus an additional £10 million.
7. On 26 March 2021, we issued a consultation on our proposed approach to recurrent funding for the academic year (August to July) 2021-22.⁵ Alongside our consultation, we provided detailed modelling of the impact of the various funding proposals on universities and colleges, both to help their planning and inform all those wishing to respond. This modelling considered the effect on providers' funding if all the proposals in the consultation were to be implemented, as well as of their latest student numbers. The consultation ran until 6 May 2021.
8. We invited responses to the consultation through an online form, which included 16 questions, of which 13 asked respondents to select the extent to which they agreed or disagreed with particular proposals, or whether they 'did not know/preferred not to say'. These 13 questions also invited respondents to provide comments setting out the reasons for their view and, if they disagreed with a proposal, how we should change our approach and why. The other three questions invited comments only.
9. The online form asked respondents to submit their responses (by clicking a button), once they had completed question 16. Where they did so, we consider these to be 'full responses'. Where respondents answered consultation questions but did not click 'submit', we consider these to be 'partial responses' – such responses may not have answered all 16 questions. Our analysis has considered both full and partial responses, which together total 8,072 submissions. This publication reports on the responses we have received and the decisions we have taken on the approach to recurrent funding for academic year 2021-22.

³ The January 2021 statutory guidance letter is available at: www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

⁴ The March 2021 statutory guidance letter is available from the same webpage as the January letter.

⁵ See www.officeforstudents.org.uk/publications/consultation-on-recurrent-funding-for-2021-22/.

Context for the consultation proposals

10. The government's statutory guidance letter in January 2021 announced a non-capital grant for financial year 2021-22 of £1,330 million, an £11 million increase compared with the previous year. Table 1 shows the grants provided for 2021-22 and the previous two years.⁶

Table 1: Government grants to the OfS (£ millions)

Financial year	2019-20	2020-21	2021-22
Strategic priorities grant	1,387	1,329	1,330
Less funding distributed through Research England ⁷	-58	-57	-47
Capital grant	100	150	150
Total for distribution by the OfS	1,429	1,422	1,433
One-off non-capital grants		80	15
One-off capital grant for 2020-21		10	

11. Our consultation proposed to distribute £1,287 million in non-capital grants for the academic year 2021-22. Of this total, we proposed £21 million as funding for national facilities and regulatory initiatives (primarily comprising funding for Challenge Competitions, Jisc and the National Student Survey), leaving £1,266 million in recurrent funding for providers and for Uni Connect. Table 2 summarises funding distributed by the OfS for academic years 2019-20 and 2020-21 and that we proposed for 2021-22.⁸

Table 2: Overall budget for academic years 2019-20 to 2021-22 (£ millions)

Academic year	2019-20	2020-21	2021-22
Recurrent grant ⁹	1,303	1,256	1,266
National facilities and regulatory initiatives	29	21	21
Total recurrent funding	1,332	1,277	1,287
Capital funding	100	150	150
Total funding distributed by the OfS	1,432	1,427	1,437
One-off non-capital funding for 2020-21		95	

⁶ This table has been updated compared with Table 1 in the consultation published as OfS 2021.01 to reflect one-off funding of £15 million that has since been provided by government to address student hardship in the period April to July 2021 (covering the four-month overlap between financial year 2021-22 and academic year 2020-21). See: www.officeforstudents.org.uk/publications/student-hardship-funding-monitoring-and-additional-allocation/.

⁷ The non-capital grant totals for each year include funding distributed through Research England, rather than the OfS. This comprises £47 million for the Higher Education Innovation Fund and, for 2019-20 and 2020-21 only, funding for the University of London School of Advanced Studies and the Institute of Zoology.

⁸ This table has also been updated compared with Table 2 in the consultation published as OfS 2021.01 to reflect the one-off funding of £15 million that has since been provided by government to address student hardship in the period April to July 2021. See footnote 6.

⁹ Recurrent teaching comprises the main formula allocations for providers plus funding for Uni Connect.

Academic year	2019-20	2020-21	2021-22
One-off capital funding for 2020-21		10	

Note: Sums may not add up due to rounding differences.

12. The increase in total recurrent funding of £10 million (0.8 per cent) compared with 2020-21 has to support a significant increase in student numbers.¹⁰ Table 3 summarises the changes to the full-time equivalent student numbers (FTEs) counting towards our recurrent funding allocations between 2020-21 and 2021-22.¹¹ The inclusion for 2021-22 of students from the Crown Dependencies was a proposal on which we sought views in our consultation.

Table 3: FTEs counting towards OfS recurrent funding for providers for academic years 2020-21 and 2021-22

	Price group A	Price group B	Price group C1	Price group C2	Price group D	Total
Counted for 2020-21	26,742	253,780	254,910	246,206	441,045	1,222,683
HESES20	27,283	272,088	269,494	256,280	474,620	1,299,765
Planned increases in medicine	1,320	180	0	0	0	1,500
Crown Dependencies	54	603	629	720	954	2,960
Other adjustments	236	808	234	26	57	1,361
Total counting for 2021-22	28,893	273,679	270,357	257,026	475,631	1,305,586
Change 2020-21 to 2021-22	2,151	19,889	15,447	10,820	34,586	82,903

13. Table 3 shows increases in FTEs compared with 2020-21 of:

- 6.8 per cent across all price groups A to D.
- 7.0 per cent in the high-cost price groups A, B and C1.
- 8.0 per cent in the highest cost price group A applying to clinical subjects in medicine and dentistry.

14. Set against the increase in funding of 0.8 per cent, the significant increase in student numbers for 2021-22 means that there is a reduction to the average funding that we are able to provide

¹⁰ The £10 million increase in recurrent funding for 2021-22 disregards the one-off funding of £95 million provided for 2020-21.

¹¹ This table has been updated compared with Table 3 in the consultation published as OfS 2021.01 to reflect an overall increase of 585 to the intake targets for pre-registration courses in medicine and dentistry for 2021-22, compared with those previously planned (included under 'other adjustments' in price group B), plus a small number of other minor changes to the data for providers. See: www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/health-education-funding/medical-and-dental-target-intakes/.

per FTE. Our consultation estimated the reduction in OfS funding per FTE between 2018-19 and 2021-22 to be 19.3 per cent in real terms.¹²

Summary of the consultation proposals

15. In the light of our funding settlement from government for the coming financial year, the significant increase in student numbers that this funding must support, and the wider circumstances affecting higher education arising from the pandemic, our consultation proposed that the primary policy aims in distributing recurrent grant for academic year 2021-22 should be:
- a. To protect, and if possible enhance, the rate of grant per FTE provided through the main high-cost subject funding method and the nursing, midwifery and allied health supplement, particularly where these support science, technology, engineering and mathematics (STEM) subjects and healthcare disciplines.
 - b. To enhance the total funding targeted at specialist providers, recognising the distinctive role they play in meeting the needs of students and particular specialist employment sectors.
 - c. To protect as far as possible the total funding that we allocate towards providers' activities to improve access and support student success.
16. These policy aims have implications for the funding that we can commit to other elements of grant. The consultation therefore invited comments on the following specific proposed changes:
- a. An increase to the funding distributed through the main high-cost subject funding method for subjects in price groups A, B and some in price group C1 (for courses in pre-registration nursing and in computing and information technology).
 - b. A reduction by half to the rate of high-cost subject funding for other price group C1 subjects – that is, for courses in performing and creative arts, media studies and archaeology.
 - c. The inclusion of students from the Crown Dependencies as countable for OfS funding purposes.
 - d. The withdrawal of the targeted allocation for students attending courses in London.
 - e. The removal of London weighting from the student premium allocations.
 - f. An increase of £10 million to funding that supports specialist providers.

¹² An analysis of changes over time to the unit of resource (which takes account of both OfS grants and fee income per FTE) was provided in Annex B of the OfS board paper on funding in September 2020 (agenda item 10), available at: www.officeforstudents.org.uk/about/board-papers/ofs-board-meeting-22-september-2020/. The unit of resource has been declining since 2015-16 as a result not only of reductions to OfS grants, but also because the value of the regulated course fee limit has not been maintained. Using the government's measure for inflation that will maintain the value of course fees in real terms (the Retail Prices Index All Items Excluding Mortgage Interest Repayments: RPIx), had the regulated course fee limit for full-time undergraduates of £9,000 introduced in 2012-13 been maintained in real terms, the fee limit for 2021-22 would have been nearly £11,200, rather than the £9,250 that actually applies. This is a reduction in real terms of over 17 per cent over the period.

- g. A reduction of £20 million to the funding provided for Uni Connect.
 - h. An allocation of £5 million for student hardship.
 - i. Funding of £15 million to support student transitions and mental health.
17. We were not consulting on the total amount of funding available for distribution by the OfS for the 2021-22 academic year. This is determined by the amount of grant made available to us by government.

Further terms and conditions of grant applied by government

18. We received 8,072 submissions that responded to at least one of our consultation questions and Annex A provides our summary analysis of them. As our consultation stated we would, we have shared all consultation responses, as well as our summary analysis of them, with the Department for Education.
19. On 19 July, we received a further statutory guidance letter and terms and conditions of funding from the Secretary of State.¹³ The practical effect of the particular terms and conditions which have been imposed is that the OfS is obliged:
- a. To reduce by 50 per cent the rate of grant provided through the high-cost subject funding method for certain subjects that have not been specified in the list of priority subjects set out in the terms and conditions. The subjects that will have this reduction are those in performing and creative arts and media studies. Archaeology will not be subject to this reduction (in contrast to the proposal in our consultation). Further, the terms and conditions prevent us taking account of the cut to high-cost subject funding for these subjects through other allocations without the written agreement of the Department for Education.
 - b. Not to vary the rates of any grant on the basis of the region in which a provider, its courses or students are located. This condition precludes the provision of London weighting in our formula allocations.
20. The terms and conditions of grant imposed on us under section 74 of the Higher Education and Research Act 2017 (HERA) require us to allocate the funds as set out in that document.¹⁴ If we do not comply with the terms and conditions that the Secretary of State has imposed then we may be required to repay the whole or any part of the grant still held by us to the Department of Education. We therefore confirm that for 2021-22:
- a. We will split price group C1 between C1.1 (covering pre-registration courses in nursing, provision relating to computing and information technology, and archaeology) and C1.2 (other price group C1 subjects, covering provision in performing and creative arts and media studies). The high-cost subject funding rate of grant for provision in price group C1.2 will be £121.50 per FTE, a reduction of 50 per cent compared with 2020-21.

¹³ The 19 July 2021 statutory guidance letter is also available at: www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

¹⁴ See: www.legislation.gov.uk/ukpga/2017/29/section/74/enacted.

- b. We will no longer provide the targeted allocation for students attending courses in London, nor include a London weighting in any other formula grant (London weighting was previously included in the calculation of student premiums within recurrent grant and in formula capital grants).

Overview of consultation responses and OfS position

21. Annex A provides our summary analysis of the 8,072 submissions that responded to at least one of our consultation questions. It provides a summary of the numbers responding to each question and of those agreeing, disagreeing or neither to particular proposals and it draws out the themes in the comments that respondents made. It also incorporates OfS responses to particular points made in consultees' submissions.
22. The number of responses we received to our consultation is unprecedented, but we welcome the interest shown in it. We believe the very high number was prompted by discussion on social media in the final week of the consultation period, which encouraged responses in particular to campaign against cuts to funding for arts subjects. This is reflected in the number of submissions that adopted the use of template responses and, indeed, in the very large numbers expressing disagreement with our proposals to cut funding for the arts. The strength of feeling expressed by the large majority of respondents on this is clear. However, there is no duty to adopt the submissions of respondents to a consultation; rather, the OfS is entitled to consider the whole range of responses and form its own conclusion independently of the view of any particular section of consultees. Where respondents have disagreed with a proposal that we are nonetheless taking forward, we have explained why that proposal is being taken forward despite those responses received.

Prioritising activities and funding

23. Many respondents' answers to the various questions were characterised by their views on one particular issue – in particular on the proposed cut to arts funding or removal of funding that recognises the additional costs of operating in London. Even where they may have indicated agreement on other proposals, this was often qualified on the condition that those other proposals were not at the expense of funding for the arts or for London. Nevertheless, there was also often a tendency to treat questions in isolation, rather than as a set of interlinked proposals. Indeed, those arguing against cuts to arts funding, particularly when using template responses, argued that it should be subject to its own consultation. We could not do this.
24. The total funding available for the academic year 2021-22 is fixed, as it is driven by the money made available to us by government. This means that if we were to change the budget proposals for one element of grant, it would change that available for one or more others. This also applies to arguments that changes should be phased in over a longer period: this also has a cost that would affect how much we could provide for other budgets.
25. Our consultation was about the distribution of £1,287 million of public funding for academic year 2021-22. We proposed a particular set of options for consultation that were designed to strike an appropriate balance, within a fixed budget, between a variety of different priorities as well as between our various duties, and all set in the context of significantly increasing student

numbers and the effects of the pandemic on students, higher education providers and the wider economy and society.

26. A number of respondents argued that certain proposals in our consultation were in conflict with our duties under section 2 of HERA. Respondents referred to the OfS's duties 'to promote greater choice and opportunity for students' or 'to promote equality of opportunity' This does not correctly reflect the OfS's duties. Our duties under section 2 of HERA require that we 'have regard to' the need to do various things, and the public sector equality duty is similarly framed in terms of having 'due regard to the need to'.¹⁵ A particular duty does not prescribe what course of action we must follow in relation to a particular policy or issue, nor does it necessarily prohibit any particular approach. Rather, it requires that we give each of our duties due consideration when determining a course of action – essentially weighing one against the other, striking a balance between them as we consider appropriate.
27. The issues of the proposed cuts to high-cost subject funding for performing and creative arts, media studies and archaeology and, to a lesser but still significant extent, London weighting dominated the responses that we received to the consultation – both in relation to the specific questions on them, and other questions. The condition of grant that the Secretary of State placed on us on 19 July 2021 has determined our funding approach on those two issues.

OfS decisions

28. Annex A summarises the views expressed by respondents to our consultation and sets out OfS responses to those views and the reasons for our decisions. Those decisions are set in the context of the fixed budget we have available for distribution and the terms and conditions of grant applied by the Secretary of State on the cuts to funding for performing and creatives arts and media studies, the withdrawal of London weighting and the funding to be made available to world-leading specialist providers. In reaching our decisions, we have also had regard to our duties under HERA and the Equality Act 2010.

Elements of recurrent grant for academic year 2021-22

29. This section summarises all our decisions on non-capital grants for academic year 2021-22. These will total £1,287 million, comprising £21 million for national facilities and regulatory initiatives and £1,266 million in recurrent grants for providers and Uni Connect. Funding for national facilities and regulatory initiatives primarily comprises funding for Challenge Competitions, Jisc and the National Student Survey and the £21 million total is the same in cash terms as was provided for 2020-21.
30. Table 4 sets out the disaggregation of funding between different elements of grant for academic year 2021-22. The figures have been updated compared with those shown in Table 5 of OfS 2021.01 to reflect the changed assignment for archaeology to price group C1.1 instead of C1.2, and to reflect the distribution of a further £15 million provided for student hardship for the period April to July 2021 (within the 2020-21 academic year).

¹⁵ See: www.legislation.gov.uk/ukpga/2010/15/section/149.

Table 4: Recurrent grant budgets for academic year 2021-22 (£ millions)

Elements of recurrent grant	2020-21 budget	2021-22 budget	Percentage change to budget
Funding for high-cost courses	896	899	+0%
Of which:			
High-cost subject funding: price groups A and B; pre-registration nursing; computing and information technology; archaeology	656	737	+12%
High-cost subject funding: performing arts; creative arts; media studies ¹⁶	35	18	-49%
Nursing, midwifery and allied health (NMAH) supplement	23	27	+16%
Sub-total high-cost subject funding and NMAH supplement	715	782	+9%
Very high-cost STEM subjects	24	24	0%
Overseas study programmes	28	28	0%
Postgraduate taught supplement	8	8	0%
Intensive postgraduate provision	33	33	0%
Accelerated full-time undergraduate provision	4	4	0%
Students attending courses in London	64	0	-100%
Clinical consultants' pay	16	16	0%
Senior academic general practitioners' pay	1	1	0%
NHS pensions scheme compensation	5	5	0%
Funding for student access and success	316	313	-1%
Of which:			
Premium to support successful student outcomes: Full time ¹⁷	150	154	+2%
Premium to support successful student outcomes: Part time	66	67	+1%
Disabled students' premium	40	41	+2%
Premium for student transitions and mental health	0	12	New
Uni Connect	60	40	-33%
Funding for specialist providers	43	53	+23%
Specialist institutions	43	53	
Total recurrent grant	1,256	1,266	+1%

¹⁶ The terms and conditions noted in paragraph 19 require us to reduce the rate of funding for these subjects by 50 per cent. Due to increases in the number of students in these subjects, the change to the budget required is -49 per cent.

¹⁷ The funding for the three student premiums for 2021-22 incorporates the distribution of £5 million to be earmarked to address student hardship.

Elements of recurrent grant	2020-21 budget	2021-22 budget	Percentage change to budget
One-off recurrent funding for high-cost subjects and NMAH supplement for 2020-21	10	0	
One-off funding for student hardship in 2020-21 allocated based on student premiums	85	0	
Total recurrent grant including one-off sums	1,351	1,266	

Note: Sums may not add up due to rounding differences.

Students from the Crown Dependencies

31. The government has decided that from 2021-22, students from the Crown Dependencies (the Channel Islands and the Isle of Man) will be eligible for home fee status.¹⁸ Undergraduates will also (subject to other criteria) commonly also be subject to regulated fee limits. These changes apply to such students in all years of study, not just entrants, but providers should note that they **do not** apply to students from the Crown Dependencies that are studying by distance learning, unless they are doing so within the UK (rather than from the islands).
32. As proposed in our consultation, we will count students from the Crown Dependencies that are subject to these fee regulation changes for all formula-based recurrent grant allocations that are recalculated each year to reflect the latest student numbers (not just to high-cost subject funding). To implement this, we will adjust the student numbers we count by adding on the numbers of relevant students from the Crown Dependencies that we identify in the individualised student data returns for 2019-20 (by price group, mode and level, as needed).

High-cost subject funding

33. Annex B of OfS 2021.01 identified the subject codes that we proposed should map to the new price group C1.2. This price group applies to subjects in the performing and creative arts and media studies that are to be subject to the 50 per cent reduction (-£121.50) to the rate of grant for high-cost subject funding. We confirm that the subject codes that map to price group C1.2 for funding purposes from 2021-22 are as proposed in our consultation, but with the exception of codes relating to archaeology, which will now map to price group C1.1 instead of C1.2.¹⁹
34. The changes to budgets for high-cost subject funding, combined with changes to the FTEs that we count, and the decision to halve the rate of funding for subjects that map to the new price group C1.2 result in changes to rates of high-cost subject funding as shown in Table 5. The figures in Table 5 have reduced slightly for price groups A, B and C1.1 compared with the equivalent Table 6 in OfS 2021.01 to reflect an overall increase of 585 to the intake targets for pre-registration courses in medicine and dentistry for 2021-22 (included in price group B at a cost of a little under £1 million), the decision to assign archaeology to C1.1 instead of C1.2 (at

¹⁸ Students from the Crown Dependencies have been eligible for home fees if they were already living and working in the UK. The change from 2021-22 is to make those resident in the islands before the start of their course also eligible for home fees.

¹⁹ The archaeology subject codes that this applies to are, for further education and sixth form colleges, the Learn Direct Classification System (LDCS) code DC and, for other providers, the Common Aggregation Hierarchy (CAH) code CAH20-01-03.

a cost of a little over £250,000), plus a small number of other minor changes to the data for providers.²⁰ The scaling factor for 2021-22 is set at 1.01 (rather than 1.011 as set out in OfS 2021.01), although this still rounds to a 4 per cent increase compared with the scaling factor of 0.972 for 2020-21.

Table 5: Changes to high-cost subject rates of funding for 2021-22

Price group	Funding rate per FTE for 2020-21	Funding rate per FTE for 2021-22	Percentage change
A	£9,720	£10,100	+4%
B	£1,458	£1,515	+4%
C1.1	£243	£252.50	+4%
C1.2	£243	£121.50	-50%
C2	£0	£0	N/A
D	£0	£0	N/A

Funding to improve access and support successful student outcomes

35. Table 4 shows the changes to 2021-22 budgets for various allocations to improve access and support successful student outcomes. The methodological changes we are making to formula allocations are as follows:

- a. We are no longer including London weighting in the calculation methods for student premiums, reflecting the condition of grant placed on us by the Secretary of State of 19 July 2021.
- b. A total of £5 million allocated through the student premiums will be identified as funding to address student hardship, which must be distributed to students. We will treat this hardship funding as a single allocation, albeit that we will identify the total for each institution such that the total for the sector as a whole is drawn from the three premiums as follows:
 - i. £775,000 (15.5 per cent) through the disabled students' premium.
 - ii. £3,750,000 (75 per cent) through the full-time student premium.
 - iii. £475,000 (9.5 per cent) through the part-time student premium.
- c. In previous years, the allocation of disabled students' premium funding has been capped so that no provider received a change of more than £200,000 compared with the previous year. We will not apply any such cap to the allocations for 2021-22.
- d. We are introducing a new £12 million formula allocation to support students' transition into higher education, addressing the challenges to student mental health for those at the

²⁰ See: www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/health-education-funding/medical-and-dental-target-intakes/. Paragraph 6b of OfS 2021.01 explained that we proposed to count any such increase to intake targets for 2021-22.

beginning of their undergraduate studies, including through supportive and preventative measures that help to maintain good mental health and prevent more serious problems arising. We will distribute this funding pro rata to the headcount of OfS-fundable undergraduate entrants, as reported in HESES20.²¹

36. In addition to the formula allocations we are also allocating:

- a. £40 million for Uni Connect partnerships (a reduction of £20 million compared with 2020-21).
- b. £3 million as part of the £21 million total for national facilities and regulatory initiatives to support student mental health. We will distribute this in part by a £2 million increase to the sum available through the recent competition for funds provided by the Department of Health and Social Care,²² and in part through an extension of the online services of Student Space,²³ and through a national programme to mobilise recent existing effective practice to support student mental health throughout the sector.

Other targeted allocations

37. As a result of the condition of grant placed on us by the Secretary of State of 19 July 2021, we are no longer providing the targeted allocation for students attending courses in London from academic year 2021-22.

38. We are maintaining in cash terms the rates of grant allocated through the nursing, midwifery and allied health supplement. Table 6 summarises those rates of grant per FTE.

Table 6: Price groups and rates of funding per FTE for the nursing, midwifery and allied health supplement

Profession	Price group	Rate of funding per undergraduate FTE (£)	Rate of funding per postgraduate FTE (£)
Dental hygiene	A	0	0
Dental therapy	A	0	0
Dietetics	B	79.50	779.50
Midwifery	B	79.50	779.50
Nursing – adult	C1	213.25	913.25
Nursing – children	C1	413.25	1,113.25

²¹ For providers that will be funded for the first time in 2021-22 based on data submitted to the HESF21 survey, we will use their forecast undergraduate data for the year. As with other allocations, their allocation will be recalculated later in the year to reflect the OfS-fundable undergraduate entrants they report in the HESES21 survey.

²² See: www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/mental-health-funding-competition/.

²³ See: studentspace.org.uk/about-student-space.

Profession	Price group	Rate of funding per undergraduate FTE (£)	Rate of funding per postgraduate FTE (£)
Nursing – learning disability	C1	413.25	1,113.25
Nursing – mental health	C1	213.25	913.25
Nursing – unclassified	C1	213.25	913.25
Occupational therapy	B	79.50	779.50
Operating department practice	B	79.50	779.50
Orthoptics	B	3,579.50	4,279.50
Orthotics and prosthetics	B	3,579.50	4,279.50
Physiotherapy	B	79.50	779.50
Podiatry	B	1,279.50	1,979.50
Radiography (diagnostic)	B	1,279.50	1,979.50
Radiography (therapeutic)	B	1,279.50	1,979.50
Speech and language therapy	B	279.50	979.50

39. We will also maintain in cash terms the £2,315 rate of grant provided to support study years abroad, including those taken under the government’s new Turing Scheme.²⁴ We will distribute this funding using the higher of the numbers taking such a year abroad in either 2019-20 or 2020-21. The 2020-21 data on study years abroad shows a very significant reduction in participation, because of the effects of the pandemic. We believe this data is likely to be unrepresentative of future participation, but that we should also recognise where (a very small number of) providers have reported an increase in numbers in 2020-21.

40. We are maintaining in cash terms the budgets for the other targeted allocations that were funded for 2020-21. Some of these allocations are not recalculated each year to reflect the latest student FTE data, and for these, providers will receive the same cash allocation in 2021-22 as for 2020-21.²⁵ For other allocations, changes to student numbers reported for 2020-21 will mean there will be a variable impact on the rates of funding per FTE that we are able to provide. This is summarised in Table 7.

²⁴ See: www.turing-scheme.org.uk/.

²⁵ This applies to the allocations for very high-cost STEM, clinical consultants’ pay, senior academic general practitioners’ pay, and NHS pension-scheme compensation.

Table 7: Changes to rates of funding for targeted allocations

Allocation	Rate of grant per FTE for 2020-21	Rate of grant per FTE for 2021-22	Percentage change to rate of funding per FTE
Postgraduate taught supplement ²⁶	£1,009.23	£1,023.08	+1%
Intensive postgraduate provision ²⁷			
Price group B	£1,044.20	£895.75	-14%
Price groups C1 and C2	£798.51	£684.99	-14%
Accelerated full-time undergraduate provision ²⁸			
Price group B	£1,273.90	£1,149.77	-10%
Price groups C1 and C2	£974.16	£879.24	-10%
Price group D	£749.35	£676.34	-10%

Changes to terms and conditions of grant for 2021-22

41. In OfS 2021.01, we consulted on two particular changes to the terms and conditions of grant for 2021-22 relating to new elements of recurrent grant – the £5 million to be allocated through the existing student premiums for student hardship (see paragraph 35.b) and the £12 million to be allocated as a new premium for student transition and mental health (see paragraph 35.d). These elements of grant will be identified in providers’ recurrent grant tables for 2021-22 and we confirm that, following consultation, they are subject to the following specific terms and conditions:

- a. **Hardship funding for 2021-22.** This element of grant is earmarked for distribution in the academic year to students aiming for a higher education qualification who are facing hardship, particularly where it is needed to support their continuation of study and successful outcomes. It must not be used to meet providers’ own costs. We reserve the right to recover any hardship funding that is not used for the purposes intended.
- b. **Premium for student transition and mental health.** This element of grant is earmarked for activities and services of providers that support students transitioning into higher education, particularly to address the challenges that this can present for mental health.

42. In OfS 2021.02 we also consulted on certain changes to terms and conditions of grant relating specifically to capital funding for providers. ‘Capital funding for financial year 2021-22:

²⁶ The postgraduate taught supplement applies to postgraduate students in price groups A, B, C1 and C2 that are on courses for which neither masters loans nor loans under the undergraduate student support arrangements are available.

²⁷ The targeted allocation for intensive postgraduate provision applies to postgraduate students in price groups B, C1 or C2 who are studying for at least 45 weeks in the year full-time, or the equivalent part-time.

²⁸ The targeted allocation for accelerated full-time undergraduate provision applies to undergraduate students in price groups B, C1, C2 or D who are studying for at least 45 weeks in the year full-time.

Allocations and invitation to bid' (OfS 2021.27) confirms terms and conditions that apply to capital grants for 2021-22.²⁹

43. We will publish separately 'Terms and conditions of funding for 2021-22', incorporating these changes (as well as routine updates to years and cross-references compared with those for 2020-21).

²⁹ See www.officeforstudents.org.uk/publications/capital-funding-for-financial-year-2021-22-allocations-and-invitation-to-bid/

Annex A: Analysis of consultation responses on recurrent funding for 2021-22 and summary of OfS decisions

Overview of consultation process and responses

1. On 19 January 2021, the Secretary of State for Education wrote to the Office for Students (OfS) setting out details of the funding available to distribute to providers for the financial year (April to March) 2021-22 and the government's funding policies and priorities.³⁰ Publication of this statutory guidance letter was part of a coordinated series of announcements on higher education and skills policy made by government on 21 January 2021 and on which the Secretary of State made an announcement to Parliament.³¹ That day, we issued a news item, which we sent to an extensive press list of national and sector journalists, as well as stakeholder groups.³² We also wrote individually to the heads of all the universities and colleges registered with us alerting them to the contents of the government guidance letter on funding.³³ Finally, we sent an email to all subscribers to OfS Alerts about the announcements, including on funding for 2021-22.³⁴
2. We issued our consultation on 26 March 2021.³⁵ This included detailed modelling of the impact of the various funding proposals on universities and colleges, both to help their planning and inform all those wishing to respond.³⁶ As before, we issued a news item.³⁷ We also emailed every university and college that we fund to alert them and explain how they could access further details about our modelling. We also emailed a number of sector representative bodies and issued another OfS Alert to subscribers.

³⁰ The January 2021 statutory guidance letter is available at: www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

³¹ See hansard.parliament.uk/commons/2021-01-21/debates/7055ACEF-8DB3-4D75-98D4-66947FEDD64F/SkillsForJobsWhitePaper.

³² See www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-responds-to-government-s-interim-response-to-augar-review-statutory-guidance-on-funding-and-tef/.

³³ See www.officeforstudents.org.uk/publications/ao-letter-ofs-s-response-to-announcements-from-dfe/.

³⁴ Anyone can sign up to these alerts (www.officeforstudents.org.uk/sign-up-for-email-alerts/) which currently have over 6,500 subscribers, ranging from members of the public to staff working in higher education and other industries.

³⁵ See www.officeforstudents.org.uk/publications/consultation-on-recurrent-funding-for-2021-22/.

³⁶ Our modelling considered the effect on providers' funding if all the proposals in the consultation were to be implemented, as well as of their latest student numbers.

³⁷ See www.officeforstudents.org.uk/news-blog-and-events/press-and-media/regulator-opens-consultations-on-funding-and-outlines-new-plans-to-improve-outreach-to-disadvantaged-students/.

3. The consultation ran until 6 May 2021 and we used OfS Alerts for each of the last three weeks of the consultation period to remind subscribers about the impending deadline for response. The consultation was open to all, although we stated that we were particularly (but not only) interested in hearing from:
 - a. Higher education providers (of all types and size) that are registered, or are applying to be registered, with us in the Approved (fee cap) category.
 - b. Representative bodies of higher education providers and their staff, student representatives and others with an interest in the finance arrangements for higher education.
4. We invited responses to the consultation through an online form, which included 16 questions, of which 13 asked respondents to select the extent to which they agreed or disagreed with particular proposals, or whether they 'did not know/preferred not to say'. These 13 questions also invited respondents to provide comments setting out the reasons for their view and, if they disagreed with a proposal, how we should change our approach and why. The other three questions invited comments only.
5. The online form asked respondents to submit their responses (by clicking a button), once they had completed question 16. Where they did so, we consider these to be 'full responses'. Where respondents answered consultation questions but did not click 'submit', we consider these to be 'partial responses' – such responses may not have answered all 16 questions. However, we have included both full and partial responses in the summary that follows. Although 20,318 responses were started via the online form, only 8,360 of these included at least one answer to a consultation question. We have therefore disregarded other responses that did not express a view on any of the consultation questions. We have also disregarded a further 297 responses, which duplicate ones that we have considered and included in our summary analysis. We have identified duplicate responses where:
 - a. Multiple submissions were made from the same email address.
 - b. More than one response was made on behalf of an organisation. Typically, this will have been where a full response was made by the organisation, but where there was also one or more partial responses.
6. In addition to responses submitted through the online form, we received nine responses via email, which we have included in our analysis. Table A1 summarises the numbers of responses that we have incorporated in our review, after disregarding those that did not answer any questions or were duplicates.

Table A1: Number of responses considered in our summary analysis

Respondent type	Full response	Partial response	Total responses
On behalf of a registered provider	118	5	123
On behalf of other organisation	163	15	178
As an individual	6,242	1,529	7,771
All respondents	6,523	1,549	8,072

7. The very large majority of responses were received in the final week of the consultation period. The exceptional number that we received – particularly from individuals – was likely prompted by discussion on social media and news outlets that started during the May bank holiday weekend (1 to 3 May 2021), in particular by comments from, and campaigning by, the Musicians Union (MU).³⁸ On 6 May, we issued a statement to clarify our proposals relating to funding for the performing and creative arts, because we were concerned that the scale of the proposed changes was overstated in some discussions.³⁹

Musicians Union template letter

8. The MU provided template letters which those concerned about our proposals on funding for the performing and creative arts might use in responding to the OfS and the Department for Education.⁴⁰ We received some of these by email, while other respondents incorporated (elements of) the letter text in completing the online form. The template letter to the OfS set out concerns about the process of consultation, which we respond to here. There were two main concerns:⁴¹

a. That the consultation was poorly publicised:

‘organisations in the music sector such as the Musicians’ Union were only made aware of it in late April. Universities and other sector organisations were also unaware of the consultation until recently. We object to such an important consultation being undertaken without fair notice given to students, lecturers, universities, employers, creative sector organisations, heritage sector organisations, and trade unions.’

OfS response: We have set out in paragraphs 1 to 3 of this Annex the steps we took to publicise both the Secretary of State’s strategic guidance letter and the launch and impending deadline of our consultation. This included issuing news items to the media, communications directly with the heads of all universities and colleges registered with us, and alerts to sector representative bodies and other subscribers. For this reason, we do not accept that our consultation was poorly publicised and it is incorrect to say that universities and other sector organisations were unaware of it until late in the consultation period.

b. That the consultation included only

‘one question on the proposed 50 per cent funding cut to music and arts courses. A 50 per cent funding cut is a significant and damaging change with huge repercussions for higher education institutions, students, and the creative industries. It should have been given its own consultation, not wrapped into a broad and general funding consultation.’

³⁸ See musiciansunion.org.uk/.

³⁹ See www.officeforstudents.org.uk/news-blog-and-events/press-and-media/arts-funding-in-higher-education/.

⁴⁰ See: musiciansunion.org.uk/campaigns/government-arts-funding-in-higher-education.

⁴¹ See: musiciansunion.org.uk/all-campaigns/make-a-complaint-to-the-office-for-students.

OfS response: The overall grant we have available to distribute to higher education providers is determined by government – we cannot spend more than we receive. For the 2021-22 academic year, the recurrent grant total is fixed at £1,287 million. The challenge that our consultation set out was that the total funding has increased by just under 1 per cent,⁴² but student numbers have increased by just under 7 per cent (both overall and in the high-cost subjects that attract most of our funding). It means a reduction in the average rate of OfS grant per student next year, requiring difficult decisions about how we prioritise our grant between the universities and colleges that we fund. Our consultation put forward a package of measures for how we might do this, which had regard to the strategic guidance letters we received from the Secretary of State in January 2021, and March 2021.⁴³

Given this context, we could not consider the proposal to cut funding for performing and creative arts, archaeology and media studies in a separate consultation, because it is inextricably linked with all the other proposals: how much we spend on one area of activity affects how much we can afford to spend on others. We recognise there will be strong and varied views on whether our proposals are right and we welcome them all – that is what we sought in our consultation. However, with a fixed budget, we have to make decisions on the overall balance of funding between different providers and different activities, rather than consider them in isolation.

Analysis of responses

9. Responses to consultation can provide important arguments and evidence about proposals, their impact and possible alternative approaches. They also provide contextual information about how widespread and how strong views are on proposals, through the use of Likert-type responses (such as options to agree or disagree). However, as above, there is no duty to adopt the submissions of respondents to a consultation; rather, the OfS is entitled to consider the whole range of responses and form its own conclusion independently of the view of any particular section of consultees. Where respondents have disagreed with a proposal that we are nonetheless taking forward, we have explained why that proposal is being taken forward despite those responses received.
10. As the analysis that follows shows, we received thousands of comments in the responses to each question and we have read through them all. We have not given greater weight to comments based on who the respondent is, because our concern is about the strength of the argument or evidence provided. All responses were read and analysed by OfS staff.

⁴² This disregards one-off sums totalling £95 million provided for academic year 2020-21. These comprise £10 million to support increases in student numbers in the year following the re-grading of A-levels and other Level 3 qualifications in summer 2020; and £85 million to address student hardship arising from the pandemic.

⁴³ The strategic guidance letter to the OfS of 25 March 2021 applied a condition of grant on the amount and approach to distributing funding for world-leading specialist providers for academic year 2021-21. The letter is available from: www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

Analysis of responses to each question and OfS decisions

Question 1: To what extent do you agree with the proposal to distribute a greater proportion of OfS recurrent grant through the main high-cost subject funding method?

11. Table A2 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A2: Numerical summary of responses to question 1

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	23 (19.2%)	35 (29.2%)	23 (19.2%)	33 (27.5%)	6 (5.0%)
On behalf of other organisation	10 (5.9%)	11 (6.5%)	13 (7.6%)	104 (61.2%)	32 (18.8%)
As an individual	193 (2.5%)	191 (2.5%)	471 (6.1%)	5710 (74.1%)	1138 (14.8%)
All respondents	226 (2.8%)	237 (3.0%)	507 (6.3%)	5847 (73.2%)	1176 (14.7%)

12. We also received 4,804 comments in response to this question.

13. Responses to this question reflect many of the themes further explored in later questions. In particular concerns about the proposal to reduce the rate of high-cost subject funding for the proposed price group C1.2 subjects (consultation questions two and three) were raised by more than 50 per cent of respondents. Smaller numbers of respondents also commented on the effects of our proposals concerning London weighting (questions five and six), targeted funding allocations (questions 10 to 12) and the effects of our proposals on underrepresented student groups (questions 13 and 14).

14. The majority of respondents who commented on the proposed reduction to the rate of high-cost subject funding for price group C1.2 were writing to reflect concerns about how this would affect art, design and music courses, though a substantial minority were also discussing how this would affect archaeological courses. A number of common themes were identified in these responses, including:

- a. A general call for the rate of funding to be maintained for price group C1.2 subjects, with some respondents going further and calling for a general increase in the level of funding either specifically for price group C1.2 subjects or more generally for all higher education courses.
- b. Support for the principle of protecting the rate of funding for high-cost subjects, but that this should not be at the expense of introducing cuts to the rate for price group C1.2 subjects. A respondent noted that:

'The university welcomes the principle that certain subjects require additional expenditure - and therefore should be supported appropriately. STEM teaching and research is important to the UK economy and universities have proved their worth over the course of the

pandemic - particularly in medical and health sciences areas. However, we are concerned that the additional funding proposed comes through de-prioritising other subjects – which also have an important part to play in the economic and environmental wellbeing of the country.’

- c. Concerns about the effect of such a reduction in funding on the viability of courses in these subjects. Respondents noted that a restriction in the funding available, even where the proposed reduction is comparatively small, would have an effect on the affordability of their provision:

‘this will have a significant impact on those universities with high number of students on C1 subject programmes. With tuition fees fixed, this will further squeeze financial sustainability. This methodology could discourage universities from offering a wide range of subjects’

‘... [this] is likely to have a detrimental impact, especially on smaller college based higher education provider[s]’

Respondents also noted that such courses also have recognised high costs of provision, and that a reduction in the OfS funding available will potentially mean the closure of arts-based courses, or the need for significantly higher internal cross subsidy to allow such subjects to remain viable.

‘Any reduction in OfS grant funding in support of these subjects will need to be offset by reducing expenditure elsewhere. This is likely to have a detrimental impact on the student body as whole.’

- d. Similar concerns expressed the view that the reduction in funding would make such courses less accessible to certain student groups, particularly those under-represented in higher education, due to a lack of availability or affordability. Several respondents reflected a line from the main consultation document that ‘[courses in the creative arts] make a particularly important contribution to access and participation’, with one also commenting that:

‘... [reduced OfS funding will give] an advantage to the students who can afford to buy extra materials and equipment that others from lower socio-economic backgrounds may not be able to do. This would mean students who have dependents, are carers, or have to take on extra jobs to afford rent, could not cover the extra course costs.’

- e. The view, expressed by the majority of respondents, that the proposals in a wider sense do not reflect the value of price group C1.2 courses (particularly arts courses) to society. This was expressed in general terms: ‘Collectively we have turned to the arts to get us through a difficult time across the world’. More specific comments reflected on the role that such subjects have in the economy and in the country’s recovery from the COVID-19 pandemic:

‘... [such courses] are absolutely critical to the successful social and economic recovery of England post-pandemic. Recent research has shown that the speed of the national economic recovery is likely to be driven by the growth of microbusinesses in the cultural and creative industries.’

- f. That the proposed approach does not support the development of interdisciplinary approaches, reinforcing a division between sciences and the arts:

‘Splitting, for example, IT from other creative subjects could be detrimental to interdisciplinary subject innovation that our economy will need in the coming years, and to the pipeline of graduates to key creative and technology growth sectors.’

- 15. Expanding on the effects of the proposals to the wider UK, respondents commented on the value of graduates in these areas to the country and the economy. It was noted:

- a. That graduates in these areas, leaving aside their subject of study, develop valuable transferable skills that benefit the economy, with one respondent noting:

‘... creative subjects develop complex problem-solving skills, critical thinking skills, people management and collaborative skills and emotional intelligence. All skills currently consider [*sic*] in short supply by industry’.

- b. The value of archaeology graduates to the wider economy, particularly construction. Respondents noted that: ‘there is a national shortage of archaeologists due to the huge increase in major construction projects with field workers being recruited abroad to make up the deficit.’ One comment also noted that:

‘At least 50 per cent of exiting archaeology undergraduates will need to enter the profession to feed the current forecast pipeline of work. Actual numbers of archaeology graduates currently entering the profession are close to 10 per cent of the annual cohort [...] currently 90 per cent of professional archaeologists in the UK have at least one undergraduate qualification in the subject. There is currently no alternative training pipeline for this kind of expertise on the scale required.’

- c. That the creative industries are highly valuable to the UK economy, and that the proposed changes to funding methods threaten the talent pipeline supplying graduates to the industry:

‘The Creative Industries account for £112bn GVA [Gross Value Added] to the UK economy and, according to the 2017 review commissioned by the Government and chaired by Sir Peter Bazalgette, are forecast to create 1m new jobs by 2030. The sector is larger and growing more swiftly than UK financial services - and it requires a highly trained workforce.’

‘The creative and cultural sector is relatively highly productive: the average GVA-per-worker generated in [the] UK is £47,600; in the arts, it is £62,000 (over 30 per cent higher). The sector returns much more to the Exchequer in tax than it receives through subsidy.’

- d. That the message sent by the proposals appears to contradict government policy, noting that the creative industries were one of the key priority sectors identified for development in the 2017 industrial strategy and that more recently:

‘Build Back Better: Our Plan for Growth (HM Treasury, March 2021) identifies the creative industries as one of the UK’s particular economic strengths, describing them as “a major success story for the UK, and a critical driver of innovation and growth”⁴⁴

It was also noted that the creative industries are a strength for the country, and that the proposed cuts might weaken the UK’s world-leading role in these areas, both in higher education and in the larger economy:

‘UK culture is also one of our biggest assets on a global stage. This was recognised in DCMS’ 2016 Culture White Paper⁴⁵ [...] The annual Soft Power 30 report shows that the UK consistently ranks second for the culture sub-index, our highest ranking across all indices, second only to the US.⁴⁶ As we move forward independently from the EU with ambitions to be a “Global Britain”, the strength and diversity of British culture is likely to play a significant part in establishing our global identity and helping to strengthen international ties’

16. Beyond comments about the effect of the proposals relating to reduction in high-cost subject funding, respondents also expressed concerns about the removal of London weighting. Comments highlighted the additional costs involved with providing higher education in London:

‘... targeted allocations to London rightly acknowledge the higher costs, such as staff salaries and property costs, that are determined by local market forces and are in the most part outside of the influence of London institutions.’

17. It was also noted that for certain providers, the removal of London weighting would compound the effects of other proposals in the consultation: ‘some small and specialist institutions will financially struggle at a time where student numbers for both home and international students are still unstable.’

A specialist science provider based in London noted that: ‘the modest monetary increase [due to the increase in the funding rate for price groups A and B] is more than offset by the proposed removal of the targeted allocation for students attending courses in London.’

18. A small number of comments referred to the effects on medical, dental, nursing and healthcare courses. Generally, respondents welcomed the proposals to protect the rates of funding for these subjects, but noted that for London-based providers, any benefit would be cancelled out by the removal of London weighting. One respondent noted that, when London weighting was taken into account, they would see a 5.3 per cent decrease in their OfS funding per FTE.
19. A number of respondents also provided comments on the perceived equitability of the proposals, and the negative effects they expected to see on access and participation. Commenters highlighted several areas they described as discriminatory, noting that some

⁴⁴ See: www.gov.uk/government/publications/build-back-better-our-plan-for-growth.

⁴⁵ See: www.gov.uk/government/publications/culture-white-paper.

⁴⁶ See: softpower30.com/.

types of provider, particularly smaller and specialist institutions and those based in London, would be disproportionately affected. One provider noted that:

‘Many FE colleges provide opportunities for HE in cold spots of the country and we would urge OfS to avoid changes to funding which are likely to damage the interests of students from these areas and from disadvantaged backgrounds.’

Other respondents repeated concerns relating to the perceived value of the arts, noting that the proposals ‘create an unnecessary and divisive hierarchy of subjects.’

20. The main consultation document noted the important role that performing arts, creative arts, media studies and archaeology courses have in contributing to access and participation. Respondents reflected this in their responses and also noted they expected the proposals would have a negative effect on targets in these areas, with a reduction in the level of support for these subjects translating into less opportunity for under-represented student groups to participate in these areas:

‘[the proposed change to] the high-cost subject funding method is likely to be detrimental when it comes to offering a diverse mix of subjects. That is likely to impact predominantly on modern universities like [ours] and that could, in turn, narrow the range of subjects offered to students from low-participation backgrounds.’

21. The removal of London weighting was also specifically highlighted by respondents as likely to have a negative effect on access and participation, again reflecting points made in the main consultation document about the greater proportion of students from black, Asian or minority ethnic backgrounds. A number of respondents asked if an equality analysis had taken place for the proposals.

22. A substantial minority of respondents expressed concerns about the methods used to prioritise subjects into price groups, noting that many of the subjects in price group C1.2 are ‘known to be high cost to deliver as evidenced through the Transparent Approach to Costing (TRAC) submission.’ Disparities in the teaching costs of certain subjects were mentioned: ‘mathematics, which has a much lower cost base than the other STEM subjects’ and that the ‘reduction in the funding for programmes in the performing arts and media production may be politically expedient but that it does not reflect the high-cost delivery of these degree courses.’ Some commenters noted that an approach that reflects government priorities (as opposed to being driven solely by teaching costs) has both advantages and disadvantages:

‘[The proposal] has the advantage of being responsive (for example to events such as the pandemic) and quick-footed, but it carries dangers because any definition of “national priorities” will vary widely between stakeholders as well as over time as circumstances change.’

23. Several respondents discussed the methods used to prioritise subjects, noting that this appeared to be less driven by the evidence of relative cost than in previous years. Commenters expressed the worry that this approach would leave higher education funding open to being driven by ideological and political considerations, and would be less stable as a result.

24. A few comments said that STEM subjects were over-supported and should be cut, but these commenters did not provide evidence for this view. A similarly small number of comments suggested that the whole funding model should be reviewed.
25. A number of respondents, both those that agreed and disagreed with the proposals, noted the effects of the proposals on the unit of resource. Comments appreciated the steps taken to preserve the rate of funding for high-cost subjects, but had concerns about the longer-term sustainability of the funding rate, given the context of increasing student numbers, costs and fixed tuition fees. Such respondents called for a longer commitment to funding levels from the government, noting:

‘... concern that the funding commitments made here do not match the significant increase in student numbers on high-cost courses seen in 2020 and likely to continue to 2021 and beyond. As high-cost subjects are of specific strategic value then we would like to see a commitment to long-term funding at the required level set per student.’

‘... that this proposal does not fully address the substantial decline in the total unit of resource per taught students (a combination of tuition fee income and OfS recurrent funding). Real-term income from tuition fees continues to decrease due to the fact that regulated tuition fees have not been increasing in line with inflation [...] costs of our teaching delivery remain considerably higher than the income and the continuing deterioration of the unit of resource results in the widening of the gap, which requires cross-funding from other sources. We expect the situation to worsen even further as a result of the unplanned increase in the fundable students on undergraduate courses due to atypical Level 3 examination results in 2020’.

Other respondents, particularly those that disagreed with question 1, called for reductions to the rate of funding to be addressed through a general increase to the funding available to the OfS.

26. The final set of themes discussed by respondents looked at the implementation of the proposed changes. Several respondents noted the short notice that providers have for the implementation of these changes:

‘... [it is noted] that allocations are unlikely to be announced until June or July 2021 – just weeks from the start of the academic year leaving very little time for providers to plan for or adjust to changes. This is especially acute as so many providers have lost other income generating streams as a result of Covid and are therefore unable to cover sudden losses from elsewhere.’

‘We are also concerned about the potential CMA [Competition and Markets Authority] issues over what has already been promised to students for next academic year. Such severe cuts will undoubtedly impact on some providers' delivery [...] and these changes will negatively impact the student experience. We therefore believe as a matter of principle any cuts of this nature need at least 12-18 months of lead time so as not to prejudice the student experience.’

27. A number of respondents also extended calls for the OfS to put in place measures to mitigate the impact of the changes:

‘OfS are asked to consider the impact on individual providers and to set a percentage cap on the level of grant funding loss any one provider might face in any one year in order to safeguard and protect the experience of continuing students.’

OfS response and decisions

28. Question 1 specifically concerned the balance of funding between high-cost subject funding and other elements of grant, whereas question 2 sought views on the prioritisation **within** the high-cost subject funding method of certain subjects (and in particular the proposed reduction to rates of grant for performing and creative arts, media studies and archaeology). Given that responses to question 1 overlap to a substantial degree with themes raised under other questions in this consultation, we will not respond here to all the points raised above. Instead they will be covered under their respective sections below.
29. While we acknowledge the concern in the large majority of responses about cuts to funding for particular areas, respondents did not, on the whole, suggest alternative approaches to how our fixed budget should be distributed in a way that would strike a balance between different priorities.
30. A number of responses to question 1 touched on areas that fall outside the scope of our consultation. The need for an overall increase in the funding available to us from government, for example, (see paragraph 25) is for the government, rather than the OfS, to determine. We have shared all responses, as well as our summary analysis of them, with the Department for Education.
31. The terms and conditions that the Secretary of State has applied to OfS grant for 2021-22 mean that we must implement the reduction to the rate of high-cost subject funding for the performing and creative arts and media studies and also remove London weighting. The terms and conditions also preclude us, without written agreement from the Department for Education, from mitigating the impact on providers of such reductions through other grants, which would include phasing in change over a longer period. These requirements release funding available for other grants and activities. We have considered carefully the responses to our consultation, and had regard to our duties, the overall funding settlement available to us and the terms and conditions that apply to it. We continue to believe that it is right to protect, and if possible enhance, the rate of grant per FTE provided through the main high-cost subject funding method and the nursing, midwifery and allied health supplement, particularly where these support science, technology, engineering and mathematics (STEM) subjects and healthcare disciplines. We have therefore decided to set the budget for high-cost subject funding at £755 million for academic year 2021-22. This is sufficient to provide an increase to the rate of grant for subjects in price groups A and B and for courses in computing and IT, archaeology and pre-registration nursing of 4 per cent compared with 2020-21. These rates remain 1.5 per cent lower in cash terms than for 2019-20.

Question 2: To what extent do you agree with the proposal to split price group C1 in order to implement a reduction of 50 per cent to the high-cost subject funding allocated to subjects in the performing arts; creative arts; media studies and archaeology?

32. Table A3 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A3: Numerical summary of responses to question 2

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	4 (3.3%)	27 (22.3%)	23 (19.0%)	61 (50.4%)	6 (5.0%)
On behalf of other organisation	3 (1.8%)	3 (1.8%)	5 (3.0%)	146 (86.4%)	12 (7.1%)
As an individual	131 (1.7%)	31 (0.4%)	56 (0.7%)	7371 (95.8%)	102 (1.3%)
All respondents	138 (1.7%)	61 (0.8%)	84 (1.1%)	7578 (95.0%)	120 (1.5%)

33. We also received 5,946 comments in response to this question.

34. Most comments were against the proposed changes, but a small number were reluctantly in favour of the change proposed. These respondents recognised that the limited resources available meant that prioritisation was required and that this would cause reductions in funding for some subjects.

‘It is difficult to support any reduction in high-cost subject funding. The actual funding per student FTE here is already modest. However, given the total funding available and the significant increase in student numbers particularly in higher cost subjects [...], the proposal is understandable to try to protect the rate of grant per student FTE in higher cost subjects.’

‘However, in line with our first response, we broadly agree that it makes sense to more generously fund the costliest programmes. In particular, the technical document which accompanies this consultation [and] models funding impacts for providers based on their region notes that all areas outside of London, on average, are net beneficiaries of this new hypothecation.’

‘Whilst we would prefer to see high-cost funding for performing arts, creative arts, media and archaeology maintained at the current level, we consider the splitting of the C1 group into C1.1 and C1.2 to be a logical way to enact the priorities set out in the Secretary of State’s annual grant letter.’

In these cases, the proposed split was seen as being the most equitable or least disadvantageous way of making the required changes. Some respondents felt that, although the strategy was correct, the reduction of 50 per cent was excessive. A very small number of respondents felt that funding for the subjects affected was already excessive.

35. A large number of themes were evident in the responses against the proposed change, summarised in the paragraphs below. A very large proportion of the comments made were specifically addressing reductions in funding for performing and creative arts and music courses, though a minority of other subjects such as archaeology and media studies were referenced.
36. Concerns were expressed about the sustainability of provision of C1.2 subjects. Although this concern was noted at all levels, a number of respondents highlighted concerns for small providers in general and further education and sixth form colleges in particular. Respondents also noted that the proposals would interact with the expected 'demographic bulge' in student numbers to reduce student choice. Some suggested that this would have a longer-term effect on the provision of these subjects in schools, particularly with regard to the teaching of music, a subject in which the government has recently made announcements about changes in the school curriculum. Some suggested that if a cut in the funding rate for price group C1.2 subjects was necessary, it should be less than 50 per cent.

'We believe that rather than seeking to reduce the funding to institutions as proposed, which could result in some courses becoming financially unviable and being forced to reduce the quality of their provision or even close, the Government should maintain the current level of funding in order to ensure that arts education continues to be available to and accessible by all those with the potential to succeed.'

'While [the respondent] understands the need for the OfS to prioritise its funding in line with government priorities, we are gravely concerned the proposed changes create a vast funding gap for universities who deliver significant levels of provision for subjects in price group C1.2, with implications for financial sustainability of those hardest hit.'

'Today's undergraduates in creative disciplines are tomorrow's art, music and performing arts teachers and youth arts professionals. Funding provision to maintain a broad provision of courses at HE level is critical to the future of arts and creative disciplines in schools and for young people in informal settings outside school'

37. One respondent voiced concern that the negative effect of the proposed changes would be amplified if their capital grant bid was unsuccessful (referring to our separate consultation on capital funding for 2021-22, which proposed bidding as a capital funding method for 2021-22). Another highlighted the potential difficulties for new and poorer providers in contrast to established providers with financial reserves.
38. Another common theme discussed was the concern that the division of C1 subjects into two groups created a false dichotomy between 'the arts' and 'STEM subjects' in which the former is seen as less valuable to society than the latter.

'I am deeply also concerned that this proposal for prioritising funding for STEM subjects, is based on a differentiation between "C1.2" and other high costs subjects, that consolidates a false boundary between "STEM" and creative arts, media, performance and humanities subjects.'

Some suggested that it was better to think of 'STEAM' subjects (science, technology, engineering, arts and mathematics) rather than STEM.

39. A very small number of respondents speculated on the potential use of student number controls as a means of controlling expenditure, in preference to reducing the rate of funding provided for subjects in price group C1.2.

40. Many respondents noted the proposed changes would have a negative effect on the accessibility of higher education courses, particularly when looking at students from underrepresented and 'non-traditional' groups (e.g. students who are the first in their family to participate in higher education), disabled students, and students with mental health issues. More generally, respondents referred to concerns about the effect on the sector's widening participation agenda as a whole.

'We are concerned that the current proposals, which we believe will result in fewer arts courses being offered, will limit rather than expand opportunity for all, widen existing inequalities and decrease participation rates in higher education by students with disabilities and those from lower socio-economic groups.'

'EDI [equality, diversity and inclusion] matters – it's noted that these subjects have a higher proportion of students with a disability, low POLAR etc⁴⁷ – and cutting the funding will impact on these groups first at a time when we should be broadening this even further. In particular the concern will be that Music Departments with a more local reach will disappear and with that the opportunities for young people in their immediate area'.

'Your own report (paragraphs 22-23) makes it clear that the subsidising [of] subjects in group C1.2 has direct benefits for widening participation, access and diversity; and that these courses feed into shortage occupations. The proposal is therefore to maintain funding for "priority" courses at the expense of opportunities for students from diverse and less privileged backgrounds, a clear contradiction to the government's aim of "levelling up".'

'... it is important to recognise that not all students can or wish to leave home in order to study. If courses in these subjects become the preserve of a few institutions it will lead to geographical cold spots which will seriously disadvantage students in many parts of the country – particularly those with caring responsibilities or specific needs which means they wish to study locally. Small and specialist institutions have an important role to play but this should not be at the expense of the wider sector.'

41. It was noted that the proposals would have an adverse effect on students' future opportunities and aspirations and that their needs and quality of choice and experience would be diminished.

'Fewer arts courses will also limit the supply of high-quality arts teachers at a time when every year for the last five, barring 2020, the Department for Education Teacher Supply Model recruitment targets have not been met for Art & Design, Drama and Music teacher training.'

42. Respondents also noted specific financial consequences for students in these subjects, particularly those taking arts subjects.

⁴⁷ POLAR is the participation of local areas. See: www.officeforstudents.org.uk/data-and-analysis/young-participation-by-area/about-polar-and-adult-he/.

‘As it already stands, the arts are hugely underfunded. From my personal experience as a fine art student, I have spent over £1000 towards my degree on materials to create my work. This includes basic materials i.e. charcoal and paper. As well as my fine art materials, I have had to pay for many books for my written modules. This is extremely unfair as, for instance, my housemate who studies natural science is given ALL of her textbooks for free and does not have to pay for materials or solutions when she conducts chemical experiments in the labs.’

‘Students of subjects in the performing arts; creative arts; media studies and archaeology have taken a big financial hit during the pandemic due to lack of materials provision and lack of access to expensive specialised studio and workshop space, which were already lacking beforehand due to tight university budgets. Students had to crowdfund projects or share cramped, unsafe spaces to carry out their practice, which put undue stress on them.’

43. Similar concerns were expressed about the long-term impact of the proposed changes on regional and national economies and the broader skillset available to the workforce. A large number of respondents noted the value of the contribution that the larger arts sector makes to the UK economy:

‘... in 2018 the UK music industry contributed £5.2 billion to the UK economy [...] while the DCMS's [Department for Digital, Culture, Media and Sport] own figures demonstrate that in the same year the arts as a whole made an economic contribution of over £32 billion.’

44. Other comments in this area discussed similar effects that they expected to result for specific areas, relating to the loss of local provision in these subjects. Again, this was most frequently discussed in relation to the arts sector.

‘We are concerned that these proposed changes will irrevocably damage the ecology of the West Midlands cultural sector, its economic, social and cultural value and ultimately result in further “drains” on talent leaving the region, in turn devaluing the region’s cultural life and prospects. This is in direct contrast to the government’s “levelling up” agenda.’

‘The creative industries are a motor of growth in local economies across the UK, not just in London and the South East of England. [...] There has also been an explosion of creative entrepreneurship: almost nine in ten local economies grew their creative business population over this period, and 83 per cent of these areas grew this creative entrepreneurial community faster than other sectors [...] HEIs that deliver creative courses are essential to driving such local growth because they: attract, cultivate and retain a diverse pipeline of vital skilled workers and creative entrepreneurs to their region; attract creative businesses to base their business activities nearby; invest in local infrastructure and institutions, enabling creative ecosystems and clusters to regenerate and thrive; invest in local R&D and innovation, enabling their local economies to become world-leading; strengthen connections between the creative sector and other industries, further unlocking a region’s ability to innovate and grow; unlock creative solutions to local civic, social and economic challenges, ranging from sustainability through to the re-purposing of public space.’

‘The subjects targeted all provide major contributions and the workers who create the possibility of the cultural and creative industries. The Department of Digital, Culture, Media

and Sport reported that in 2019 that creative and cultural industries contributed 7.7 per cent of total UK gross value added (or contribution to GDP) 2019. (DCMS2020) These estimates place cultural and creative industries as broadly equivalent to the construction industries, two and a half times the size of the automobile industries and 10 times the size of agriculture. These proposals undermine and place at risk this essential economic sector.'

45. Many responses noted the potential adverse effect of the proposed reductions on the performance of the UK economy; some also noted the resulting adverse impact on tax revenues. Several evidenced this by referring to recent statistics suggesting that economic growth in the arts outperformed that of other sectors several fold; many noted that this appeared to contradict government policy as recently expressed in the concepts of 'levelling up', 'Build Back Better', the 'growth agenda' and the recently announced music curriculum for schools.

'Creative roles now make up 30 per cent of the Government's Shortage Occupation List (SOL), and include many of the jobs cited as being very likely to grow as a share of the workforce by 2030, by virtue of being resistant to automation. These proposals risk worsening current skills shortages. With the likely closure of existing arts courses and Departments across the UK, existing skills shortages would be negatively affected, and new skills shortages would undoubtedly emerge. We recognise these skills shortages as a major long-term strategic challenge that will impact our capacity for growth and innovation.'

'This value was recognised in government's former Industrial Strategy and recent "Plan for Growth", published alongside the Spring Budget, where the creative industries were highlighted as a priority sector.'

46. Respondents also expressed the view that the proposals might result in a diminishing of the UK's standing and international reputation in these subjects, both in terms of higher education and in the broader sectors affected.

'The UK's HE music provision could lose its world-leading status as a result of this cut'.

A few responses suggested that the proposals would discourage foreign students from coming to study in the UK or that providers may have difficulty in attracting such students. It was also suggested that there would be an adverse effect on the UK's 'soft power' and global image, potentially having a deleterious effect on tourism and the economy, as well eroding the country's own self-image.

'The proposal would undermine Britain's world lead in "soft power". Britain's ability to influence world-wide through our culture thinking about the nature of the world will be damaged. This would severely hamper a global Britain by damaging one area, in music, media, performance and so on, in which Britain is both clearly world leading and which projects British creativity and values.'

'The government's plan for growth highlights that the digital and creative industry sectors are a major success story for the UK, and a critical driver of innovation and growth. Cutting the pipeline of talent will have serious repercussions for the UK's long-term international competitiveness.'

47. Some respondents commented that price group C1.2 subjects, particularly archaeology, were also identified by the government as being skills in short supply and suggested that this was likely to have a detrimental effect on the ability to advance many of the government's strategic aims.

'Archaeology is a recognised construction skill and a necessary part of the supply chain for the delivery of housing and infrastructure development, for instance HS2, Crossrail, and the A14 corridor project. Archaeology is essential to meet planning policy requirements and is therefore a contributor to key national priorities [...] These skills are, in addition, recognised by Government as being subject to a shortage, with archaeology jobs currently listed on the UK Shortage Occupation List.'

'For 150 years the UK has been at the cutting edge of international archaeology, and we still have the four top-ranked universities for archaeology in the world according to the QS rankings.⁴⁸ However, this position has been seriously eroded by the increasing withdrawal of funding from the subject over the last 10 to 15 years, with many university departments dramatically contracting [...]. Already there are virtually no British graduate students in archaeology because there is no funding for them; our universities overwhelming[ly] teach overseas grad students. In another 10 years there'll be almost no British archaeologists in academia. Foreign academics will teach foreign students in UK universities.'

48. Many responses highlighted the concept that the study of creative subjects promoted personal growth, resilience, mental health and wellbeing and that they also played a role in local communities, adding diversity and cohesion. Any reduction of funding would have an impact on these benefits. One respondent said:

'Being a recent graduate from a performance-based undergrad and master's degree [...] I cannot express how valuable the skills are that I gained on both programs. I now work for the university [...] and the creativity, initiative, confidence and endless personable skills are needed every day to thrive in my role and properly support the students I work with.'

49. Many of the subject areas affected had increasing inter-disciplinary crossover with more 'technical' subjects, particularly digital and health related subjects. In addition, several respondents suggested that the kind of learning and soft skills nurtured by studying the arts and humanities equipped graduates with the ability to quickly adapt to new environments and to bring their skills and creativity to their work. Some argued that this capability would be required in jobs that had not yet been imagined or created:

'Arts graduates contribute across disciplines in their working lives, not just in theatres and concert halls. They work in prisons, hospitals, offices, schools, gaining other qualifications and helping others to find their own voice in the world. These subjects do not narrow students' outlook or employability – they help students to see the world as it is, developing transferable, lateral skills, and they are incredibly employable, something borne out in data from many student destination studies, where the number of students in employment does not significantly differ from any other discipline.'

⁴⁸ See: <https://www.topuniversities.com/university-rankings/university-subject-rankings/2021/archaeology>.

50. Some responses suggested that the proposed policy seemed not to recognise the nature of the subjects affected, the role that they played in the fabric of national life and the intangible nature of their value to the country, its economy and people.

‘Music and the arts are of huge significance to the nation's quality of life and wellbeing. This was clearly demonstrated during lockdown when millions turned to music as a way to cope, relax, escape, raise their mood or keep them company. Covid revealed the central importance of music in people’s lives, yet these cuts show a complete lack of understanding of the role music plays in society.’

51. A substantial number of respondents commented on the basis on which the decisions to make reductions were being made:

- a. Some respondents discussed the basis for classification of certain subjects as ‘strategic’ and ‘lower priority’. Comments received disputed the basis for assigning a lower strategic priority to subjects placed in price group C1.2, reflecting points noted above about their value.

‘The notion of strategic priority starts with a highly limited concept of the value that accrues from the experience of higher education. It is highly problematic to associate the value of a subject with the earnings of graduates, as it assumes that the purpose of higher education is to contribute to GDP, and provide training for employment, rather than to improve the quality of life more generally in the UK and beyond.’

- b. Respondents also perceived contradictions between assigning a ‘lower’ priority to these subjects, given the value placed on them in government priorities, and in the role that they play in access and participation efforts.

‘The narrative around performing arts, creative arts, media studies and archaeology as being “less importantly strategic” subjects contradicts the statements and acknowledgements made within the [main consultation document] about the benefits and “huge contribution” they make to society.’

52. Respondents also commented that the proposal meant that the provision of OfS high-cost subject funding was moving away from a true reflection of the cost of provision, with responses from registered providers and sector bodies referencing the Transparent Approach to Costing (TRAC) data to support their argument.

‘High-cost subject funding was established in recognition that costs to teach certain subjects are higher than can be met through course fees alone. Both the allocation and weighting of this funding has historically been, at least in part, based on cost centre expenditure and TRAC T information.⁴⁹ [...] The proposed change represents a move from this evidenced cost-based approach to one based on a perception of strategic value. This does not seem a particularly sound basis for the longer term sustainability of the diverse HE subject base that underpins the full range of UK economic output.’

⁴⁹ TRAC(T) is the transparent approach to costing for teaching. See: www.trac.ac.uk/about/.

‘Our costs in delivering [archaeology] are of a magnitude that demand the current C1 premium. For example, Geographical Information Systems are integral to the teaching of Archaeology degrees, yet HECoS 100369 (Geographical Information Systems degrees) will retain its place in band C1. In short, the costs of teaching Archaeology have not dropped either proportionately or in real terms, and they are directly comparable with other subjects [such] as Environmental Science which have retained their position in the higher band, and arguably with degrees in Earth and Environmental sciences which are in band B’.

‘We believe that if price group C1 were to be split, the decision of which subject should end up in which group should be based on the analysis of costs, as this would be a fairer basis; the “price” would then relate more closely to actual data as opposed to subjective value judgements. For example, TRACT T data for our institution shows considerably higher costs per student in the cost centre 126 “Archaeology” than 121 “IT, systems sciences & computer software engineering”. It can also be expected that Computer Science departments across the sector will have greater ability to cross-fund between their various activities in comparison with performing and creative arts, as they are more likely to attract research funding from industry at full economic cost or higher and can have other sources of income through commercialisation, consultancy and IP [intellectual property].’

53. Several responses questioned the nature of the data used to make the decision and the basis of the classification of subjects in the price group split. Some responses also went further, suggesting that other factors should be taken into account, such as the costs of delivery for individual providers and measures of quality of provision, such as graduate outcomes.

‘No consideration has been given to the quality of the course or the track record of the institution delivering it.’

54. A small number of responses discussed government policy and suggested that the changes proposed were ideologically or politically driven.

‘The inequity of the proposed changes to the various subject areas is so extreme that it risks losing the confidence of the sector. Members of our own subject association find it difficult to understand the proposed cut to the subjects in C1.2 as driven by anything other than ideology.’

55. A very high proportion of respondents expressed the view that the protection of the rate of funding for subjects in price groups A, B and C1.1 should not be done at the expense of a reduction to subjects in price group C1.2. A number of respondents suggested that the additional funds could be made available by:

- a. Utilising the London weighting allocations.

‘We have some concerns about the proposed discontinuation of the London weighting [...] but we note that the £64 million freed up by ending it would be more than enough to meet the cost of increasing FTE numbers in all of price groups A, B, and C1 (i.e. both C1.1 and C1.2), and without reducing the funding per FTE in any of them.’

- b. Utilising the allocations for very high-cost STEM subjects.

'[The provider] proposes there is no reduction with the 2020-21 allocation of £36m maintained in cash terms. The cost of retaining the budget at £36m will be achieved by removing the budget for very high-cost subjects (£24m).'

- c. Small providers whose provision was largely in the affected subjects should be treated differently to courses offered within larger, multi-disciplinary providers, in order to mitigate any disproportionate effects of the reduction in funding.

'The nature of performing arts tuition in a small specialist institution differs greatly to that in a larger institution. The conservatory delivery model is focussed on intensive 1:1 and small group teaching plus performance activity which inherently is more costly and resource intensive. The approach should differ through moving students in category C1 at small specialist institutions into C1.1, rather than C1.2. The impact of this change would be relatively modest compared to the changes being proposed overall, and also would support the stated priority of protecting the rate of grant per FTE for high cost subjects.'

- d. Tailoring allocations on a provider-by-provider basis:

'My suggestion would be, if arts funding has to be cut at all (which is a big if, and certainly not an inevitability), it needs to be tailored to individual institutions to make sure that they can remain afloat through other income until the post-Brexit and post-Covid "new normal" is established.'

56. A quarter of respondents commented on the short notice given to providers on the proposed changes, and that this did not allow providers much time to implement these changes and put in place measures to mitigate their impact.

'We would also add that there may well be CMA [Competition and Markets Authority] concerns over what has been promised to students in their contracts – these proposed funding cuts will necessarily reduce the ability of a large number of providers to deliver what has been promised during the recruitment process, which will result in consumer protection concerns and should be seen as extremely unfair and prejudicial to students. Any cuts of this nature need at least 12 to 18 months of lead time so as not to prejudice the student experience and breach consumer law.'

'The proposed approach does not seem to take into account the medium and long-term implications and the potential unintended consequences. Universities are required to have a long-term view and manage their investments and financial plans to maximise value for money. The proposed change and the short notice make it very difficult to manage long term investments and universities will have to consider its ongoing and future investments in the proposed C1.2 subjects.'

'Although the proposal to split the price group C1 seems sensible a reduction of 50 per cent does seem severe with only a few months before this is implemented. As stated in the consultation many of these courses are expensive for providers to offer. Due to the change in process this year the fact that 2021-22 proposed allocations have only just been released it will be difficult for universities to reduce their cost base in this short period or be able to

absorb the reduction in income. By not increasing the rate and reallocating the increase in rate for both A, B subjects the funds would be available to reduce C1.2 subjects to 75 per cent.'

57. Respondents also called for a phased implementation to the changes or for measures to mitigate the effects of the changes on the most affected providers.

'Should the decision be made to pursue these cuts, then at least a phased reduction over time would allow for Covid recovery and will be more equitable and enable HEPs [Higher Education Providers] to look for other sources of funding to continue the support to access and participation in these subjects.'

58. Some respondents commented on the interaction of the proposed changes to price groups and to the specialist institutions targeted allocation. It was noted that these may have an unintended effect of concentrating arts provision at specialist providers, with a deleterious effect at other institutions.

'Importantly, by focusing on "specialist providers" the proposal ignores the exceptional teaching and research being conducted across the HE landscape in the UK and as a consequence ensures only the wealthiest and most privileged will be able to access these subjects.'

59. It was noted that not increasing the targeted allocation for specialist institutions could free up money to mitigate the effects of any reduction in funding for price group C1.2:

'The proposal here contradicts the later proposal to increase funding for specialist providers, many of whom will be offering provision in these subject areas. Choosing not to increase funding to a few, specialist providers would release £10m in funding which would halve the loss of funding to performing arts; creative arts; media studies and archaeology across the sector.'

'However, it should be noted that the savings that will be realised by cutting these band C subjects by 50 per cent could easily be made by reducing the amount of funding that is allocated to a small and arbitrary list of providers, already well funded, that have not been assessed under relevant methodology to be worthy of this significant pot of specialist funding. So, cutting that specialist funding by say 50 per cent and holding current funding levels of all band C subjects would seem a much fairer and more sensible approach to achieving the Secretary of State's aims while protecting the large number of smaller arts-based providers who depend on this funding.'

60. Around a quarter of responses (mainly those that utilised the text of template responses such as the one referred to above from the Musicians' Union) expressed concern that the proposals (and the Secretary of State's guidance on which they are based) did not have regard to the OfS's statutory duties, particularly those regarding promoting student choice:

'We are concerned that the proposal does not have sufficient regard to the OfS' duties, as enshrined in the Higher Education and Research Act 2017, to promote "greater choice and opportunities for students" and "equality of opportunity in connection with access to and participation in higher education". We are concerned that it will result in fewer arts courses being offered by HE providers, and subsequently fewer opportunities for participation in

these areas. We are concerned that it will reduce diversity and opportunity in creative training and work, and in our creative industries for which these courses provide high-quality training and an important talent pipeline.’

Some responses suggested that the OfS should contest the Secretary of State’s guidance on the grounds that it is not in line with our statutory duties.

61. A very small number of responses suggested that the proposals may be ‘discriminatory’ on these grounds:

- a. The content of the main consultation document’s paragraphs 22a and 22b, which describe the contribution that design, creative and performing arts, media, journalism and communications courses make to access and participation efforts.
- b. The exclusion of music therapy, art therapy and drama therapy from the list of subjects defined as allied health professions, both in terms of inclusion in price group C1.1 and in terms of qualifying for the nursing, midwifery and allied health supplement.

‘This proposal claims to wish to distribute funds in order to better support the Allied Health Professions [AHP]. Yet Music Therapy, Art Therapy and Drama Therapy are all Allied Health Professions, and this proposal would dramatically reduce core training for these AHP courses. This is discriminatory, and if the OfS does genuinely wish to support the Allied Health Professions it should be supporting all AHP students to be able to access fundamental training.’

- c. The effect of the proposed changes on those with disabilities.

62. As well as commenting on the equity of the proposed changes, a small number of respondents expressed concerns that the proposals would be followed by similar reductions in future years.

63. A small number of respondents highlighted the potential negative effect of the proposed changes on staff at providers (both academic and others) and those working for other employers either in partnership with or in some way dependent on providers.

OfS response and decisions

64. We have noted the arguments presented by many respondents relating to the sustainability of subjects in the performing and creative arts, media studies and archaeology; the contribution they make to the economy and society and the soft power they bring to the UK’s influence internationally; the relationship with other aspects of government policy (such as its shortage occupation list and ‘Build Back Better’); and the skills and benefits they bring to the individuals who study them.

65. The terms and conditions that the Secretary of State has applied to OfS grant for 2021-22 mean that we must implement the reduction to the rate of high-cost subject funding for the performing and creative arts and media studies (the terms and conditions no longer require the reduction to apply to archaeology). If we do not, we may be required to repay the whole or any part of the grant still held by us to the Department of Education. The terms and conditions also preclude us, without written agreement from the Department for Education,

from mitigating the impact on providers of such reductions through other grants, which would include phasing in change over a longer period. We are also required under terms and conditions applied by the Secretary of State, to implement the removal of London weighting in our allocations and to increase by £10 million the separate funding allocation provided to world-leading specialist providers.

66. For this reason, we confirm that for academic year 2021-22 we will split price group C1 into C1.1 (covering computing and IT, archaeology and pre-registration courses in nursing) and C1.2 (covering performing and creative arts and media studies). Activity in price group C1.2 will be subject to a reduction of 50 per cent (£121.50) in the high-cost subject funding rate of grant per FTE compared with academic year 2020-21.
67. Paragraphs 27 and 28 and Annex B of our consultation in OfS 2021.01 explained how student activity is assigned to price groups for our funding purposes. For some courses, this is based on the fact that the course leads to qualification to practice in certain professions or provides further professional development for those already so qualified. For others, it is based on the subject codes that apply to the courses, reflecting their subject content. It is subject codes that determine how any activity might be assigned to the new price group C1.2. Any particular course may have more than one subject code and in this situation the student activity on the course would be split between price groups according to those different subject codes. In this respect, there can be an important distinction between funding for courses and funding for subjects.
68. The assignment of subjects to price group C as a whole, and price group C1 within it, already reflects that such subjects have a laboratory, studio or field work element that gives rise to higher cost. A number of respondents argued against the proposed reduction to funding for archaeology on the basis of the science content of archaeology courses. However, where there is such science content, and this is reflected in course subject codes, then a proportion of activity on the course will be assigned to price group B and funded at a higher rate. Specifically, using the subject codes that apply to providers that submit data returns to the Higher Education Statistics Agency (HESA), subject codes that come under the Common Aggregation Hierarchy (CAH) for Archaeology (CAH20-01-03) are mapped to price group C1, whereas subjects within Forensic and Archaeological Sciences (CAH07-04-02) are assigned to price group B. The latter CAH code includes the Higher Education Classification of Subjects (HECoS) codes for Archaeological Sciences (HECoS 100384) and Forensic Archaeology (HECoS 101219).⁵⁰
69. We do not accept arguments about the reduction for C1.2 subjects threatening interdisciplinarity across the arts, science and engineering (see paragraph 14.f of this annex). Where courses contain content across different subject areas, that may be reflected in the subject codes used, and therefore the rates of grant provided. Although mathematics is a STEM subject (see paragraph 2422 of this annex), it is assigned to price group C2, and therefore does not attract high-cost subject funding.

⁵⁰ See Table B1 and footnote 89 in Annex B of OfS 2021.01:
www.officeforstudents.org.uk/publications/consultation-on-recurrent-funding-for-2021-22/.

70. We also do not accept arguments about the treatment of courses in art therapy, music therapy and drama therapy. Some pre-registration courses for allied health professions were previously funded by the Department of Health and Social Care (DHSC). Because of this, finance and student FTEs for such courses were not included in the TRAC(T) returns submitted by providers and this meant that we (and our predecessor body, the Higher Education Funding Council for England, HEFCE) did not have data on the cost of such courses. HEFCE therefore commissioned costing studies to inform how these courses should be treated once funding responsibility for them transferred from the DHSC.⁵¹ These costing studies informed how such courses should be assigned to price groups and also led to the introduction of the nursing, midwifery and allied health supplement, which recognises where costs exceed what would otherwise be met through course fees and other OfS grants.
71. While art therapy, music therapy and drama therapy are indeed allied health professions, pre-registration courses in these disciplines were not among those previously funded by the DHSC or included in the HEFCE costing studies. Rather, they were included in the TRAC(T) data submitted by providers, which informed the assignment of activity to price groups and the rates of grant that have applied to them. We do not have evidence about how the costs of these courses compare with other allied health professions that were included in the HEFCE costing studies and we do not accept that there are grounds for taking a different approach to them compared with other courses that have been covered by TRAC(T) data. The latter includes other healthcare courses such as pre- and post-registration courses in medicine and dentistry, as well as post-registration courses in nursing, midwifery and allied health professions.
72. A number of respondents argued that certain proposals in our consultation were in conflict with our duties under section 2 of HERA. Respondents referred to the OfS's duties 'to promote greater choice and opportunity for students' or 'to promote equality of opportunity' This does not correctly reflect the OfS's duties. Section 2(1) imposes a duty to have regard to the various matters specified in sub-paragraphs (a)-(g). It is well-established that this statutory formulation does not require a public authority to achieve those matters. To the extent that respondents suggest that s.2(1) imposed on the OfS (for example) a statutory duty of promoting greater choice and opportunity, they are wrong.
73. Terms and conditions issued under section 74 of HERA impose a statutory obligation on the OfS to distribute funding in a particular way. Therefore, while we have had regard to all relevant statutory duties in developing our proposals, we ultimately had to fully comply with the terms and conditions of funding imposed by the Secretary of State in arriving at the decisions set out in this document.
74. We recognise that students studying subjects in price group C1.2 may have additional course-related costs beyond the course fee, such as for art materials or musical instruments.⁵² Respondents expressed concern that such charges might increase as

⁵¹ See: [webarchive.nationalarchives.gov.uk/20180405125423/http://www.hefce.ac.uk/It/healthcare/nursing/](http://www.webarchive.nationalarchives.gov.uk/20180405125423/http://www.hefce.ac.uk/It/healthcare/nursing/).

⁵² Previous regulations set out in statutory instrument 1999/2265 (<https://www.legislation.gov.uk/ukSI/1999/2265/made>) and guidance on them published in June 1999 by the former Department for Education and Skills (available from:

providers sought to offset the reduced income for courses in price group C1.2 and that this could have an adverse effect on student diversity, particularly in relation to those from disadvantaged backgrounds. We expect providers to manage such risks through the support they give to students facing hardship. Providers have scope within the overall resources available to them (including both course fees and OfS student premium funding) to target support to those most in need, particularly where this will support students' continuation of study and successful outcomes.

Question 3: Notwithstanding your answer to question 2, if we were to split price group C1 as proposed, to what extent do you agree with our approach to implementing this?

75. Table A4 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A4: Numerical summary of responses to question 3

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	9 (7.5%)	52 (43.3%)	13 (10.8%)	30 (25.0%)	16 (13.3%)
On behalf of other organisation	2 (1.2%)	6 (3.6%)	10 (6.0%)	111 (66.1%)	39 (23.2%)
As an individual	109 (1.4%)	82 (1.1%)	316 (4.2%)	5895 (78.1%)	1150 (15.2%)
All respondents	120 (1.5%)	140 (1.8%)	339 (4.3%)	6036 (77.0%)	1205 (15.4%)

76. We also received 4,051 comments in response to this question, with a substantial majority of these reiterating themes raised in question 2 or refusing to engage with the premise of question 3.

'We disagree with the premise of splitting this category. It has not been proven that the costs of delivering these courses has fallen. Unless this is the case, the categories should not be changed.'

Only a small minority of respondents commented directly on issues to do with the proposed implementation of a split in price groups.

77. Of the 90 comments made by those responding on behalf of a provider, 44 expressed support for the proposed implementation methods, though in some cases this support was reluctant and qualified.

webarchive.nationalarchives.gov.uk/20021028043155/http://www.dfes.gov.uk:80/studentsupport/administrators/dsp_section_18.shtml) have allowed for charges in addition to course fees relating to goods that become the property of the student. Those regulations therefore would permit charges for art materials, where the art becomes the property of the student, but would not permit charges for, for example, chemicals used in teaching chemistry.

‘It seems a logical and fair way to classify subjects.’

‘The use of LDCS [Learn Direct Classification System] and HECoS subject codes is broadly appropriate for this purpose [...] as noted, we would still prefer C1 not to be split nor its funding rate reduced.’

‘This seems the least damaging given there is only extremely limited additional funding being provided to support the very high cost subjects.’

78. Some respondents reiterated calls for the reduction to the rate of funding for price group C1.2 subjects to be reassessed, with a smaller reduction put in place; a reduction of 30 per cent in 2021-22 and a further reduction of 20 per cent in 2022-23 was suggested.

‘If the OfS goes ahead [...] then we agree that those subjects that will lose the full allocation should still be given some funding. This is for two reasons. Firstly, there would be a substantial financial shortfall if providers who were not expecting this change to suddenly receive nothing, and secondly whilst it is not the full amount, the money does still take account of the fact that these are strategically important subjects to the economy and are more expensive to deliver.’

79. This theme was often paired with concerns about the timing of the implementation of the proposed changes. Respondents noted that providers would have very little time to be able to adjust to the proposed reductions in their funding and called for mitigation to be put in place.

‘While clearly we welcome that the reduction in funding is to be staggered over two years, for some departments the high-cost funding is a significant part of their operating budget and the immediate reduction will be difficult to manage operationally and could have an adverse effect on their ability to deliver as normal and therefore there is a possible knock-on effect to the experience of students on those courses. We would prefer a deferral of cuts by a year or two to allow time for long-term operating budgets to be amended and a more phased reduction in funding to allow for the development of alternative streams.’

‘We would prefer to see a phased reduction over two to three years to enable planning and avoid consumer protection issues, rather than an immediate 50 per cent reduction to C1.2 in the interest of fairness to students and the recognition that they are relevant to professions in the government’s shortage occupation list.’

80. Comments made on the methodology used to identify the subjects falling into price groups C1.1 and C1.2 fell into a number of themes. A number of responses approved of the use of LDCS and HECoS codes, noting that they felt this was the best tool for the job.

81. A small number of respondents appear to have misinterpreted the consultation as saying that subjects would be assigned to price groups purely on the basis of CAH codes. Such comments noted that such an approach would not allow for the content of the course to be fully explored:

‘The OfS proposes to primarily use CAH codes to categorise courses into funding groups. This does not allow for a fully considered analysis of course content and whether a provider’s course content meets the definition of “strategic priority”.’

‘Our proposed approach would be to split C1 by HECoS code not CAH subject code. In total there are 1093 HECoS codes so we would welcome further consultation on which of these codes should remain C1 due to the crossover with strategic priority areas for the government rather than applying a blanket rule at CAH subject code level.’

‘The consultation annex notes that some qualifications contain study in two or more distinct subject areas, and many students take a combination of creative and art historical subjects – i.e. Fine Art and History of Art. For certain institutions an interdisciplinary approach is a key part of their offer and may also include courses featured within other subjects also suggested as being included within C1.2 (performing arts, media, archaeology). With this in mind we do not see that there is a benefit in segmenting price group C1 in the manner suggested within the consultation.’

82. A few respondents noted issues they felt existed with specific HECoS and CAH codes in:

a. Engineering and design:

‘These codings are overly prescriptive and general. CAH25-01-01 & [CAH25-]01-05 embrace areas of postgraduate design engineering and robotics design which the [provider] believes should be classified as C.1 “Engineering subjects” and UX [user experience]/Data Visualisation programmes which should be classified as “Information Technology” and therefore C1.1.’

b. Media studies:

‘As Appendix B makes clear the elastic rubric of “media studies” embraces no fewer than four CAH categories and six LDCS categories. The many programmes within these categories vary enormously in the extent to which they provide vocational and focused professional training, and to which they are rooted in social science, humanities, or technological forms and bases of teaching [...] For all these reasons, we see the proposed split of the price group as based on superficial labelling rather than serious consideration of actual and necessary provision.’

c. Archaeology:

‘The current HECoS codings for archaeology are not always helpful as they often mask the STEM elements to the discipline and therefore fail to reflect the granularity of archaeology degree content. Identifying the strong science content of some archaeology degrees would lead to greater clarity for students when choosing their degree and underpin why archaeology should not be split into the lower price group.’

d. Library and information science:

‘We strongly disagree with the inclusion of “Librarianship” in the C1 or C1.2 categories [...] Library and Information Science most commonly sits alongside Computer Sciences and Technology in HEIs. Alternatively, it is positioned alongside programmes in Business and Administration [...] [the Chartered Institute of Library and Information professionals] advises that they have consulted with HEI learning providers in Library and Information Science, and that they confirm that instruction is

very low-cost when compared to other academic disciplines, requiring very little in terms of specialist equipment or premises. On this basis, therefore, we believe that the inclusion of Librarianship in the proposed reductions is an error arising from a mis-classification by Learn Direct, and one which ought not to be compounded by the proposed Recurrent Funding model.'

83. A small number of respondents expressed concerns about the use of HECoS codes to inform OfS funding allocations, arguing that HECoS does not reflect the cost of teaching subjects and that the use of HECoS for such purposes creates a risk of providers trying to 'game the system':

'We expressed our concerns when the HESES return moved from funding provision according to cost centres (and hence cost of provision) to HECoS subject coding, and this proposal crystallises that concern. Using subject coding to determine funding levels will potentially compromise the integrity of the HECoS subject coding process if there is a funding advantage to using particular codes.'

84. Respondents also noted that the use of HECoS and LDCS codes did not sufficiently recognise differences in how subjects are taught between providers.

'This approach does not allow for differentiation between how subjects are taught at different institutions and will encourage a race to the bottom as institutions seek to cut costs at the expense of the student experience'.

85. A few respondents called for specific measures that could be applied to supplement the proposed classification:

a. For archaeology:

'We recommend that the OfS examines archaeology subjects again in the light of our evidence and, to this end, offer the following suggestions:

A) Retain all archaeology subjects in group C1.1

B) Subdivide archaeology courses between groups C1.1 and C1.2 dependent upon course content.

We also propose that any course which is [Chartered Institute for Archaeologists] accredited (i.e. that certifies that it is structured to professional competences for working in archaeology) should be granted C1.1 status on the basis of this accreditation'.

b. For providers in receipt of the specialist institutions targeted allocation:

'The use of LDCS and HECoS subject codes is broadly appropriate for this purpose. In order to avoid detriment to world-leading specialist provision, consideration might be given to using receipt of the specialist target allocation as a criterion for placing professional performance training programmes in price group C.1.1 although we appreciate that sub-splitting the subject areas of dance, drama and music would add complexity to the methodology; as noted, we would still prefer C1 not to be split nor its funding rate reduced.'

86. Finally, several respondents called for an appeal process to be put in place to allow further information to be submitted on areas of inconsistency.

‘There are boundary issues between CAH levels and price groups and also some inconsistencies within CAH level. [The provider] would propose consideration to allowing institutions to make a case for exclusion of individual HECoS codes from the proposed CAH level 3 subjects highlighted to be removed from price group 1.’

‘We tend to agree with the proposed methodology to allocating the fund based on HESES20, however there should be an opportunity for providers to request a review of this if we feel that the likely intakes will be significantly higher.’

OfS response and decisions

87. We have set out under question 2 the decisions we have taken on splitting price group C1 and the reasons for it. This also sets out our position on comments made about phasing changes to funding over a longer period.

88. We note the small, but not insignificant number of responses, particularly from registered providers, that approved of the process to define the new price groups using HECoS and LDCS codes.

89. A number of respondents argued that the proposed approach of using subject codes was not sophisticated enough or too crude to take account of variations in course content and delivery between providers, the interdisciplinarity of some courses and their higher cost content that was closely aligned to science and engineering disciplines. We do not accept this argument.

90. The approach we take to splitting price group C1 has to be consistent with the approach we take to assigning activity to price groups more generally and reflect how C1 in particular is already defined. This is set out in the Higher Education Students Early Statistics (HESES) survey.⁵³ Actual price group coding is defined by LDCS codes for further education and sixth form colleges and by HECoS codes for all other providers. Where we discuss subjects in terms of Common Aggregation Hierarchy (CAH) levels, this is used as a matter of convenience to allow similar subjects to be discussed together. However, we already acknowledge several subjects where it is appropriate for different HECoS codes within the same CAH level code to be assigned to different price groups.

91. Providers themselves determine what HECoS codes should be assigned to their courses, but in doing so, must follow guidance provided by HESA.⁵⁴ This states that ‘subject coders should base their decisions on the academic subject taught or learned, rather than the pedagogical methods employed’ and also that ‘while providers are given the option to

⁵³ See Annex G of www.officeforstudents.org.uk/publications/heses20/.

⁵⁴ See www.hesa.ac.uk/support/documentation/hecos/implementation-guide.

describe a course, module or qualification using a maximum number of codes,⁵⁵ it should be recognised that good subject coding is economical. The number of codes to describe courses, modules and qualifications should always be minimised in the interests of providing succinct information for intended users and for consistency across the sector'. The assignment of subjects to price group C as a whole, and price group C1 within it, already reflects that such subjects have a laboratory, studio or field work element that gives rise to higher cost. Where interdisciplinary courses contain content across different subject areas, that may be reflected in the subject codes used, and therefore the rates of grant provided. We believe that this approach allows for suitable differentiation between courses with differing content.

92. As noted in the OfS response and decisions for question 2, the assignment of HECoS codes for archaeology to price groups already differentiates between forensic and archaeological sciences (in price group B) and archaeology (in price group C1).

93. We also do not accept that the risk of providers 'gaming the system' on the basis of using HECoS codes is greater than when providers that submit the HESA Student record used academic cost centres to assign activity to price groups. The use of HECoS codes ensures greater consistency between providers for funding purposes, recognising that the use of subject codes has always been the approach for other providers. It also ensures consistency with the use of courses (rather than the departments in which students are taught) for other purposes, such as the Teaching Excellence and Student Outcomes Framework, the National Students Survey, Discover Uni, certain categorisations for the purposes of student support from the Student Loans Company, and students' applications through UCAS. By contrast, academic cost centres did not have any such wider purposes other than analysis.

94. Providers themselves are responsible for the quality and accuracy of the data they submit to us and other bodies. We do not approve or agree their data submissions, but we monitor the reasonableness and credibility of data, including by comparing and reconciling different datasets and by carrying out audits. We will require providers to amend their data submissions, if we believe there are errors or inappropriate classifications which would significantly and materially affect our use of the data. This may include requiring changes to how providers use subject classifications (whether LDCS or HECoS codes) and hence how students are assigned to price groups. Providers are also required to meet conditions F3 (provision of information to the OfS) and F4 (provision of information to the designated data body) as part of their ongoing conditions of registration.⁵⁶

95. The scope providers have to develop their own curricula is a strength that has contributed to the success of UK higher education and is to be expected in a higher education market that is operating effectively. It increases student choice, ensures course content can respond quickly to the latest developments in research and industry, as well as local employer needs, and allows for innovation in course delivery. To support such diversity, providers

⁵⁵ Five to describe a course or a qualification, although more than three qualification subjects would generally be regarded as exceptional.

⁵⁶ See: www.officeforstudents.org.uk/publications/securing-student-success-regulatory-framework-for-higher-education-in-england/.

need scope to reflect their own priorities in their use of funding – to decide to invest more in some subjects or activities than others. It means that there are inevitably variations in costs not just between subjects, but also between providers within a broad subject area, reflecting different course content, means of delivery and staffing structures, as well as varying opportunities for providers to cross-subsidise between their activities and sources of income.

96. We cannot assume that, because one provider is able to offer a subject at a particular (low) cost, then all providers should be able to do so, because that would be to disregard the diversity of provision and institutional investment priorities that are so important to a higher education market functioning effectively. However, it also means that, in the grants we pay, we are not looking to take account of all the variations in costs between providers that may exist – rather, we recognise providers’ autonomy in making investment decisions in particular activities from within the overall resources available to them, to which OfS grant makes only a relatively small contribution. We also believe that any attempt to take account of detailed cost variations between providers would involve a very significant accountability burden on providers to justify their costs and create perverse incentives that would undermine provider efficiency.

97. Having regard to the responses received to our consultation, our statutory duties, the funding settlement for the 2021-22 financial year and the terms and conditions of grant attached to it, we confirm that the subject codes that determine the assignment of activity to the new price group C1.2 will be as set out in Annex B of our consultation (OfS 2021.01), but with the exception of codes relating to archaeology, which will now map to price group C1.1 instead of C1.2.⁵⁷

Question 4: To what extent do you agree with our approach to counting students from the Crown Dependencies in our funding allocations for 2021-22?

98. Table A5 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A5: Numerical summary of responses to question 4

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	31 (26.1%)	57 (47.9%)	3 (2.5%)	6 (5.0%)	22 (18.5%)
On behalf of other organisation	12 (7.1%)	35 (20.8%)	4 (2.4%)	11 (6.5%)	106 (63.1%)
As an individual	296 (3.9%)	1177 (15.7%)	420 (5.6%)	928 (12.4%)	4683 (62.4%)
All respondents	339 (4.4%)	1269 (16.3%)	427 (5.5%)	945 (12.1%)	4811 (61.8%)

⁵⁷ The archaeology subject codes that this applies to are, for further education and sixth form colleges, the Learn Direct Classification System (LDCS) code DC and, for other providers, the Common Aggregation Hierarchy (CAH) code CAH20-01-03.

99. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 54 per cent of respondents agreed with the proposals and 46 per cent disagreed. We received 1,171 comments in response to this question.

100. More than 50 per cent of the comments received were in favour of the proposals. Respondents noted that, in light of the government decision making students from the crown dependencies eligible for home fee status from 2021-22, '[as] these will be "home" fee level students, it only makes sense to count them in funding allocations.'

101. A small number of respondents discussed our proposed funding methods; those that did considered it 'to be pragmatic and we appreciate the aim is to avoid the need for any new data collection'. One provider asked for further detail on these methods, noting that:

'...the method of calculating the number of such students for funding in 2021-22 set out in the consultation (i.e. using the individualised student data returns for 2019-20) is problematic for [providers] that did not return these students as part of the Student Alternative return.'

102. Around 25 per cent of respondents, including both those that agreed and disagreed with the proposals, expressed concerns that including these students in our funding calculations would dilute the rate of funding available for existing home students. Concerns were also expressed that the increased costs of including crown dependencies students were being met through reductions in other areas, such as the reduction to the rate of high-cost subject funding for price group C1.2. General calls were made for an overall increase in funding to be made available to support this:

'We would support [the proposal] on the basis that the Government provides additional funding to resource the additional estimated 3,000 FTE students. Failure to do so would obviously dilute the resources available for existing students, at a time when funding resources are already under pressure'.

103. Around 5 per cent of respondents commented on the independent status of the crown dependencies, noting that:

'... these self-governing dependencies of the Crown operate their own fiscal system independent, and in competition with the UK. It would therefore be entirely reasonable and equitable for these Government[s] to contribute to the costs of funding their residents, and not the UK taxpayers.'

One specific provider noted that it 'historically recruited strongly from the Isle of Man' and that it estimated that the proposals would result in a not insignificant loss of fee income of around £107,000.

104. A small number of respondents appeared to be confusing 'Crown Dependencies' with 'commonwealth countries', and a larger minority appeared to be conflating the proposal with larger issues around EU students no longer qualifying as eligible to receive student support, such as tuition fee loans.

OfS response and decisions

105. We welcome the general support for the proposals to include students from the crown dependencies in our funding allocations.
106. Though we recognise the concerns from some respondents, we do not believe these proposals will result in a significant reduction to the rate of funding providers will receive, albeit that this is in the context of reduced funding per FTE arising from substantial increases in student numbers arising for other reasons. As shown in Table 3 of this document, the estimated number of students from the crown dependencies represents only 3.6 per cent of the additional student FTEs that we need to count for 2021-22.
107. We note the concern of one provider over the use of 2019-20 individualised data to estimate student numbers from the Crown Dependencies on the basis that it had not reported such students in its HESA Student Alternative return. We believe these students were not reported because they were studying wholly outside the UK for the duration of their studies (that is, by distance learning). We have clarified with the Department for Education that students from the Crown Dependencies that are studying by distance learning will be subject to home fees only if they are doing so from within the UK (rather than from the islands). For those studying outside the UK, there is no change to their fee status and therefore we will continue not to count them for funding purposes.
108. The question of whether additional funding can be obtained from the UK government or from the governments of the Crown Dependencies, is outside the scope of OfS decisions.
109. Having regard to the responses received to our consultation and our statutory duties, we confirm that we will count for 2021-22 funding purposes students from the Crown Dependencies whose eligibility for home fees will change from 2021-22. If we did not, the providers that have such students would be unfairly disadvantaged by the loss of fee income arising from the new restriction on the fees that they could charge. We will estimate the numbers of such students (by price group, mode and level) using 2019-20 individualised student data.
110. If providers believe that their 2019-20 individualised student data does not capture the population of students from the Crown Dependencies whose fee status will change from 2021-22, they should contact recurrentgrant@officeforstudents.org.uk to discuss the situation. We will look to ensure that we make appropriate adjustments to the students we count for funding purposes for all providers to reflect the population of students affected by the changed fee status of students from the Crown Dependencies.

Question 5: To what extent do you agree with the proposed approach to remove the targeted allocation for students attending courses in London?

111. Table A6 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A6: Numerical summary of responses to question 5

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	28 (23.5%)	25 (21.0%)	13 (10.9%)	38 (31.9%)	15 (12.6%)
On behalf of other organisation	6 (3.6%)	4 (2.4%)	19 (11.5%)	61 (37.0%)	75 (45.5%)
As an individual	110 (1.6%)	481 (6.8%)	1059 (15.0%)	2235 (31.7%)	3155 (44.8%)
All respondents	144 (2.0%)	510 (7.0%)	1091 (14.9%)	2334 (31.9%)	3245 (44.3%)

112. We also received 2,118 comments in response to this question. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 16 per cent of respondents agreed with the proposals and 84 per cent disagreed.

113. The main themes identified in these comments were:

- a. There are additional costs (for providers and students) of higher education in London, and respondents discussed the impact of removing the targeted allocation that recognises those costs for providers.
- b. The removal of the allocation is reasonable given the restraints on the funding, and it will likely be helpful to providers who are based outside of London.
- c. The impact that removing the targeted allocation may have on access and participation objectives.
- d. That London-based providers offering subjects in price group C1.2 will be facing a double cut in funding for many of their courses.
- e. Small and specialist London-based providers are more likely to be impacted by the results of the removal of the targeted allocation.
- f. A theme raised by respondents was if the removal of London weighting was implemented there should be consideration of phasing the change over two or more years. This was noted to be particularly relevant as providers would have very little time between being informed of the decisions (July 2021) and the reductions happening (from August 2021).

114. More than 50 per cent of responses were critical of the proposal to remove London weighting, with several key themes discussed. A primary concern was the additional costs of study in London. Several responses cited the KPMG report referenced in our main consultation document, which found the unit of cost per student FTE of undergraduate teaching was 14 per

cent higher in London than the England average.⁵⁸ Responses, particularly those from registered providers noted that these represented substantial and real extra costs, and that removing the London weighting allocation would only increase the financial pressures they faced.

‘The London weighting supports institutions where the cost of delivering courses is higher than elsewhere in the country. This includes the cost of employing staff, of renting or buying real estate, of equipment, of materials, labour and expertise. It includes the cost of food, of consumables of all kinds and of services that are needed. Finally, it includes increased costs associated with travel, whether using public transport or other means.’

‘Costs in London are higher than the rest of England and HE providers are legally obligated to pay an additional London weighting salary to all staff which substantially increases their workforce costs.’

115. Respondents also argued that any reduction or removal of the London allocation will result in reduced course quality and student experience. It was noted that staff costs represent a high proportion of a provider’s operating costs, and that providers may have to respond to reduced OfS funding by cutting staff costs, either through reduced pay or redundancies, with a reduction in academic and student support staff across the capital. This reduction in quality and experience may then reduce the number of students wishing to attend courses in London, further driving financial problems.

‘Removing the targeted allocation for students attending courses in London will have an impact on students, damaging the student experience as well as, potentially, the outcomes that students achieve. Removing significant funding at such short notice will require immediate action such as cutting staff cost as other costs are harder to control in the short term. Reducing staff costs will mean reducing pay, where possible, or reducing headcount or some combination of both. Both have an impact on staff morale and the quality of service provided to students, ultimately negatively affecting the student experience. Removing the London weighting risks penalising students since less funding is likely to mean less spending per student.’

‘The London weighting was put in place to recognise that the country does not have an equal cost of living in each of its regions. As the consultation acknowledges, this has not changed. In fact, the costs of delivering teaching in London are getting higher. Removing the London weighting will therefore have a significant impact on students studying in the capital and could result in institutions become so financially unsustainable they may have to lose staff, close courses, departments or even the whole university.’

116. Several respondents were critical of the view that they could find more income by recruiting more international students. Commenters noted the variety of higher education providers

⁵⁸ A 2019 report by KPMG commissioned by the Department for Education as part of the supporting evidence for the Augar report, available at: www.gov.uk/government/publications/cost-ofundergraduate-higher-education-provision. See in particular section 7.10.

across the capital, and that a number of providers did not have the capacity or desire to attract significant numbers of international students.

‘Whilst it is true that some London institutions capitalise on their location to recruit international students, that is not universally the case [...] for the vast majority of HE providers in London [reductions in OfS funding] cannot be recuperated through increasing international student numbers.’

‘Course numbers on specialist courses are strictly limited and cannot be expanded. Altering the balance of home to overseas students on specialist courses will not be in the interest of industry needs within the UK.’

‘It is important to note too, that International students are not equally distributed across London HEIs; many have low numbers of international students. The NHS depends on London’s health HE provision (London HEIs educate a significant proportion; some courses are already loss-making).’

Comments also noted that during the ongoing coronavirus pandemic international student numbers are not stable and therefore should not be relied upon to make up for the removal of this funding.

117. A number of respondents noted that providers operating in London provide courses that train key workers and that reductions to London weighting will affect the viability of these courses. It was also pointed out that medical and dental subjects face specific limits on international recruitment.

‘Higher education providers which are teaching-intensive by nature are likely to be disproportionately affected – these often train key workers such as teachers, social care workers, healthcare workers and medical staff. Some of these courses are already loss making, yet are provided because they feed into shortage occupations for the NHS. Removing the London weighting will make these types of courses even less viable and, due to caps on international student places in many of these strategic priority subject areas, providers have no way of recouping costs as has been claimed. While the consultation claims that funding will be reprioritised, London institutions within the capital that contribute to the national priorities of healthcare and medicine will all be net losers from this proposal.’

118. One provider noted the role that London weighting has played in maintaining the rate of funding for students on medical and healthcare courses. They noted that, under the proposals, they expected their courses in price group A to see a reduction of £1,187 (10.5 per cent) for 2021-22 compared with 2019-20. They also noted that this conflicted with statements from the government, provided in August 2020 that noted ‘[we] will provide additional funding through the Teaching Grant in line with existing per student rates to support the delivery of [medical and dental] courses.’

119. Whilst many respondents praised the efforts to increase the available funding across England, they strongly felt that it should not come from the removal of the London weighting, which they see as levelling down one region to level up others. They asked that additional funds be given to achieve such objectives, not just the redistribution of existing allocations.

‘Rather than supporting levelling up, it would risk harming the student experience for those studying in London.’

120. Many respondents argued that the removal of the whole targeted allocation with only a few months’ notice until the next academic year may lead to the destabilisation of some providers and possibly the London higher education sector. Other respondents that otherwise agreed, reluctantly or otherwise, with the proposals to remove the London weighting also said that any such removal should be phased over two to five years.

‘The removal of all the targeted allocation in one year makes it difficult for these institutions to find alternative sources of funding to mitigate the impact on students and on subject areas of national importance’.

‘This change, if it is to go ahead, should be phased in over two or three years [...] this cut is a net loss of over one per cent of turnover in one year with six months’ notice, which is difficult to manage alongside Covid-related challenges.’

121. Around a third of providers voiced their concerns regarding accessibility of higher education in the capital if the removal of the targeted allocation went ahead. A primary concern voiced by respondents was a negative impact on access and participation efforts, due to the removal of the targeted allocation. Comments noted that the allocation’s removal could cause a decline in the number of black, Asian and minority ethnic (BAME) students and those from lower socioeconomic backgrounds attending higher education in the capital.

‘We believe that this a regressive policy that will further disadvantage those already disadvantaged and will particularly impact London higher education institutions’ support for widening participation.’

‘London HEIs have some of the most diverse student populations and the highest percentage of disadvantaged students. Just under 20 per cent of London boroughs are in the bottom 10 per cent most deprived in terms of average income. Many disadvantaged London students live at home and study locally. For [this provider] in particular, the largest percentage of our disadvantaged students come from London. The highest percentage are BAME. All our students on specific [widening participation] extended medical programmes will be directly affected. We have [a] large percentage of BAME students on medical, nursing, and allied healthcare programmes who will be affected.’

122. Many pointed out that courses in London, particularly those in the arts, would become an ‘enclave for the wealthy’ as many students would not be able to afford to study in London without monetary help from their providers. Many students from outside of London would not be able to cover the higher living costs that come with higher education study in London.

123. Respondents also commented that there is a wealth disparity across London and that several of the most deprived boroughs in England are located in London. They argued that without a London allocation many prospective students from these boroughs would be unable to attend higher education in general as they may be unable or unwilling to leave the capital for higher education and would thus forego higher education without the targeted allocation.

‘One third of London boroughs are in the 30 per cent most deprived areas in England [...] 53 per cent of our students received Free School Meals (the highest amongst all UK

universities), most are commuters and more than 80 per cent fall within at least one widening participation category. Our students would not have the flexibility to simply move to another university outside London and, if unable to afford studying at their local London institution, would likely drop out of higher education altogether.'

'This will hit the education of often local populations of diverse students within the London area, and add to the disadvantages faced by the thousands of commuter students in the Greater London area.'

124. A substantial minority (23 per cent) of respondents commented on their support for the removal of the targeted allocation, although some of this support was caveated. The levelling up agenda was mentioned by many respondents, who noted that the removal of the London allocation will allow a more equitable distribution of funding across England, in line with government goals. Several respondents advocated for a weighting system to account for higher costs at various locations across England, such as Brighton, Bristol and Oxford.

'Living costs in Bristol, particularly with two strong and thriving universities with over 60,000 students, are equally high if not more so in the areas of Bristol that students are based.'

'Areas of the South East is as expensive for employers and students as London. This is no longer justified for London only HEIs.'

'Over time, we would hope that a more distributive model would enhance the viability and appeal of English higher education, which in turn would benefit all universities, including those in London.'

125. Respondents in favour of the proposals were sympathetic towards London providers that may be facing a reduction to their funding but felt that they were in a stronger position to diversify their income streams, including through recruitment of international students. Several pointed out that London providers are also aided by the higher level of higher education participation in the capital compared with the rest of England. And a few respondents noted that those London providers offering high-cost subjects would be likely to have a smaller reduction due to the increase to high-cost subject funding. Several respondents commented that they believe it is correct to prioritise high-cost subject funding over the targeted allocation when we have a fixed budget.

126. A large number of respondents noted that London-based providers that specialise in, or offer a high number of, arts courses will face a particularly significant decrease in their OfS funding, with the removal of London weighting compounded by reductions to the rate of funding for price group C1.2 subjects. Commenters noted that they have had little warning for this cut.

OfS response and decisions

127. We have noted the arguments presented by respondents relating to the additional costs for providers of operating in London and for students studying there and the variable extent to which providers may benefit from being in London by recruiting international students. We note also the arguments made about the potential impact that the removal of the targeted allocation for students attending courses in London may have on staffing and provision for

students, including in addressing the needs of minority ethnic students and students from disadvantaged backgrounds.

128. The terms and conditions that the Secretary of State has applied to OfS grant for 2021-22 mean that we must not vary rates of grant, either directly or indirectly, on the basis of the region of the UK in which providers or students are located or courses offered. They also preclude us from phasing out London weighting in our allocations over more than one year. As we note above, terms and conditions issued under section 74 HERA impose a statutory obligation on the OfS to distribute funding in a particular way. While we have had regard to all relevant statutory duties in developing our proposals, we ultimately had to fully comply with the terms and conditions of funding imposed by the Secretary of State in arriving at the decisions set out in this document.
129. If we do not comply, we may be required to repay the whole or any part of the grant still held by us to the Department of Education
130. While we understand the concerns raised regarding the particular burden of reductions in funding to London based providers, the OfS must act in accordance with the terms and conditions applied by the Secretary of State, to implement the reduction to the high-cost subject funding rates of grant for performing and creative arts and media studies and to increase by £10 million the separate funding allocation provided to world-leading specialist providers.
131. For this reason, we confirm that for academic year 2021-22 we will no longer provide the targeted allocation for students attending courses in London. This releases the £64 million that has been provided in academic year 2020-21 for redistribution among all providers through other elements of grant.
132. We have also noted arguments made by some respondents about the additional costs of operating in other parts of England outside London. While acknowledging that there will be other regional cost variations and different factors that contribute to them, we would observe that evidence from recent studies does not suggest those costs are as high as in London.⁵⁹ In any event, the terms and conditions of grant placed on us by the Secretary of State preclude us from varying rates of grant on the basis of any regional location, not just London and therefore we will not do so.

Question 6: To what extent do you agree with the proposed approach to remove London weighting from the formula-based student premium allocations?

133. Table A7 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

⁵⁹ See: 'Regional variation in costs and benefits for higher education providers in England', available at webarchive.nationalarchives.gov.uk/20180405115447/http://www.hefce.ac.uk/pubs/rereports/year/2017/regional/ and 'Understanding costs of undergraduate provision in higher education', available at www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision.

Table A7: Numerical summary of responses to question 6

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	25 (21.0%)	30 (25.2%)	15 (12.6%)	37 (31.1%)	12 (10.1%)
On behalf of other organisation	8 (4.8%)	5 (3.0%)	18 (10.9%)	60 (36.4%)	74 (44.8%)
As an individual	123 (1.7%)	368 (5.2%)	983 (14.0%)	2587 (36.8%)	2976 (42.3%)
All respondents	156 (2.1%)	403 (5.5%)	1016 (13.9%)	2684 (36.7%)	3062 (41.8%)

134. We received 1,809 comments in response to this question. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 13 per cent of respondents agreed with the proposals and 87 per cent disagreed.

135. There was substantial overlap in the responses to this question with themes identified in question 5: around a quarter of responses specifically referred us to their previous answer. In addition to the themes identified in question 5, a number of other themes were noted that specifically related to London weighting and the student premiums. A small number of respondents noted a conflict between removing London weighting and the OfS's stated priorities:

'In paragraph 12c of the consultation, the OfS reminds us that it's priorities include: "To protect as far as possible the total funding that we allocate towards providers' activities to improve access and support student success". Removal of the London weighting element goes against this principle and makes it significantly more difficult for London providers to undertake activities which support this priority: these activities cost more in London.'

136. Several respondents reiterated concerns about how proposals would threaten their access and participation efforts:

'Removal of the London weighting from formula-based student premiums may threaten widening participation goals given the probable impact on student support. London has a proportionately higher volume of commuting students and students from under-represented groups who have also been disproportionately affected by the pandemic. As such this would have inequitable impact which is out of kilter with OfS approach to equality and widening participation.'

'The removal of the London weighting from the formula-based student premium allocations takes important support away from Londoners from the lowest socio-economic groups who wish to study close to home, saving significant amounts of money by choosing to commute locally for higher study'.

137. A small number of respondents reiterated that students from certain areas of London face particular challenges and that reductions in student premiums due to the removal of London weighting will significantly disadvantage providers that serve these areas. One provider went

further and noted that the London weighting for student premiums should be preserved in preference to the London targeted allocation.

‘We agree with the analysis by London Higher which shows that WP [Widening Participation] students will be significantly disadvantaged by a cut to London weighting, especially in relation to the student premium. Some London boroughs contain some of the most deprived students in the country. We know that disadvantaged students tend to stay local to attend university, and this standard behaviour for WP students in London who are nearly always commuters [...] Whilst we don’t agree that London weighting should be cut at all, we fundamentally believe that it should be retained for the student premium allocation, to recognise that some London HEIs are doing meaningful and significant work to improve the quality of life for disadvantaged students in London, especially those from non-white communities.’

138. Some respondents noted that London weighting is an established concept outside of higher education, and questioned why it should not be accounted for in OfS funding.

‘We strongly disagree with the proposed approach to remove the London weighting from the student premium allocations. This removal is not applied to other sectors and we query why it is proposed for higher education. Land and building costs in inner London are more than three times greater than the national average, average academic staff costs in inner London are 12 to 14 per cent higher than the national average and the cost of higher education provision in London 14.1 per cent higher than the England average. The cost of London weighting that we pay as part of staff salaries significantly outweighs the London weighting funding received, even before the other items mentioned are taken into account.’

139. As with question 5, respondents also noted the short notice provided for changes and requested measures be put in place to mitigate reductions to specific providers:

‘Although we recognise some costs may be higher HEIs in London do have an enhanced ability to recruit both international and home students compared to other parts of the country due purely to their location and therefore should not be prioritised for OfS funding when cuts are being made to areas such as Student Access and Success. However, we also believe that as a principle any removals of specific allocations should be phased in so as to limit the impact on any particular provider.’

OfS response and decisions

140. As with the responses to question 5, we have noted the arguments presented by respondents relating to the additional costs for providers of operating in London and for students studying there. We also note the potential impact that the removal of London weighting in the student premium allocations may have on the work providers do in addressing the needs of minority ethnic students and students from disadvantaged backgrounds.

141. The terms and conditions that the Secretary of State has applied to OfS grant for 2021-22 mean that we must not vary rates of grant, either directly or indirectly, on the basis of the region of the UK in which providers or students are located or courses offered. It also precludes us from phasing out London weighting in our allocations over more than one year.

If we do not comply, we may be required to repay the whole or any part of the grant still held by us to the Department of Education. As we note above, terms and conditions issued under section 74 of HERA impose a statutory obligation on the OfS to distribute funding in a particular way. While we have had regard to all relevant statutory duties in developing our proposals, we ultimately had to fully comply with the terms and conditions of funding imposed by the Secretary of State in arriving at the decisions set out in this document.

142. For this reason, we confirm that for academic year 2021-22 we will no longer include London weighting in calculating student premium funding allocations.

143. We note the concerns from some respondents that the removal of London weighting from the student premium allocations would be in conflict with our priority ‘to protect as far as possible the total funding that we allocate towards providers’ activities to improve access and support student success’ (see paragraph 135, above). As above, the terms and conditions of funding imposed by the Secretary of State require us to remove London weighting. However, we consider that our priority ‘to protect as far as possible the total funding that we allocate towards providers’ is reflected in our decision to provide a total of £313 million in funding for student access and success, a reduction of 1 per cent compared with the £316 million provided in 2020-21 – see Table 4.⁶⁰ It does not mean that there should be no redistribution of funding between the budgets that contribute to the total, nor between providers within each budget.

Question 7: To what extent do you agree with the proposal to provide £40 million to support Uni Connect activities in 2021-22?

144. Table A8 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A8: Numerical summary of responses to question 7

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	17 (14.3%)	54 (45.4%)	17 (14.3%)	14 (11.8%)	17 (14.3%)
On behalf of other organisation	10 (6.1%)	25 (15.2%)	14 (8.5%)	19 (11.5%)	97 (58.8%)
As an individual	427 (6.4%)	1184 (17.7%)	410 (6.1%)	721 (10.8%)	3932 (58.9%)
All respondents	454 (6.5%)	1263 (18.2%)	441 (6.3%)	754 (10.8%)	4046 (58.1%)

145. Of the respondents that expressed a view (that is, when responses of ‘don’t know / prefer not to say’ are discounted), 59 per cent of respondents agreed with the proposals and 41 per cent disagreed. We received 1,289 comments in response to this question.

⁶⁰ This comparison does not take account of the one-off allocation of £85 million of hardship funding provided in academic year 2020-21 as a result of the impact on students of the coronavirus pandemic.

146. Around a third (32 per cent) of the responses received expressed concerns with the reduction in funding to the Uni Connect programme, with a quarter calling for the level of funding to stay at its current level or be increased. Respondents noted that:
- a. The Uni Connect programme has delivered proven positive outcomes, both at a national and partnerships level and with particular priority groups. Respondents commented that a reduction in programme funding would put this progress at risk.
 - b. Reductions in programme funding will mean cuts to programme budgets and staff, with a corresponding loss of expertise. Respondents also noted that this has been exacerbated by the necessity to make decisions on the Uni Connect budget later than expected in the year. It was also noted that access to funding to support outreach activity is particularly important for smaller providers such as further education colleges. Outreach activity by these smaller providers could be jeopardised by reductions to the Uni Connect budget.
 - c. A reduction in funding for Uni Connect activities would be incompatible with government and OfS policy priorities. It was noted that the reduction would not support our policy priorities to 'protect as far as possible the total funding that we allocate towards providers' activities to improve access and support student success' and that it sent a 'concerning signal about the OfS and Government commitment to widening participation in higher education.' Respondents noted that the OfS is looking to expand the programme to include more further education students, care experienced students and adult learners and that it will be extremely difficult for partnerships to deliver everything proposed on a significantly reduced budget.
 - d. Providers' access and participation plans are not sufficient to meet the OfS' strategic objectives alone. It was noted by one respondent that Uni Connect-related activity accounted for '42 per cent of outreach activities recorded on the HEAT⁶¹ databases' and that 'as many as 60,000 learners are likely to miss out on receiving support to progress to Higher Education in 2021-22 due to the proposed reduction in funding'. It was noted that this reduction in support would disproportionately affect the areas of England and the groups of learners who are most underrepresented in higher education.
 - e. The COVID-19 pandemic is expected to have a disproportionate impact on the programme's target learners. Respondents noted that Uni Connect partnerships would want to scale back up their delivery and recover any missed opportunities to make up for the disruptive effects of the pandemic on educational disparities (such as attainment gaps) and on the larger economy and jobs market.
147. A small number of responses noted that it was appropriate to reduce funding for the programme now it was more firmly established. Respondents also recognised that while funding reductions were regrettable, rebalancing investment towards student success would help address the growing financial and mental health crisis for students who are currently in higher education.
148. A number of respondents provided further comments relating to the timing of funding announcements relating to Uni Connect funding. Responses noted that a lack of certainty of

⁶¹ Higher Education Access Tracker – see heat.ac.uk/

the level of funding for the programme in future years introduced a level of instability to their offering: employing staff on fixed-term contracts had ‘a significant impact on [the] ability to attract and retain knowledgeable and experienced staff’ and put ‘established relationships with schools/colleges at risk’. Respondents discussed the benefits of funding over a longer term, enabling partnerships and stakeholders to plan and manage staff resources and commit to longer term collaborative work. They also mentioned the benefits of early clarity on how programme targeting might operate in the future and the importance of clear guidance from the OfS on the intended use of Uni Connect funding.

149. A small number of respondents took the opportunity to suggest alternative approaches to widening access to higher education that they felt would be a better use of resource than supporting the Uni Connect programme. These included: lowering tuition fees and increasing student grants; providing funding directly to higher education providers; investing in other collaborative approaches; strengthening expectations of providers around student support; restricting funding to providers with a track record of successful outreach programmes; and increasing funding for transitional courses and foundation programmes.
150. Slightly more than 20 per cent of all respondents argued that the consultation question was misleading as it didn’t explicitly mention that the funding level proposed was a reduction, with the majority of these respondents using the same ‘stock’ wording. A small number of respondents argued that the rationale for rebalancing funding away from ‘access’ and towards later steps in the student lifecycle was not fully explored in the consultation document. A very small number of respondents argued that more consultation was required to understand the impact of the reduction.

OfS response and decisions

151. Respondents made a number of arguments about the consequences of a reduced budget for the Uni Connect programme, compared with 2020-21, in particular highlighting the reduction in their outreach activity that might become necessary. We acknowledge that the proposed budget may lead to a reduction in the overall level of activity within the programme. However, we do not intend to change programme targeting or reduce our ambition around the number of learners who will be engaged during 2021-22. We believe that the Uni Connect partnerships can continue to meet our goals through a combination of increased efficiency and a focus on the most effective interventions. This will be informed by the sizeable body of evaluation and effective practice evidence that has been generated during phases one and two of the programme. Uni Connect will therefore continue to ensure that information, advice and guidance and outreach are targeted on the areas and groups where they can have the greatest impact using the most effective approaches, including activity to address the impact of the pandemic on target learners.
152. We do not accept that funding reductions will disproportionately impact on smaller providers such as further education colleges. Partnerships will make decisions about how they use the funding that is available but our ambition, clearly set out in our response to the Uni Connect consultation,⁶² is that we expect an increased emphasis on the role and

⁶² See: www.officeforstudents.org.uk/publications/a-new-approach-to-the-uni-connect-programme-from-2021-22-to-2024-25/.

contribution of further education colleges in phase three of the programme. We have also emphasised the importance of collaboration across and between partnerships around subject specialist pathways which we expect to facilitate the engagement of smaller subject specialist providers in a more efficient and effective way.

153. As set out in the OfS response on question 6, our policy aim of protecting as far as possible the total funding that we allocate towards providers' activities to improve access and support student success, does not mean that there should be no redistribution of funding between the budgets that contribute to the total. Our proposals achieve the policy aim while, as set out above, sustaining progress within the programme, albeit within a reduced budget for Uni Connect.
154. We do not accept that our question on Uni Connect was misleading in not being explicit that the proposed budget was a reduction. Paragraph 63 of the consultation document proposed that 'the allocation for Uni Connect is reduced to £40 million, a reduction of one-third', and the consultation question referred to this paragraph. In addition, the proposed change to the Uni Connect budget was set out explicitly in Table 4 of the consultation document, which compared all recurrent budgets for 2020-21 and proposed for 2021-22.
155. Some respondents suggested alternative approaches to supporting access, rather than through the Uni Connect programme. Some of these alternatives were outside the scope of our consultation: for example, the balance of student finance between grants and loans is a matter for the government. Where OfS funding is concerned, our view remains that support for student access can be achieved most efficiently and effectively when providers work collaboratively together through targeted approaches, as Uni Connect partnerships do. This also better supports the provision of impartial advice to students. Our proposals were also efficient in building on the experience and infrastructure developed during the earlier years of the programme. We do not believe that the responses received against our proposal made a compelling case for an alternative and the majority of respondents who gave a view supported the proposal.
156. Having regard to the responses received to our consultation and our duties, we confirm that the overall budget for Uni Connect for 2021-22 is £40 million.

Question 8: To what extent do you agree with the proposal to distribute an additional £5 million through the existing student premiums in the proportions shown in [paragraph Error! Reference source not found. of the consultation document], and to earmark this £5 million to be spent on student hardship?

157. Table A9 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A9: Numerical summary of responses to question 8

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	41 (34.5%)	56 (47.1%)	8 (6.7%)	4 (3.4%)	10 (8.4%)
On behalf of other organisation	24 (14.5%)	41 (24.8%)	12 (7.3%)	5 (3.0%)	83 (50.3%)

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
As an individual	711 (10.7%)	2101 (31.5%)	321 (4.8%)	341 (5.1%)	3197 (47.9%)
All respondents	776 (11.2%)	2198 (31.6%)	341 (4.9%)	350 (5.0%)	3290 (47.3%)

158. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 81 per cent of respondents agreed with the proposals and 19 per cent disagreed. We received 1,444 comments in response to this question.

159. The most common theme, expressed by 26 per cent of respondents, was that the additional £5 million to be distributed was not a sufficiently large amount to address ongoing student hardship in light of the COVID-19 pandemic. It was noted that this is significantly lower than the £85 million made available for 2020-21 by the Department for Education through the OfS, with calls that:

'... as a minimum the funding should reflect the 2020-21 level given the significant hardship being felt by students from the on-going impact of the pandemic in relation to job opportunities for students to support their studies and increased unemployment affecting household income'.

160. The proposal to provide additional funding for this purpose was broadly welcomed by respondents, but several expressed a belief that 'in practice the additional sums reaching each student in real hardship is unlikely to be significant.'

Respondents also noted that the increased funds available for this funding stream had been produced as a result of reductions in other areas, particularly London weightings and the reduction in the rate of high-cost subject funding for price group C1.2.

161. It was noted that for certain providers and student groups this would not result in a net benefit. The focus of a larger proportion of the hardship funding towards full-time students was not felt to recognise that:

'Those in lowest socio-economic groups are more likely to stay at their homes and commute to their local HEP and/or study part-time [...] this combined with the removal of the London weighting disproportionately places the burden of this funding changes on students from some of the most deprived areas of the country and thus exacerbates inequality rather than help level up society.'

162. Multiple respondents, particularly those providing an official response on behalf of a provider, noted that the proposed formula allocation method was a 'sensible approach which does not add any further burden and can be implemented in a short period.' It was further noted that the inclusion of this element of funding within the main grant announcement was welcome, rather than as a 'late in-year initiative'. Respondents felt that having some certainty of their allocation early in the year allowed for more effective planning and use of the available funds.

163. Respondents also expressed a desire for any terms and conditions placed on the use of hardship funding allocations to be as broad as possible, noting that ‘smaller pots of funding attached to specific requirements are not as impactful as the resource required to implement them mitigates their impact on students.’ Respondents called for the OfS to provide as much flexibility as possible on the use of this funding, with concerns raised including:
- a. Clarification on whether the funding could, as with the 2020-21 hardship funding allocations, be used for ‘a wider population of higher education students than those counted in our student premium funding methods including, for example, postgraduates (whether taught or research), overseas students and others that do not meet the definition of ‘OfS-fundable.’
 - b. Timescales for the use of the funds should be ‘realistic’.
 - c. That use of the funding should not be earmarked specifically for student hardship, but providers should be given flexibility to allocate the funding locally, to best support the priorities of their access and participation plan and the needs of their student body.
164. One respondent called for a change to our funding methods that would allow student opportunity funding to be ‘made available to students at all providers registered with the OfS and not just those at Approved (fee cap) providers’.

OfS response and decisions

165. Several respondents noted that the amount of additional funding per student would be low: ‘in crude terms extra funding of £5m equates to less than £3 per student’. We note that this does not reflect the intention that this funding should be targeted to support those students that need it most. The approach set out in our proposals, with student hardship funding allocations reflecting the existing student premium calculation method, will allow hardship funding to be targeted towards providers with a greater proportion of disadvantaged students.
166. The total budget available for this funding stream has to be considered within the context of the entire recurrent funding budget package. We note that the amount available to support hardship funding is lower than that made available for 2020-21. But it should be noted that the £85 million for 2020-21 was provided as a one-off allocation made from outside of the main OfS recurrent funding budget, and was intended to recognise the immediate effects of the COVID pandemic and resulting lockdown restrictions. £5 million does not represent a limit on what providers will make available to students facing hardship – we recognise that providers already offer hardship funding to students, which can be financed from OfS student premium funding as well as other income available to them, such as course fees and endowments.
167. We note the concerns of respondents about flexibility in how this funding can be used. We confirm that this funding must be used during the 2021-22 academic year to address hardship faced by students and, as such, must be distributed to students in this period and not used to support providers’ own costs. As with the one-off hardship funding distributed for 2020-21, we confirm that providers may use it for a wider population of higher education students than those counted in our student premium funding methods including, for

example, postgraduates (whether taught or research), overseas students and others that do not meet the definition of OfS-fundable.

168. We are not empowered to fund directly providers that are not registered with us in the Approved (fee cap) category and this includes in relation to hardship funding for students.

169. Having regard to the responses received to our consultation and our duties, we confirm that we will provide an additional £5 million to address student hardship in academic year 2021-22. We will allocate this to providers through the full-time, part-time and disabled student premium funding methods, as proposed in our consultation.

Question 9: To what extent do you agree with the proposals to distribute £15 million to address student transition and mental health, through a combination of competition and a new formula-based student premium?

170. Table A10 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A10: Numerical summary of responses to question 9

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	42 (35.3%)	59 (49.6%)	6 (5.0%)	2 (1.7%)	10 (8.4%)
On behalf of other organisation	25 (15.2%)	42 (25.5%)	6 (3.6%)	11 (6.7%)	81 (49.1%)
As an individual	656 (9.8%)	1760 (26.4%)	610 (9.1%)	505 (7.6%)	3138 (47.1%)
All respondents	723 (10.4%)	1861 (26.8%)	622 (8.9%)	518 (7.5%)	3229 (46.4%)

171. Of the respondents that expressed a view (that is, when responses of ‘don’t know / prefer not to say’ are discounted), 69 per cent of respondents agreed with the proposals and 31 per cent disagreed. We received 1,653 comments in response to this question.

172. Of the respondents that provided comments, more than 50 per cent were in favour of the proposals, noting the value of providing specific funding to support student transition and mental health initiatives. Many respondents discussed the need for such measures, given the current pressures on students and their mental health. It was noted that ‘students are experiencing a disproportionately high impact on their mental health associated with the pandemic’, with specific figures quoted from the Office of National Statistics’ Student COVID-19 Insights Survey⁶³, noting that ‘63 per cent of students indicated that their well-being and mental health had worsened since the start of the autumn term 2020’ and that average life satisfaction

⁶³ See

www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandhighereducationstudents/19februaryto1march2021.

scores for students remain significantly lower than the average ratings of the adult population as a whole.

173. Given the scale of the problems facing providers, some respondents did call for more funding to be made available. It was noted that 2021-22 is likely to see further increases in demand from students for support, due to the ongoing effects of the pandemic, both on new students and on students that started courses in 2020-21. One respondent noted that 'this year, most universities will be welcoming second year students onto campus who have never been on campus. This means they will be making the transition [to higher education] for the first time as well.' Given the likely ongoing future effects of the pandemic, providers also called for confirmation that the funding stream would be continued into future years.
174. Respondents were supportive of the proposed method to allocate the majority of funding through a formula. Respondents agreed with our intentions, as expressed in the consultation document to attempt to minimise the administrative overhead associated with this funding stream noting that this approach would 'reduce the administrative burden on providers and allow funding to be distributed quickly.'
175. Respondents also expressed support for the proposal that any formula be based on the number of OfS-fundable undergraduate entrants at each provider. It was noted that 'such important issues [of student transitions and mental health] benefit from sustained and consistent funding and for this reason we support the £12m in formula allocation. We also support the allocation on a pro-rata basis by the headcount of OfS-fundable undergraduate entrants as reported in HESES20 rather than through individualised data returns. We understand that student mental health is likely an under-reported issue and therefore support the allocation being based on all students.' However, a small number of respondents questioned this, noting that basing the allocation on the number of students declaring a mental health issue would allow for greater targeting of the funding to institutions with students having the greatest need.
176. There was very little support among respondents for allocating part of this funding stream through a competition. It was noted that a bidding process would tend to disadvantage smaller providers: 'Competition-based funding creates significant overheads for institutions and favours large institutions with central bidding teams.' It was also noted that such a process would increase the administrative burden on providers and threaten the quick distribution of support to students.
177. As with previous questions, some respondents queried whether the additional funding for this proposal has come at the expense of cuts to other areas (such as performing and creative arts). Several of these respondents also noted that supporting arts courses would improve mental health for all (both students and the wider community), but did not evidence this view.
178. A number of themes raised by respondents are out of scope of this consultation and the funding powers of OfS. These included:
 - a. The view, expressed by several respondents that funding to support transitions to higher education would be better focussed earlier in the student journey, to allow students to develop resilience. Though we recognise the value of such work in supporting students

before they attend their provider, we feel that there is equal value in making sure that funding is available to support students in their vital initial transition into higher education.

- b. A similar view that providers work closely with the NHS and other local organisations to provide support for mental health. While not disputing the usefulness of this funding stream, respondents questioned whether these issues could be better supported in a more global way through increased funding to the NHS.

OfS response and decisions

179. We welcome the general support from respondents for the proposals on student transition and mental health. Where providers have raised concerns about the additional burden of a bidding process, particularly on smaller providers, we would note that we do not believe this will be an issue for 2021-22. The proposed £3 million of funding to support national facilities and regulatory initiatives will be used to support existing programmes and will not involve a further bidding exercise.

180. We recognise that funding could be targeted differently if it were informed by the numbers of students reporting a mental health condition – indeed, paragraph 70 of our consultation explained that this was an option we had considered. However, as the purpose of the funding is to support transition and mental health for all students beginning their undergraduate studies (including preventative approaches before mental health crises arise), we believe it right that we count all undergraduate entrants in the formula.

181. A substantial fraction of respondents, particularly those responding in an individual capacity appear to have misunderstood the meaning of ‘competition’ and ‘formula-based’ in the question, interpreting this to mean that individual students would be competing for support, or that support would be assigned to them by formula, rather than through an assessment of their specific needs. We would like to stress that the proposals refer only to the method used to determine the amount of funding received by providers. These institutions will then be able to use their own informed judgement to determine how that funding can then be best used to support their students.

182. Having regard to the responses received to our consultation and our duties, we confirm that we will provide an additional £15 million to address student transitions and mental health in academic year 2021-22. Of the total, we will distribute £3 million to support existing programmes that are part of our funding for national facilities and regulatory initiatives, and £12 million through a new formula allocation pro rata to the headcount of undergraduate entrants reported in HESES20.⁶⁴

⁶⁴ For providers that will be funded for the first time in 2021-22 based on data submitted to the HESF21 survey, we will use their forecast undergraduate data for the year. As with other allocations, their allocation will be recalculated later in the year to reflect the OfS-fundable undergraduate entrants they report in the HESES21 survey.

Question 10: To what extent do you agree with the proposal to maintain in cash terms the rate of funding for the nursing, midwifery and allied health supplement, which will increase the total budget to £27 million?

183. Table A11 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A11: Numerical summary of responses to question 10

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	38 (31.9%)	44 (37.0%)	11 (9.2%)	1 (0.8%)	25 (21.0%)
On behalf of other organisation	20 (12.3%)	40 (24.5%)	5 (3.1%)	2 (1.2%)	96 (58.9%)
As an individual	866 (13.3%)	1956 (30.1%)	405 (6.2%)	364 (5.6%)	2901 (44.7%)
All respondents	924 (13.6%)	2040 (30.1%)	421 (6.2%)	367 (5.4%)	3022 (44.6%)

184. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 79 per cent of respondents agreed with the proposals and 21 per cent disagreed. We received 1,381 comments in response to this question.

185. Respondents that provided comments were strongly supportive of the proposals to maintain funding rates for this targeted allocation, with 30 per cent of respondents also calling for an increase in the funding available for health education. Some respondents requested that any increase to the rate of funding be in real terms, rather than in cash terms, noting that 'costs of delivery will continue to increase for universities, so providing no real term increase will erode the sustainability of this provision.'

186. Respondents also commented on the increased demand for trained healthcare workers in light of the pandemic and called for security that funding rates would be maintained in future years as this would 'enable security in workforce planning for the NHS.' Respondents commented further on the need to ensure that healthcare courses at providers were adequately supported in the light of government priorities around healthcare, commenting that 'the number of student nurses and midwives will increase year on year from September 2021 and funding will become stretched'. It was also noted that increased student numbers would mean providers needing to accommodate a greater number of students on clinical placements, with calls for 'urgent attention [by the] Department for Education working with the Department of Health and Social Care to placement numbers and distribution, to the supply of clinical teaching staff and to investment in technology and facilities.'

187. Where respondents disagreed with the question (other than when they thought the rate of funding should be higher) comments were focussed around the proposals being funded through reductions in other areas, such as the proposed reduction in funding for subjects in price-group C1.2. Respondents also queried why the nursing, midwifery and allied health supplement should be protected over strategically important high-cost subjects.

188. Several respondents, when discussing the increased demand for healthcare courses, called for increased support for students on these courses. This included calls to reduce (or abolish) course fees, to reimplement bursaries and grant for students on such courses, and for additional funding to be made available from the Department of Health and Social Care to support healthcare education and training. Such measures are outside of the scope of this consultation and the OfS's funding powers.
189. A small number of respondents queried why the nursing, midwifery and allied health supplement only supports students studying on courses that lead to registration in certain professions but excludes, for example, those studying on courses such as music therapy.

OfS response and decisions

190. We welcome the general support for the proposals. Although our proposal maintains in cash terms the rates of grant provided through the nursing, midwifery and allied health supplement, these courses will attract a real-terms increase to the rates of grant provided through the main high-cost subject funding method. Given the constraints on the funding available to us and the priorities we are looking to balance, we believe this approach remains appropriate.
191. As noted in the OfS response on question 2, the list of subjects that attract the supplement reflects the courses that have, since 2017-18 been supported through the higher education finance system, but were previously directly supported through Health Education England. We do not have evidence about how the costs of courses such as music therapy compare with those other allied health professions and we do not accept that there are grounds for taking a different approach to them compared with other courses whose treatment for funding purposes has for many years been informed by TRAC(T) data. The latter includes other healthcare courses such as pre- and post-registration courses in medicine and dentistry, as well as post-registration courses in nursing, midwifery and allied health professions.
192. Having regard to the responses received to our consultation and our duties, we confirm that we will maintain in cash terms the rates of grant provided through the nursing, midwifery and allied health supplement for 2021-22. This will increase the budget requirement from £23 million to £27 million.

Question 11: To what extent do you agree with the proposal to maintain in cash terms the rate of funding for overseas study programmes, but base the allocation on the higher of relevant student numbers in either 2019-20 or 2020-21?

193. Table A12 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A12: Numerical summary of responses to question 11

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	38 (32.2%)	44 (37.3%)	6 (5.1%)	4 (3.4%)	26 (22.0%)
On behalf of other organisation	19 (11.7%)	20 (12.3%)	9 (5.5%)	5 (3.1%)	110 (67.5%)
As an individual	590 (9.1%)	1033 (15.9%)	486 (7.5%)	370 (5.7%)	4009 (61.8%)
All respondents	647 (9.6%)	1097 (16.2%)	501 (7.4%)	379 (5.6%)	4145 (61.2%)

194. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 66 per cent of respondents agreed with the proposals and 34 per cent disagreed. We received 1,086 comments in response to this question.

195. The most common theme, specifically stated by 29 per cent of respondents, noted the value of the Turing scheme, and the accompanying OfS funding allocation in enabling students to study abroad. These respondents also commented on the importance of OfS funding to mitigate any ongoing impact of the UK leaving the EU and the subsequent end to the UK's participation in the Erasmus+ scheme.

196. Respondents commented on the importance of ensuring that the Turing scheme and broader opportunities to study abroad are open to all students, regardless of their economic background. Commenters noted the value of overseas study to student outcomes, with one respondent noting:

'Students who undertake overseas study, even for a relatively short period of time, have improved attainment in their degree and increased graduate outcomes and so this should be considered an essential student experience wherever possible.'

The value of overseas study in fostering connections between the UK and the rest of the world was also noted, along with the opportunity for students to develop language skills and 'cultural understanding, key to maintaining Britain's status in a global context.'

197. Slightly less than 10 per cent of commenters, primarily those providing a response in an individual capacity, expressed regret at the decision to leave the Erasmus+ scheme. A similar proportion of respondents called for increased funding to be made available for overseas study, or for the rate of funding to be maintained in real terms, though these comments were generally made in light of increased investment from government, rather than in consideration of how such an increase could be made by adjustment to OfS budgets. A number of respondents expressed doubts that the proposal to maintain funding rates could be justified in light of reductions to funding rates in other areas: 'we believe the funding rate for overseas study programmes should share the same [year-on-year] increase (or decrease), in cash terms, as other high-cost subjects (strategically important or otherwise).'

198. Respondents were substantially in favour of the proposed method to calculate allocations on the higher of relevant student numbers in either 2019-20 or 2020-21, noting that:

‘The impact of Covid-19 [...] is hoped to be a one-year circumstantial effect, and therefore the proposal to base the allocation on the higher of relevant student numbers in either 2019-20 or 2020-21 will provide much needed financial stability to support the resources needed to rebuild student levels to pre-Covid-19 levels.’

and that

‘... [the proposal] is fair given it bypasses the disruption caused by COVID-19 whilst rewarding those providers that have been agile in increasing numbers through alternatives such as remote learning.’

A small number of respondents disagreed, questioning whether either of the two proposed years is a sufficiently true representation, and one that ‘seems reasonable to maintain numbers based on pre-pandemic overseas engagement.’

OfS response and decisions

199. We welcome the general support for the proposals, both for maintaining the rate of funding and for the proposed calculation method.

200. We appreciate the calls from some respondents to increase the level of OfS funding available to support overseas study programmes. However, given the constraints on the funding available to us and the priorities we are looking to balance, we believe our approach in maintaining the rate of grant remains appropriate.

201. While we note comments that the pandemic may also have affected the number of students pursuing a year abroad in 2019-20, we do not accept there are grounds for using more historic data to inform allocations. The 2019-20 student data was reported as part of the HES19 return, originally submitted at the end of 2019 and signed off at the beginning of February 2020. This will have captured all those students that had started a full year abroad falling entirely within the 2019-20 academic year, plus forecasts of others starting a year abroad later in the academic year, which were made before the pandemic had taken hold and government restrictions introduced. We therefore believe the 2019-20 data adequately represents a pre-pandemic population of year abroad students.

202. Having regard to the responses received to our consultation and our duties, we confirm that we will maintain in cash terms the rates of grant provided for study years abroad and that allocations for providers will be based on the higher of the 2019-20 or 2020-21 student numbers reported as taking such a year.

Question 12: To what extent do you agree with the proposal to maintain in cash terms the budgets for other targeted allocation as proposed in [paragraph 40 of the consultation document]?

203. This question related to the following targeted allocations:

- a. The postgraduate taught supplement.
- b. Intensive postgraduate provision.
- c. Accelerated full-time undergraduate provision.
- d. Very high-cost STEM subjects.
- e. Clinical consultants' pay.
- f. Senior academic general practitioners' pay.
- g. NHS pensions' scheme compensation.

204. Table A13 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A13: Numerical summary of responses to question 12

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	16 (13.6%)	42 (35.6%)	22 (18.6%)	6 (5.1%)	32 (27.1%)
On behalf of other organisation	5 (3.1%)	13 (8.0%)	13 (8.0%)	8 (4.9%)	124 (76.1%)
As an individual	151 (2.3%)	650 (10.0%)	473 (7.3%)	375 (5.8%)	4835 (74.6%)
All respondents	172 (2.5%)	705 (10.4%)	508 (7.5%)	389 (5.8%)	4991 (73.8%)

205. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 49 per cent of respondents agreed with the proposals and 51 per cent disagreed. We received 826 comments in response to this question.

206. A substantial number of correspondents expressed general support for the proposals, noting that that 'given the overall fixed recurrent funding for 2021-22 we believe maintaining these budgets in cash terms is a sensible way of allowing additional support for other areas of funding.' Commenters also recognised the additional costs and complexity of the activity supported by OfS targeted allocations and noted that 'maintaining in cash terms will provide an element of stability to support on-going provision in these areas.'

207. Support for the overall position was not unqualified, with particular areas of concern being the reduction in the rates of funding for the targeted allocations that support intensive postgraduate and accelerated full-time undergraduate provision. It was noted that intensive postgraduate courses are resource intensive, but 'produce graduates with the kinds of advanced skills which employers demand' and produce graduates that are 'closer to market in terms of professional preparation.' It was noted that a decreased rate of funding for these targeted allocations might be viewed as 'inconsistent with other policy priorities [...] disincentivising a curriculum innovation that government remains keen to promote.' It was noted

that these courses may be of increased value to the economic response to the COVID pandemic.

208. A few commenters discussed the decision to maintain the three targeted allocations relating to NHS costs (those for clinical consultant's pay; senior academic general practitioner's pay; and NHS pensions scheme compensation). Calls were made for this funding area to be revisited, in light of these allocations being 'frozen for some years now, which is making teaching of clinical years increasingly difficult to fund. If not for 2021-22, we would hope that OfS will review this and either merge with the mainstream into mainstream price group 1 funding or find a means to uprate in future years.'⁶⁵ Other commenters queried why these allocations, given that they total £22 million, had not been subject to reductions, as a way of mitigating the necessity of reductions to other funding streams.

209. The largest single theme identified focused on perceived unfairness. A quarter of respondents expressed the view that maintaining the budget for these targeted allocations should not come at the expense of reductions to funding in other areas, such as the London weighting or the rate of funding for price group C1.2. Commenters expressed this as a question of fairness: 'I have no issue with funding being maintained in real terms, however this approach should be applied consistently to everyone rather than a discriminatory system of valuing some people over others.'

OfS response and decisions

210. We note the concerns expressed by respondents on the decrease in funding rates for the targeted allocations for intensive postgraduate and accelerated full-time undergraduate provision. As is the case for OfS funding overall, these reductions in funding rates arise primarily from increased student numbers in 2020-21. To maintain in cash terms the rates of grant for both allocations would cost an additional £5 million. We recognise that these courses are important, but they are also areas where providers are able to charge higher course fees.⁶⁶ Given the constraints on the funding available to us and the priorities we are looking to balance, we believe this approach remains appropriate.

211. The very high-cost STEM subjects and the three targeted allocations relating to NHS costs are not recalculated afresh each year, although there may be increased student or staff numbers and costs that the allocations support. We agree that these allocations, and how they contribute alongside high-cost subject funding to support the subjects concerned, should be reviewed. That is something we intend to do for future years as part of a wider and more fundamental review of price groups.

212. Our view is that a cut to the budgets for these allocations would be inconsistent with our broader policy priority to protect funding for STEM subjects and healthcare disciplines. Maintaining their budgets in cash terms again allows some protection for these targeted

⁶⁵ We understand the reference to price group 1 to mean price group A, which covers clinical years of study.

⁶⁶ For full-time undergraduate courses, regulated fee limits are 20 per cent higher for accelerated courses than for other courses, recognising their additional costs per annum. With the exception of initial teacher training, postgraduate courses are not subject to regulated fees: intensive postgraduate courses are predominantly masters degrees.

allocations, within the overall constraints on our budget. Reducing these budgets as a means of mitigating the cuts to funding for performing and creative arts and media studies and for the additional costs of operating in London is not possible, because we are required, under terms and conditions of grant imposed by the Secretary of State, to implement the cuts to those other grants.

213. Having regard to the responses received to our consultation and our duties, we confirm that for 2021-22 we will maintain in cash terms the budgets for the postgraduate taught supplement and the targeted allocations for intensive postgraduate provision, accelerated full-time undergraduate provision, very high-cost STEM subjects, clinical consultants' pay, senior academic general practitioners' pay and NHS pensions' scheme compensation.

Question 13: Do you have any comments about any unintended consequences of these proposals, for example, for particular types of provider or for particular types of student?

214. This question did not ask respondents to agree or disagree to a specific proposal. We received 4,224 comments in response to this question.

215. There was a substantial degree of overlap with responses to previous questions, with respondents particularly reiterating concerns about how the proposals will affect arts, music and culture, both in the higher education sector and more broadly. More than 60 per cent of comments referenced these concerns.

216. A substantial number of respondents said that the proposals would result in reduced financial viability for courses and providers, which may result in staff redundancies, departmental closures, diminished quality, and ultimately worsened student choice in certain disciplines. This was discussed in reference to reduced funding:

a. For arts courses:

'Whether it's intended or unintended these proposals would result in the closure of many arts and humanities courses. Many of these courses have been hit by reduction in student numbers over the last decade as a direct consequence of prioritising STEM subjects at A level – and corresponding withdrawal of performing arts courses in schools in general.'

'The arts ecosystem which includes HE providers and industry is already incredibly fragile following changes to government policy in education, arts funding, and swathes of closures following the pandemic. These proposals will put already precarious institutions closer to closure, and will therefore damage the diversity of the arts in the UK. The arts are vital to the UK economy and intellectual and creative life, and require increased funding at this time. The model shows that institutions who lose out are more likely to be those historically providing arts education, and small institutions with a close connection to arts industry - and these frequently serve working class and first generation students, as opposed to wealthy institutions who tend to serve a wealthier student body. Further equality impact assessments to the arts is urgently needed.'

b. For archaeology courses:

‘The top four university archaeology departments in the world are all found in the UK. A blanket cut on this scale would do irreparable damage to countless archaeology departments (many of which are already hanging on by a thread) and harm our standing in the world [...] In the past 10 years, one university archaeology department has already been forced to close, another in 2020 had to reduce its staffing by 50 per cent, and currently the Department of Archaeology at [provider name] is also threatened with closure. Yet more have scrapped their fieldwork programmes because of budget cuts.’

c. For courses offered by providers in London:

‘The proposed cuts to London weighting could have a material impact on the financial stability of a significant number of London universities, when taken in addition to the losses due to the pandemic. The abrupt removal of a large sum from institutional budgets does not give institutions sufficient time to adjust their resource base or find alternative revenue sources.’

217. Respondents also commented on the impact of the proposals on students from under-represented backgrounds and on students with protected characteristics. For most responses, this reflected the effects noted in the main consultation document:

‘Furthermore, arts courses have a higher-than-average number of students with reported disabilities and those from POLAR quintiles 1 and 2 – something OfS has acknowledged in the consultation’.

218. Comments noted that the proposals would reduce the viability of courses or incentivise providers to reduce their offering in certain areas, and this would reduce the opportunities for students from under-represented groups to engage in these subjects.

‘There is a risk that universities will move to only offer high-cost subjects programmes for which they get the most funding. This may have an impact on APPs [access and participation plans] & disadvantaged students.’

‘The cuts to arts subjects will inevitably lead to Department and programme closures, most likely at institutions that historically attract students from lower socio-economic backgrounds and/or from global majority backgrounds. The proposals thus unduly penalise students from these backgrounds, making the study of arts a space of enormous privilege.’

219. A number of respondents particularly noted that the proposals would affect the viability of price group C1.2 courses at smaller and more specialist providers, such as further education colleges. This may result in ‘cold spots’ – geographical areas where higher education (in general or for specific subjects) is unavailable.

‘We are concerned that increased costs of delivering HE combined with reduced funding can result in closure of HE at some colleges that will ultimately limit student choice particularly for mature and part time students who tend to study locally’.

‘OfS needs to assess and evaluate the role of college HE delivery in the cold spots of the country and also the impact of the void that may result if FE colleges ceased to deliver HE.’

220. Commuter students were highlighted by a number of respondents as a particularly affected student group that had less flexibility in their study options, are more likely to be from under-represented groups and may have financial challenges that effect their ability to study.

‘... for London especially, this means that these students are more likely to be commuters who travel from their family home into the city. Furthermore, the research shows that being a commuter student often intersects with being more likely to be the first in their families to go to university, more likely to be from lower socio-economic areas, and more likely to be from a black or minority ethnic background’

‘... [commuter students] may find creative arts are no longer provided at their local institution, so become less likely to study those subjects. This would too, in turn, lead to a less diverse arts sector.’

221. Respondents commented on the wider value of affected subjects (particularly the arts) to the economy and the consequences of the proposals on their funding. Several respondents felt that the proposals sent an unfortunate message about the value of the arts: ‘these cuts also send a strong message to a wide range of stakeholders that arts-based subjects and specialist providers are not valued’ and ‘there is a significant risk that this proposal will further destabilise and reduce access to arts and cultural subjects in secondary phases of education.’

Respondents also repeated comments seen in earlier questions that reductions to arts subjects at higher education level will affect the pipeline of qualified graduates necessary to maintain sectors that contribute to the UK economy: ‘Over the medium to longer-term this will reduce investment in areas where the UK are world leaders, both academically and economically’.

222. A number of comments were made in this vein about the specific value of archaeology to the economy, given the importance of graduates in this area to the construction industry.

‘We are very concerned that the reduction in costs for archaeology as a subject from £243 to £122 pa will have significant knock-ons. Providers will withdraw further from teaching archaeology courses and prospective students will consider the potential resourcing of archaeology courses to be too low for a good outcome’.

‘Commercial archaeology is already suffering from a lack of personnel, any cuts to university archaeology will shrink an already struggling sector that is currently critical to the construction industry.’

223. A small number of respondents reiterated comments on the timing for implementation of these proposals, noting that the short notice will compound any adverse effects for provider and course viability.

‘To expect institutions that stand to lose significant amounts of funding to adopt new strategies within such a short time frame is unrealistic and unreasonable. Students applying to study subjects in the proposed C1.2 price group and/or in London will see their options curtailed and in some instances activity will need to be discontinued. Whether these outcomes are unintentional is a question for the government.’

224. Finally, one respondent commented on the possibility that future developments to the higher education funding system might magnify the effects of the changes being consulted on:

‘Were these measures to be taken in isolation, the impact is not significant, but if this was combined with a reduction in fees for certain courses (in line with draft Augar report) then the combined effect could be that courses such as performing and creative arts would become far less attractive to institutions’.

OfS response

225. We have noted the arguments presented by many respondents relating to the sustainability of subjects in the performing and creative arts, media studies and archaeology; the contribution they make to the economy and society and the benefit they bring to students who study them, including many from disadvantaged backgrounds.

226. We have also noted the arguments presented by respondents on the impact that the removal of London weighting may have on the provision of higher education in the capital and the students who study there, again including many from disadvantaged backgrounds.

227. The terms and conditions that the Secretary of State has applied to OfS grant for 2021-22 mean that we must implement the reduction to the rate of high-cost subject funding for the performing and creative arts and media studies and cease to vary grant rates based on the region of the UK in which higher education is offered. If we do not, we may be required to repay the whole or any part of the grant still held by us to the Department of Education.

Question 14: Do you have any comments about the potential impact of these proposals on individuals on the basis of their protected characteristics?⁶⁷

228. This question did not ask respondents to agree or disagree to a specific proposal. We received 3,856 comments in response to this question. As with question 13, the comments received showed a substantial overlap with those discussed in previous questions. In particular respondents reiterated their concerns that reducing the high-cost subject funding rate for price group C1.2 subjects, and removing London weighting would:

- have a direct negative impact on students with protected characteristics
- reduce the chances of students (both current and prospective) from low-socioeconomic backgrounds accessing higher education
- have a negative impact on student choice and opportunities when entering, studying and leaving higher education
- have the potential to reinforce existing barriers which students with protected characteristics face and reverse access and participation efforts.

229. More than 50 per cent of responses referenced disability and ethnicity. Responses also referenced impact on students with other protected characteristics, but in much smaller

⁶⁷ Protected characteristics are defined in Part 11 of the Equality Act as: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. See: www.legislation.gov.uk/ukpga/2010/15/part/11/chapter/1.

numbers. As with responses to other questions in this consultation, a substantial proportion of these responses noted and reflected on the points made in the main consultation document about the participation of under-represented student groups on arts courses and at providers studying in London. Such responses particularly reflected points made about the comparatively high proportions of students: with a reported disability; coming from a minority ethnic background; coming from POLAR quintiles 1 and 2; and mature students.

‘The consultation document itself has identified most of the concerns we would have, and the reason to reconsider or pay great attention to some aspects of the proposal. Data which identifies that subjects in the digital and creative arts attract the highest proportion of students with disabilities, especially cognitive & learning difficulties and mental health conditions, as well as recruiting more students from lower participation POLAR wards strongly suggests that by shifting resource away from these courses we reduce, not increase the opportunities available to these students.’

230. Respondents argued that cutting funding for affected courses would have a direct negative impact on the access and participation work providers have been doing to increase diversity across the higher education sector.

‘The proportion of disabled students in our Faculty of Arts, Design and Media is double that of our other Faculties. Cutting funding for these subjects in half appears to run contrary to institutions working on strong Access and Participation work, and these changes are likely to reduce opportunities in Higher Education for students with these particular characteristics.’

231. Some responses noted that underrepresented student groups may not be equally well-represented in affected subjects and courses, but noted that the proposed reductions to funding would exacerbate such differences:

‘Whilst we recognise that the [sector] has a way to go in increasing its inclusion and diversity representation, this proposed cut would make it even more challenging for anyone but the most privileged from being able to access archaeological training and will [...] disproportionately affect the most disadvantaged and excluded demographics in our society.’

‘The proposals will inevitably impact most severely upon those least represented in the arts and creative economies. As the consultation acknowledges the arts “are less likely than average to be mature (aged 21 or over) or to come from a black, Asian or minority ethnic background” (para. 22) yet the proposals will make studying these subjects much harder (through, for example, closure of provision or propagating a negative perception as to their ‘value’). This will only serve to exacerbate issues of representation and access, and will unduly negatively impact individuals on the basis of protected characteristic.’

232. Comments about the effects of the proposal to cut London weighting reflected similar concerns to those made about reductions in the rate of funding for price group C1.2. Respondents particularly noted paragraph 48 of the main consultation document, discussing expected effects on students from a minority ethnic background:

‘London universities have far higher rates of enrolment of students who identify as Black, Asian, Mixed or Other (52.3 per cent) than the national average (29.2 per cent). AccessHE

analysis of demographic trends suggests the proportion of ethnic minority students enrolling in London universities is likely to grow significantly over the next 10 years. This proposals significantly reduce funding to London universities and consequently on more students with protected characteristics. Reducing opportunities for ethnic minorities to access high quality education locally to them is not in the interests of either students or employers.'

233. A small number of providers highlighted specific issues relating to their circumstances:

'... [we] stand to lose more than 50 per cent of grant funding compared to current levels. This is a significant reduction in funding that will affect student experience and support at a provider whose students are drawn largely from the UK, where 21.1 per cent of students have declared a disability and 47.5 per cent of students are BAME.'

'The significant cuts in funding resulting from these changes will cause [the arts provider] to review its provision in all areas, because it will not be possible to sustain the level of support we currently provide to students. We will of course undertake an internal impact assessment of any cuts we will have to make to provision, but we cannot guarantee that such significant loss of income will not impair our ability to provide additional support to those students who require it. Conservatoire training is by its nature intensive and expensive and many students require additional support to be able to access the training; [we have] historically been very successful at raising our own funds to support this work, but these funds may not be called upon to cover the core costs of training.'

234. A small proportion of respondents, mainly those replying on behalf of providers or other organisations felt that the proposals would have a positive or no impact on students with protected characteristics. Positive effects discussed included:

'the proposed additional funding allocations (£5M for hardship and £12M for mental health support transitioning to HE), may in turn enable HEIs to better support students with particular protected characteristics to access and successfully achieve their goals in HE.'

'The University welcomes the continuation of targeted funding for disadvantaged students and on improving access and supporting successful student outcomes. By targeting funding in this way, we feel this is likely to impact positively on students with protected characteristics who are disproportionately represented in these targeted groups. In particular the ongoing commitment to the disabled students' premium (including an increase of 2%) is supported and will enhance the provision given to this cohort of students with this protected characteristic'

235. A small number of respondents mentioned the reduction of funding for the Uni Connect programme to £40 million in their comments to this question. Reflecting themes raised under question 7, they expressed concerns that the proposed changes would have 'significant implications on the national picture for [widening participation] outreach, support [...] and 'levelling up' in social mobility' and that it would 'have an impact on the work that can be done in encouraging students from hard to reach backgrounds (including those from certain ethnicities) in entering Higher Education ... [which would] disproportionately affect students from certain ethnicities.'

236. A high proportion (40 per cent) of respondents asked if a 'public sector equality data assessment' had been undertaken for the proposals.

237. Although not a protected characteristic, a substantial number of respondents reiterated concerns raised in question 13 about the effect of the proposals on students from lower-socioeconomic backgrounds. The main concern in responses which discussed such students was that the potential reduction in creative courses (following cuts to funding) will make it harder for students from low socioeconomic backgrounds to access these courses as they may be 'priced out' by richer students, consequently reserving creative subjects for the wealthier and elite. Respondents also called for students from low-socioeconomic backgrounds to be added to the OfS's list of protected characteristics.

OfS response

238. This question invited responses on the impact that the proposals would have on individuals based on their protected characteristics. Respondents to this question tended to focus on the impact of our proposal to reduce funding to price group C1.2 on those students with protected characteristics. As above, since publishing our consultation, the Secretary of State has imposed terms and conditions of funding in relation to several of our proposals, including the reduction of funding to price group C1.2. The Secretary of State confirmed to us that he considered the equality impacts before issuing these terms and conditions of funding.

239. As we note above, terms and conditions issued under section 74 HERA impose a statutory obligation on the OfS to distribute funding in a particular way. While we have had regard to all relevant statutory duties in developing our proposals, we ultimately had to fully comply with the terms and conditions of funding imposed by the Secretary of State in arriving at the decisions set out in this document.

240. Where the Secretary of State imposes terms and conditions of funding on the OfS, the practical effect is that we must comply with them or repay the whole or any part of the grant still held by us to the Department of Education.

241. Given this, we have focused on the issues raised by respondents to this question on matters not covered by terms and conditions of funding imposed on the OfS by the Secretary of State.

242. As in our responses to question 7, we recognise that reductions to the Uni Connect budget may result in an overall reduction of activity within the programme, but we still expect Uni Connect programmes to maintain the targeting of their programmes at student groups that can be helped most, and to maintain their ambition around the number of learners who will be engaged during 2021-22. A sizeable body of evidence has been generated through phases one and two of the programme, and we consider that this, along with increased efficiency, will allow Uni Connect partnerships to minimise the effect of reduced funding on students.

243. A small number of comments were received expressing concerns about the effect of 'moving funding away from student premiums'. The budget for the existing student premiums, excluding Uni Connect and the new premium for student transitions and mental health, has increased by £5 million, as a result of the provision of additional hardship funding. The removal of London weighting elements from the student premium calculation will affect the distribution of the premium total among providers, but this is subject to the

terms and conditions imposed on us by the Secretary of State, which we are obliged to follow.

244. As discussed in Table 4, our overall budget distributed to the sector has a slight increase compared to last year. Providers retain the ability to decide how to best use their overall income, including from course fees and (within the limits set out in our terms and conditions of funding) their OfS funding allocations. This would include the ability to best decide how funding earmarked to support student access and success is targeted.

Question 15: To what extent do you agree with the proposed changes to terms and conditions of grant for 2021-22?

245. This question related to proposed terms and conditions of funding with which providers would have to comply for the £5 million hardship funding and £12 million formula allocation to support student transitions and mental health. Table A14 summarises the extent to which respondents to the consultation agreed or disagreed with the proposal, or neither.

Table A14: Numerical summary of responses to question 15

Respondent type	Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
On behalf of a registered provider	21 (17.9%)	65 (55.6%)	5 (4.3%)	7 (6.0%)	19 (16.2%)
On behalf of other organisation	7 (4.5%)	21 (13.4%)	5 (3.2%)	15 (9.6%)	109 (69.4%)
As an individual	85 (1.3%)	635 (10.1%)	403 (6.4%)	1009 (16.0%)	4183 (66.2%)
All respondents	113(1.7%)	721 (10.9%)	413 (6.3%)	1031 (15.65%)	4311 (65.43%)

246. Of the respondents that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 37 per cent of respondents agreed with the proposals and 63 per cent disagreed. However, of the registered providers to whom the conditions would apply and that expressed a view (that is, when responses of 'don't know / prefer not to say' are discounted), 86 per cent agreed and 14 per cent disagreed. We received 810 comments in response to this question.

247. More than 40 per cent of the responses received for this question either offered no further comment or did not relate to the terms and conditions of grant that will apply to providers who receive OfS funding allocations for 2021-22. Instead, respondents used the question as an opportunity to reinforce and reiterate themes raised in previous questions, such as opposition to reducing the rate of high-cost subject funding for subjects in price group C1.2. or general calls for increased levels of funding from the government.

248. In addition, a small minority of respondents seem to have misunderstood the question being asked. Respondents appeared to:

- Confuse the use of the word 'grant', which in the question refers to the provision of OfS funding to providers, with maintenance grants made to students.
- Assume that the question was asking for comments on the total budgets made available for the hardship funding and premium for student transition and mental health allocations (covered in questions 8 and 9), rather than on the terms and conditions that apply to their use.
- Assume that the terms and conditions being consulted on were those that might apply to higher education courses (and the students on these courses).

249. 30 per cent of all comments received were positive on the proposed terms and conditions. Respondents acknowledged the value of the terms and conditions for the new student hardship and student transitions and mental health allocations, noting that: '[they will] ensure the [new allocations] are used on projects aimed at student hardship and mental health. It is necessary for the implementation of these funds' and that 'It isn't unreasonable for the OfS to retain the right to reclaim unspent monies, distributed for a specific purpose, if those monies have not been spent for that said purpose, within the period specified.'

250. Though respondents were understanding of the need to apply terms and conditions to the use of the new funding allocations, a number of respondents qualified their support, noting that as a principle, it is preferable for providers to have as much flexibility as possible in how funding, particularly student premium funding, should be spent. One provider noted:

'While we recognise the necessity to earmark funding for specific national priorities, such as mental health (above), we generally oppose the principle of direct earmarking or other restrictions as far as possible. This is because we feel institutions should be allowed discretion as to how funds are applied to find the most appropriate ways to tackle these issues which may include expenditure on infrastructure and other costs that may not be direct.'

251. Other respondents struck the same note, noting that they appreciated the specific aims of the new funding allocations, but that in general it was preferable for funding to be distributed through the main student premium allocations, with the ability for individual providers to decide on its best use, bearing in mind their access and participation plans and student circumstances.

252. Some respondents commented on the increased burden on monitoring the use of these funds. Commenters accepted that more specific monitoring would be appropriate for these funds, given their intended use:

'Given these additional allocations have been targeted to address very specific challenges currently facing students and universities it is appropriate for there to be more direct reporting on the use of these funds.'

However, respondents also called for any monitoring mechanism to be as light touch as possible, given the expense and additional burden of ensuring compliance:

‘OfS should continue to be mindful of striking a balance between the requirements of monitoring and the additional costs that may be incurred by providers for additional external auditing.’

253. On the same theme, respondents called for more guidance on the use and monitoring of these funds to be published, to allow providers to ensure that all funding is properly allocated. One respondent noted that it would be appropriate for any such monitoring to take place as part of the OfS’ annual finance return.

254. Continuing on the theme of flexibility in the use of OfS grant, particularly for the new funding allocations, a small number of respondents called for flexibility in any requirement for use of the funding within a certain time period. One comment noted that: ‘the definition of the academic year will need to take into account the fact that providers may have flexible entry points to courses and that a suitable window needs to take place to allow institutions to disburse funds before they are considered “unspent”’. Another called for allowing a certain proportion of any unspent funding to be ‘rolled over’ into subsequent years.

255. Finally, one respondent expressed the view that:

‘We do not find the hardship funding terms to be in line with this current consultation. This is with reference to the requirement to distribute the funding directly to students, which has not been considered in paragraph 65. We find that the requirement for distribution to students has only appeared in the terms and conditions of funding thus this point has not been consulted upon. We disagree with this point.’

OfS response and decisions

256. Noting the number of respondents (particularly those responding in an individual capacity) that we feel had misinterpreted the basis for this question, we would take the opportunity to clarify that the terms and conditions referred to in this question apply to higher education providers registered with the OfS and refer to the use of the funding allocations they receive from us. They do not refer to students at those providers.

257. We welcome the positive comments on the terms and conditions made by providers, and note the comments made about the advantages in providing as much flexibility as possible in allowing providers to determine the best use of funding allocations to support their students.

258. The allocation of hardship funding for 2021-22 has a distinct purpose, specifically to help providers support students that are in hardship, with support intended to be responsive to the needs of those students. As such, we believe it is important to specify that this funding must be distributed directly to students, though providers have freedom to decide on the most appropriate method for that distribution, to support those in greatest need. The funding must be used within the 2021-22 academic year – we believe this gives providers plenty of time to disburse the funding to students facing hardship during the year and, as such, we do not accept that it would be in students’ interests to allow providers to roll it over into later years.

259. The allocation for student transitions and mental health is to support students' transition into higher education, addressing the challenges to student mental health for those at the beginning of their undergraduate studies, including through supportive and preventative measures that help to maintain good mental health and prevent more serious problems arising. Providers do have flexibility in determining what activities and services they provide for students that will best meet this purpose. Given this focus on transition into higher education, we expect providers to use the funding in full during 2021-22, rather roll it into subsequent years.

260. We accept the desirability of minimising the burden of any monitoring of this funding, subject to gaining assurance that terms and conditions have been met. We intend that such monitoring will take place through existing reporting mechanisms, including through providers' audited financial statements, to minimise any burden. We will confirm monitoring arrangements separately.

261. Having regard to the responses received to our consultation and our duties, we confirm that:

a) Funding identified in our grant allocations to providers as to address hardship will be earmarked for distribution in the academic year to students aiming for a higher education qualification who are facing hardship, particularly where it is needed to support their continuation of study and successful outcomes. It must not be used to meet providers' own costs. We reserve the right to recover any hardship funding that is not used for the purposes intended.

b) The premium for student transition and mental health will be earmarked for activities and services of providers that support students transitioning into higher education, particularly to address the challenges that this can present for mental health.

Question 16: Do you have any other comments on the proposals in this document?

262. This question did not ask respondents to agree or disagree to a specific proposal. We received 2,410 comments in response to this question. The majority of respondents to this question used their comments to reiterate key concerns with the proposals raised earlier in the consultation. In particular:

- a. More than 70 per cent of respondents used their comments as an opportunity to restate their opposition to any cuts to funding for the subjects in price group C1.2 and to protect the larger arts sector.
- b. Around 5 per cent of respondents commented on issues of timing with the consultation, noting that providers have been given only a short time to prepare for the impact of the proposed changes to our funding methods before the beginning of the 2021-22 academic year: 'The notice given by the proposals is far too short to enable Higher Education providers to plan effectively for September 2021.'
- c. Around 5 per cent of respondents commented on concerns about the impact of proposals on students with protected characteristics or on providers' access and participation work.

‘Some of the proposals within this consultation pose a risk to the attainment of access and participation plan targets, and although impacts may not be felt immediately, we will be answering to them in the years ahead [...] Any reduction in funding that impacts on outreach (such as Uni Connect) or enablement once in HE, has the potential to widen the gap in attainment and progression rather than decrease or eliminate it.’

- d. A small number of respondents reflected on concerns about the removal of London weighting, particularly around the predicted financial effect for providers based in the capital.

263. Another significant theme was that the consultation had not included questions regarding the targeted allocation for world-leading specialist providers. The responses were aware of the continuation of the £43 million, the £5 million uplift for the existing recipients and the further unallocated £5 million for 2021-22. The responses fell into three areas of concern.

- a. Those who received the funding and wished it to continue with some of these raising concerns about how we progress the review of this funding.

‘We note and support that OfS are committed to carrying out a full review of world-leading specialist [...] provider funding in 2021 to inform funding from 2022-23. It is vital that the UK must maintain its position in the world of specialist providers in the performing arts and thereby supporting the UK theatre and film industries which are so vital to the economy, culture, society and wellbeing.’

- b. Those who believe they meet the eligibility criteria under the previous HEFCE approach, either in 2015 or have become eligible since 2015, and believe the current allocation unfairly excludes them from specialist provider funding.

‘The consultation presages a further consultation on this process and anticipates “comprehensive submissions” in due course. This targeted allocation is critical if the UK’s world-class specialist providers are to thrive and we welcome recognition by the OfS that a consultation on the process needs to take place as soon as possible. However, because research, KE [knowledge exchange] and practice at a number of specialist HEIs has dramatically changed in the last five years those institutions who currently receive this [specialist institutional funding] should also be reviewed. It does not seem equitable to have simply allocated a further £5 million to existing recipients without further review? In our opinion the OfS should reconsider its approach to distributing [funding for specialist providers].’

- c. Multi-faculty providers and other stakeholder groupings which are frustrated that this funding continues, and indeed was enhanced, and feel the premise of the funding is unfair given the general reduction in C1.2 funding. They wish to have a fundamental review of this funding allocation as soon as possible. These included providers who have long objected to the existing criteria.

‘These proposals do not reflect the fact that not all Conservatoires are in specialist institutions. While there will be a separate consultation on specialist Conservatoire funding, please consider Conservatoires which form part of an institution’s wider provision.’

264. Around 2 per cent of respondents commented on elements of the consultation that appeared to discount or conflict with other government policies, such as the Home Office priority immigration lists of shortage occupations. Respondents with an interest in Archaeology, either from provider departments or stakeholder bodies, noted the requirement for professional archaeologists in major infrastructure projects.

‘Archaeology graduates are crucial to the sustainability of the UK workforce in development-led archaeology. As a recognised construction skill, archaeology is a part of the supply chain for housing development and infrastructure and is essential to meet planning policy requirements to deliver sustainable development. As such, archaeology is a contributor to this key Government priority area.’

265. Other respondents referenced Arts and Humanities Research Council research on the contribution of arts to the economy. Some respondents indicated they would like to see the evidence used to support the ‘strategic important priorities’ noted in the consultation and DfE guidance.

266. There were a range of one-off responses. One respondent noted that ‘Jisc continues to accrue income and we believe that these other areas of funding should be reviewed.’ Another was concerned that any government policy changes to course fees could well overshadow the recurrent grant changes.

OfS response

267. We have noted the views expressed by respondents relating to funding for the performing and creative arts, media studies and archaeology and for London weighting. We have addressed these subjects in our response to earlier questions in this document.

268. We acknowledge the range of strong views about funding for world-leading specialist providers. As noted in our main consultation document, the proposed changes to this funding for 2021-22 in our consultation document reflect requirements that the Secretary of State has placed on us under terms and conditions of grant. If we do not, we may be required to repay the whole or any part of the grant still held by us to the Department of Education.. We would reiterate that we have committed to a full review of world-leading specialist provider funding this year, which will be subject to a separate consultation. We would encourage all with views on this issue to respond to that consultation and reiterate their views. We hope to publish a timetable for work on the specialist review shortly.

269. Our consultation set out our plans to maintain in cash terms funding for national facilities and regulatory initiatives (which primarily covers funding for Challenge Competitions, Jisc and the National Students Survey). In proposing this for 2021-22, we were mindful that this budget was subject to a substantial reduction from an originally planned £40 million in 2019-20 to £21 million in 2020-21, including a £13 million reduction in recurrent funding for Jisc.⁶⁸ Given the scale of the changes that were implemented last year, which sought to

⁶⁸ See: www.officeforstudents.org.uk/publications/funding-for-2020-21-ofs-board-decisions/.

protect as far as possible the funding allocated to providers, we do not consider it appropriate to make further reductions from this budget for 2021-22.



© The Office for Students copyright 2021

This publication is available under the Open Government Licence 3.0 except where it indicates that the copyright for images or text is owned elsewhere.

www.nationalarchives.gov.uk/doc/open-government-licence/version/3/