

**Office for  
Students**



# **Capital funding for financial years 2022-23 to 2024-25**

**Formula allocations and invitation to bid**

**Bids must be returned by 1700 on 27 June 2022**

**Reference** OfS 2022.19

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# Summary

1. This document sets out the arrangements for the distribution by the Office for Students (OfS) of capital grant for the three financial years (April to March) 2022-23, 2023-24 and 2024-25.
2. We will distribute capital funding for eligible providers through two mechanisms:
  - a. £11 million through a formula allocation for 2022-23. This publication announces the method of calculation for its distribution, which includes a cap of £50,000 on the allocation for any individual provider. Formula allocations for the financial years 2023-24 and 2024-25 will be announced separately at a later date.
  - b. £400 million through a single bidding exercise to be run in 2022, with capital monies to be distributed over the three-year funding period running from financial years 2022-23 to 2024-25. The competition is open to all providers that are registered (or have applied to register) with us in the Approved (fee cap) category. This publication invites bids from such providers and gives guidance on the requirements for submitting a bid and our approach to prioritising those bids that meet the broader objectives of the funding as set out in paragraph 16.

## Key terms and definitions

3. **'Funding'** and **'grants'** are used synonymously in this document to mean financial support provided under section 39(1) of the Higher Education and Research Act 2017 by the OfS to the governing body of an eligible higher education provider – that is, one registered with us in the Approved (fee cap) category – in respect of expenditure incurred, or to be incurred, by the provider for the purposes of either or both of the following:
  - a. The provision of education by the provider.
  - b. The provision of facilities, and the carrying on of other activities, by the provider, which its governing body considers it is necessary or desirable to provide or carry on for the purposes of, or in connection with, education.
4. **'Capital funding'** and **'capital grant'** mean funding allocated in respect of capital expenditure incurred, or to be incurred, by the provider. Capital expenditure means money used to acquire or maintain fixed assets, such as land, buildings and equipment, which is normally capitalised in the provider's audited annual accounts. It does not include expenditure on rent, or hiring or leasing of equipment and facilities. Capital grants must be used for the purposes set out in paragraph 16.
5. **'HESES'** means the annual Higher Education Students Early Statistics survey,<sup>1</sup> returned by providers registered with the OfS in the Approved (fee cap) category. The data collected in this survey, along with data supplied to the Higher Education Statistics Agency and the Education and Skills Funding Agency, is used to inform the allocation of OfS funding. 'HESES21' is the survey for the 2021-22 academic year, used to inform formula capital funding for 2022-23.

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<sup>1</sup> HESES21 was the survey completed by providers for the 2022-23 academic year. See [www.officeforstudents.org.uk/publications/heses21/](http://www.officeforstudents.org.uk/publications/heses21/).

6. '**Academic year**' (AY) means the 12-month period from 1 August to the following 31 July.
7. '**Financial year**' (FY) means the 12-month period from 1 April to the following 31 March.

## **Action required**

8. We will continue to provide an annual formula allocation to all eligible providers. We have published the allocations for all providers as Annex B to this publication.
9. Eligible providers are invited to submit a competitive bid for capital grant for the three-year funding period for financial years 2022-23 to 2024-25, following the guidance in this document. Bidding templates will be available to providers through the OfS portal. A specimen copy of the bidding template is included for information in Annex A, and further details on how to access the portal and to upload the bidding template are provided in Annex C.
10. Bids from eligible providers for additional capital funding must be received by **1700 on 27 June 2022**. We expect to announce the outcomes of the bidding competition in September 2022.

# Introduction

11. In March 2022, the Secretary of State for Education issued a guidance letter, which announced capital funding of £450 million in total, to be distributed over the three financial years 2022-23, 2023-24 and 2024-25.<sup>2</sup>
12. The guidance letter set certain expectations around the distribution of capital funding to providers, acknowledging the successful bidding exercise that took place in financial year 2021-22 and requesting that the OfS continue to allocate the majority of capital funding through a competitive bidding process to support specified priorities.
13. Following consultation in 2021,<sup>3</sup> we adopted a new approach whereby capital funding for eligible providers registered in the Approved (fee cap) category was distributed through two mechanisms: firstly, a small annual formula allocation to all eligible providers; secondly, the majority of capital funding was allocated in response to bids in a competitive exercise. We are continuing with this same broad approach for the period 2022-23 to 2024-25. We will distribute capital funding for eligible providers through the two mechanisms of an annual formula grant and a competitive bidding exercise, using criteria and a methodology broadly matching those defined for financial year 2021-22.
14. Of the £450 million capital funding announced in the guidance letter, we expect about £50 million (over the three financial years) will be required to meet existing commitments, support national facilities and regulatory initiatives<sup>4</sup> and fund the annual formula capital allocation. We have published the allocations for all providers as Annex B to this publication. Formula allocations for the financial years 2023-24 and 2024-25 will be announced separately at a later date.
15. We will distribute £400 million through a single, competitive bidding exercise to be run in 2022, with capital monies to be distributed over the three-year funding period covering financial years (1 April to 31 March) 2022-23, 2023-24 and 2024-25. Providers may submit one bid, which could be for any one financial year of the three-year funding period, or for project(s) that span multiple years within it.
16. Our aim, in distributing capital funding for the three years 2022-23 to 2024-25, is to enhance the learning experience of higher education students at providers, by helping raise the quality of their learning and teaching facilities to support high-quality, skills-based education; and to prioritise in particular:
  - a. Facilities for high-cost science, technology, engineering and maths (STEM) subjects, healthcare disciplines and other technical subjects.
  - b. Facilities that are designed to meet the specialist skills needs of industry and employers, including at Levels 4 and 5, and through degree apprenticeships.

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<sup>2</sup> Available from: [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

<sup>3</sup> See [www.officeforstudents.org.uk/publications/consultation-on-distribution-of-capital-funding-for-2021-22/](http://www.officeforstudents.org.uk/publications/consultation-on-distribution-of-capital-funding-for-2021-22/).

<sup>4</sup> This includes capital funding for Jisc (<https://www.jisc.ac.uk/>) and for the Higher Education Statistics Agency Data Futures (<https://www.hesa.ac.uk/innovation/data-futures>) development.

- c. Facilities that will support the development of flexible provision and modes of delivery, including for part-time study, e-learning and blended learning, and higher education short course study.
  - d. Capital expenditure that will demonstrate value for money and support environmental sustainability in reducing energy usage.
17. We believe these objectives will: promote choice and opportunities for students in relation to high-cost subject areas that require specialist teaching facilities; support access to higher education for those who need more flexibility in how they study; and help to meet the skills needs of students and employers.
18. This publication:
- a. Provides detail of the methodology used for the initial distribution of the annual formula funding for financial year 2022-23, and the terms and conditions of grant that apply to it. Formula funding allocations for all providers will be published as Annex B to this publication following the pre-election period.
  - b. Provides guidance on submitting bids to the competition for the three-year funding period 2022-23 to 2024-25, our approach to prioritising between bids, and the terms and conditions applying to funding awarded to successful bidders. Bids must be received by **1700 on 27 June 2022**.

## Formula funding allocation

19. We will continue to provide an annual formula allocation to all eligible providers. This is to address concerns raised in our capital funding consultation of 2021, that small providers would be disadvantaged if funding were allocated solely through a bidding exercise (see OfS 2021.27<sup>5</sup>).
20. Our initial allocations in April 2022 total £11.2 million and will be made only to providers that were registered with the OfS in the Approved (fee cap) category by 14 April 2022. Allocations to providers and their totals will be rounded to the nearest £1. Newly registered providers will become eligible to receive a formula allocation (subject to meeting the minimum threshold described in paragraph 23) at the point that the provider joins the OfS Register in the Approved (fee cap) category.
21. The formulaic allocation for financial year 2022-23 is capped so that no provider receives an allocation of more than £50,000. This approach addresses the potential disadvantage that the smallest providers might face if all funding was provided through a bidding competition. In setting the cap at this level, we have sought to strike an appropriate balance in ensuring that all providers that meet the minimum threshold (see paragraph 23) receive a meaningful sum, while also ensuring that the large majority of capital funding is distributed through the bidding competition.

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<sup>5</sup> See [www.officeforstudents.org.uk/publications/capital-funding-for-financial-year-2021-22-allocations-and-invitation-to-bid/](http://www.officeforstudents.org.uk/publications/capital-funding-for-financial-year-2021-22-allocations-and-invitation-to-bid/).

22. The distribution of the formula funding between providers will be published as Annex B to this publication following the pre-election period. The allocations must still be used towards 'relevant expenditure' as defined in the capital bidding competition (see paragraph 42). Further information about terms and conditions of capital funding for 2022-23 are set out in paragraphs 96 to 107.
23. Providers eligible for financial support are those registered with the OfS in the Approved (fee cap) category. However, as in previous years, we will not provide a formula capital grant if a provider's allocation through the formula would be less than £10,000. Subject to providers meeting all eligibility criteria for capital funding and our having sufficient funding available, we will make further formula capital allocations to providers that become registered in the Approved (fee cap) category after 14 April 2022 and before the end of the financial year (31 March 2023). This figure will reflect the number of days that the provider has been registered within that year and be scaled back accordingly. This could result in some providers not being eligible for any funding as they could fall below the minimum allocation of £10,000.

## Calculation method

24. Formula capital grants are calculated annually, pro rata to weighted full-time equivalents (FTEs) at each provider, but then subject to the minimum allocation threshold of £10,000 and a cap of £50,000. The FTEs used in this calculation are the same ones that will inform 2022-23 recurrent grants, plus those on initial teacher training courses leading to qualified teacher status fundable by the Department for Education. These are largely the fundable student FTEs reported by providers in HESES21 or the Higher Education Students Forecast survey 2022.<sup>6</sup> They also incorporate a small number of adjustments to student numbers expected in academic year 2022-23, such as for expected increases on pre-registration courses in medicine and dentistry.
25. The formula for 2022-23 allocates funding based on student numbers weighted by price group, plus some additional weighting for postgraduates, disabled students and some specialist providers. The overall weighted FTEs for a provider are calculated as:
- FTEs weighted by price group and level x specialist institution weighting + (FTEs x weighted disability proportion x 0.1).

26. Weightings are based on the following:

- a. **Price group and level.** These recognise that, for example, clinical and laboratory-based subjects have higher capital costs than classroom-based subjects, and that postgraduates may use more specialist facilities and do so more intensively. Higher weightings are applied to FTEs in price groups A, B, C1.1 and C1.2.<sup>7</sup> An additional 10 per cent of the weighting is added for postgraduates in price groups A to C2. This reflects that postgraduate students

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<sup>6</sup> Further information about these surveys is available at [www.officeforstudents.org.uk/data-and-analysis/data-collection/](http://www.officeforstudents.org.uk/data-and-analysis/data-collection/).

<sup>7</sup> For detailed guidance on the mapping of subjects to price groups, see Annex G of HESES21 ([www.officeforstudents.org.uk/publications/heses21/](http://www.officeforstudents.org.uk/publications/heses21/)).

are often studying more intensively and may also make use of more specialist facilities. Table 1 shows the weighting factors that apply by price group and level.

**Table 1: Formula-based capital funding weights for price group and level**

Price group	Undergraduate weights	Postgraduate weights
A	2.70	2.97
B	1.90	2.09
C1.1 and C1.2	1.10	1.21
C2	1.00	1.10
D	1.00	1.00

- b. **Weighted disability proportion.** The disabled students weighting is variable, reflecting the proportions of students at each provider in receipt of Disabled Students' Allowances (DSA) or declaring a disability. This recognises costs as providers invest in inclusive models of support to meet the rapid rise in students reporting disabilities and mental health issues, and deliver on the commitments made to these students in their access and participation plans or statements. It is calculated in the disabled students' premium (part of the recurrent grant method) to reflect the proportions of students at each provider receiving DSA (weighted 2) and others who declare a disability (weighted 1), using the latest individualised student data for academic year 2020-21. This part of the calculation therefore provides an additional weighting of 20 per cent for students receiving DSA and 10 per cent for other students declaring a disability.
- c. **Specialist institution weighting.** The specialist provider weighting is the same as in previous years and recognises the particular needs of world-leading specialist providers. It varies between providers to reflect the amount of recurrent funding allocated through the specialist provider targeted allocation.<sup>8</sup>

27. The formula allocation initially distributes £142 million between providers pro rata to their weighted FTEs (this being the total capital budget available for distribution to providers in financial year 2022-23). Where a provider's share of the total would be less than £10,000, it receives an allocation of zero. This is implemented through an iterative process, where the smallest allocation for a provider that is below £10,000 is set to zero, and the formula rerun to redistribute the total budget among all other providers. The iteration stops when all providers have an initial allocation of either zero or at least £10,000. Having determined this initial allocation, we apply a cap, so that no provider receives more than £50,000. This cap results in the total distributed by formula being reduced to £11.2 million.

<sup>8</sup> For the initial allocations announced in April 2022, this weighting applies to the 16 providers that receive a share of the £48 million targeted allocation for specialist providers in 2021-22 first announced in July 2021. We will consider the case for extending this weighting to other providers identified as world-leading through the review of specialist provider funding that we are currently undertaking (see [www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/](http://www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/)).



28. For the initial calculation we use a budget of £142 million, because if we were to use a much smaller one, (reflecting, for example the £11 million we are actually distributing through the formula) the result would be that many more providers (particularly smaller ones) would not receive a share, because they would not meet the £10,000 minimum threshold. This would defeat the objective of providing a small formula allocation that can address concerns about potential disadvantage and burden to smaller providers relating to a bidding exercise.
29. All eligible providers (whether they have received a formula allocation or not) will be able to bid for larger sums in the full bidding exercise. Bids will have a minimum threshold of £100,000, to ensure funding is prioritised towards more significant capital proposals. Success (or otherwise) in the bidding competition will not affect the size of the formula capital allocation for a provider.

## Bidding competition for capital funding for the three-year period 2022-23 to 2024-25

30. We will distribute total funding of about £400 million over the three financial years (1 April to 31 March) 2022-23, 2023-24 and 2024-25, through a competitive bidding exercise to be run in 2022. Our intention is to distribute as much capital grant as possible through a competitive bidding exercise, and to allocate all available funding for the three financial years through a single bidding exercise in 2022. However, we wish to prioritise the highest quality bids, and if we consider that we have not achieved this in a single bidding exercise, we reserve our position on whether to run a further bidding exercise during the three-year funding period.
31. We recognise that there is additional administrative burden for providers in preparing bids and the OfS in assessing them. However, a bidding process across multiple years will provide greater assurance that capital funding provided by the government is achieving value for money in supporting projects that meet the priorities set out in the Secretary of State's guidance letter. We have also had regard to our general duties in Section 2 of the Higher Education and Research Act 2017 (HERA), in particular to:
- a. 2(1)(d) the need to promote value for money in the provision of higher education by English higher education providers.
  - b. 2(1)(f) the need to use the OfS's resources in an efficient, effective and economic way.<sup>9</sup>
32. We will accept bids for eligible capital spend on projects over the three-year funding period 2022-23, 2023-24 and 2024-25. A provider may bid for capital funding to be spent at any time within the three-year period; this may include smaller scale projects that complete within a single financial year, or large-scale projects that continue over more than one financial year. The bid should describe capital spend for each of the years applied for.
33. We have set a minimum threshold for funding through the bidding competition of £100,000 on the amount that we will allocate during the three-year period for financial years 2022-23 to 2024-25, to ensure funding is prioritised towards more significant capital proposals.
34. We are also specifying an initial **maximum cap of £6 million** on the amount that we will allocate to any provider over the three-year funding period as a whole (excluding formula

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<sup>9</sup> See [www.legislation.gov.uk/ukpga/2017/29/section/2/enacted](http://www.legislation.gov.uk/ukpga/2017/29/section/2/enacted).

allocations). This is to provide clarity for providers as they prepare their bids and is intended to ensure that we are able to support a reasonably wide range of bids. In setting the level of this initial cap, we have sought to strike an appropriate balance in ensuring that we can support a broad group of providers and provide significant sums towards large projects. This cap applies equally to all providers (irrespective of their characteristics or region).

35. However, as was the case in 2021-22, in the event that the funds available are oversubscribed, we may reduce the overall sum available to providers by reducing the cap below £6 million to ensure that funding for the bids to be supported comes within budget. Between the limits of the cap and the minimum threshold, we will fund successful bids at the level of funding sought across the three-year funding period. In taking this approach, we are looking to provide as much certainty as we can about the level at which bids might be supported, while also mitigating the risk that funds awarded might not be fully used within the period available.
36. Each eligible provider (see paragraph 39) may submit one bid. Providers are allowed to submit a bid for up to £6 million over the three-year funding period, which can be for multiple projects that contain items of appropriate capital expenditure that meet the OfS criteria as set out in paragraph 41. The provider must ensure that the overall bid, with its constituent projects, meets the specified OfS criteria (see paragraph 41). Providers should note that where a bid relates to multiple projects, it will be scored as a whole and in its entirety – we will not score individual projects within a bid, rather it will be scored as one complete submission. As such, providers should consider carefully whether the inclusion of particular projects within a multi-project bid may enhance or undermine the overall strength of their bid.
37. All funding allocated through this competition must be spent in full, and in accordance with the terms and conditions, by 31 March 2025. However, we will actively monitor spend during the period and expect that any funding awarded by the OfS for a specific financial year to be spent during that year. This is to manage the risk of underspends accumulating towards the end of the funding period. In exceptional circumstances, if our monitoring does not give us confidence that a provider will be able to use the funding in the time available in line with the terms and conditions that apply, we may withdraw the offer of funding in whole or part. Such exceptional circumstances may include significant delays in delivery (for whatever reason) compared to the timetable set out in the provider's bid (or as may subsequently be agreed by us) or failure of the provider to engage to our satisfaction in any reporting and monitoring requirements. We will look to ensure that across all providers collectively, capital funding is used in line with government funding schedules.
38. We are unable to make any commitments on the availability of funding beyond financial year 2024-25 as this is dependent on future confirmation by government of its funding and priorities.

## **Guidance on bidding process**

39. To be eligible to bid, a provider must be registered, or have applied to register, with the OfS in the Approved (fee cap) category. For a bid to be supported, a provider must be registered in the Approved (fee cap) category by the time OfS decisions on which bids to support are taken. This reflects the limit of our funding powers under section 39 of the Higher Education and Research Act 2017.

40. We will prioritise bids that we consider overall best meet the objectives for capital funding for financial years 2022-23 to 2024-25, as set out in paragraph 16. The criteria in paragraph 41 are designed to achieve this and, to be successful, a bid must explain how it meets these criteria through the appropriate use of evidence.

41. The OfS will assess each bid against the following two criteria:

- a. Criterion 1: It is for 'relevant expenditure'.
- b. Criterion 2: The project and associated risks will be well managed and the project will provide value for money and support environmental sustainability in reducing energy usage.

### **Criterion 1: Relevant expenditure**

42. To meet this criterion, a bid must demonstrate that capital expenditure will directly support relevant facilities in relation to one or more eligible projects. Relevant facilities must relate to capital assets owned (including purchased under leasehold) by the eligible provider that submits the bid.

- a. Relevant facilities are:
  - i. The purchase of equipment (including IT equipment) used for learning, teaching or assessment. This does not include renting or hiring of equipment.<sup>10</sup>
  - ii. The acquisition, replacement or construction of premises or infrastructure (including IT infrastructure) used for learning, teaching or assessment. Acquisition may include the purchase of leaseholds, but this category does not include the making of payments outside of the purchase price, such as for rental or service charges.
  - iii. The refurbishment, expansion or adaptation of existing premises or infrastructure (including IT infrastructure) that are to be used for learning, teaching or assessment.
- b. Eligible projects are capital expenditure projects that address one or more of three priority categories:
  - i. Category 1: High-cost subjects of strategic importance. These are subjects in price groups A, B and C1.1.<sup>11</sup> These include laboratory-based subjects in science, technology and engineering, and healthcare disciplines in medicine, dentistry, nursing, midwifery and allied health professions, veterinary science and archaeology.

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<sup>10</sup> Permissible capital expenditure on software includes the purchase of operating systems and/or substantial applications packages, including where licence, update and maintenance charges are rolled up into the up-front cost and not separately charged over the expected life of the product – that is, where the product has been purchased outright. However, software licences and maintenance expenditure incurred on a periodic basis (even if the period between payments is more than a year) are not allowable as capital expenditure and should instead be treated as recurrent.

<sup>11</sup> For detailed guidance on the mapping of subjects to price groups see Annex G of HES21 ([www.officeforstudents.org.uk/publications/heses21/](http://www.officeforstudents.org.uk/publications/heses21/)).

- ii. Category 2: Enhancement of graduate employability and skills needs of employers and industry and therefore local and regional economies, in particular in supporting technical provision at Levels 4 and 5, and degree apprenticeships.
- iii. Category 3: Part-time and other forms of flexible provision to include the development of higher education short course study.

### **Further explanation of the OfS's proposed consideration of eligible projects**

- 43. The rationale behind a project and its impact is as crucial as the way it is communicated to the OfS. Even the best project ideas will be let down by a poorly drafted bid. Likewise, even the most sophisticated communication will fall short if it has not been well considered and evidenced.
- 44. Bids should demonstrate (by reference to evidence, such as written plans, governing body decisions or stakeholder views) that there is a need for the proposal, that the provider has realistic plans in place to address this, and that the provider is ready for the funding sought. Purely aspirational or unrealistic bids (for example, plans relying on future events or circumstances that cannot be predicted with certainty) will likely score poorly.
- 45. Providers should be prepared to submit evidence cited in their bids if asked to do so by the OfS. However, it is not necessary to provide this evidence at the time of submitting the bid. Rather, in substantiating their bids, providers should refer to evidence that demonstrates plans are realistic, and that the provider is ready for the funding sought.
- 46. A provider may bid for capital funding that spans financial years 2022-23, 2023-24 or 2024-25, or may bid for funding for any of the financial years in isolation: for example, a provider may bid for funding for a project(s) starting in 2023-24 or 2024-25. Funding allocated through this process is for use in financial years 2022-23 to 2024-25, and therefore bids should demonstrate how the funding sought will be used within each of the specified financial years. Providers should give some explanation and context of the overall financing of the capital project(s) across all years of the project in their narrative answers. A bid should include a clear spend profile over the three-year funding period. The OfS will actively monitor capital spend against the profile.
- 47. This does not exclude projects that will continue beyond the 2024-25 financial year, but we will not commit any OfS capital funding beyond that year through this bidding exercise. Bids related to such longer-term projects should set out full details of the financing for the whole project across all years and identify the benefits for students and employers over time. Bids can also include projects previously planned or already started, provided we gain assurance that the funding awarded by the OfS will be spent in full within the stated period.

### **Category 1: High-cost subjects of strategic importance**

- 48. This category is to support the capital needs of high-cost subjects of strategic importance in price groups A, B or C1.1. Such support could, for example, relate to the acquisition or use of expensive, specialist facilities and equipment.
- 49. Bids should clearly explain how the funding sought will be used to directly support relevant facilities in relation to high-cost subjects of strategic importance offered (or to be offered) by the

provider. Providers should specify how their particular capital project proposal will support relevant categories of students.

50. Providers should specify the number of students who will benefit from the proposed capital project(s), clearly describing recent or planned student number growth. While it is not a requirement for these student numbers to increase over time, significant recent or planned increases will score more highly. We will consider new courses (those that are starting in 2022-23 or later years) as demonstrating growth in student numbers. In the case of estimates and forecasts, there must be a clear and justified rationale for the figures. We will check the numerical information provided in any bid for consistency with other data that we hold, such as individualised student data returns to the Higher Education Statistics Agency or the Education and Skills Funding Agency, and HESSES and annual finance return forecasts submitted to us.
51. Bids seeking funding for relevant facilities that will be, or are already, focused on high-cost subjects of strategic importance, rather than more general facilities that can be used across a provider's higher education provision, are likely to score more highly for this category. Proposals that clearly prioritise higher education teaching of subjects in price groups A, B and C1.1 will therefore receive a higher score. Bids that focus less on these subjects, for example on general facilities or assets that support higher education teaching across a wider range of subjects, will receive lower scores for this category. Bids that do not demonstrate benefits for the teaching of higher education courses in laboratory-based subjects, healthcare disciplines or archaeology (for example, bids focused on subjects in price groups C2 and D, such as business, social sciences or humanities or on further education teaching or research), will not score under Category 1.

**Category 2: Enhancement of graduate employability and skills needs of employers and industry and therefore local and regional economies, in particular in supporting technical provision at Levels 4 and 5, and degree apprenticeships**

52. This category is to support the capital needs of providers that will enhance the graduate employability and skills of their students with a view to meeting the needs of employers and industry, including for provision at Levels 4 and 5, and for degree apprenticeships at Levels 6 (bachelor's degree) and 7 (master's degree). Bids should clearly explain how the funding sought will be used to directly support relevant facilities in this regard.
53. We wish to prioritise funding for providers that are best able to demonstrate a need for capital investment to support teaching of technical higher education qualifications at Levels 4 and 5 of the 'Frameworks for higher education qualifications of UK degree-awarding bodies'.<sup>12</sup> This may include where those qualifications are taken as part of a Higher apprenticeship.
54. In addition, we wish to support degree apprenticeships where providers are able to demonstrate how capital funding will enhance the delivery of teaching and learning with employers and expand the range of programmes on offer, as an employee studies towards an undergraduate or postgraduate degree as part of their apprenticeship.
55. Bids should demonstrate a clear understanding of employment needs and skills either at local, regional, or national levels. Bids should also identify how the capital funding sought will directly support higher education provision that targets those needs and skills or improves

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<sup>12</sup> See <https://www.qaa.ac.uk/quality-code/higher-education-credit-framework-for-england>.

opportunities for self-employment, particularly in technical disciplines. This should include a description of the specific courses that the provider offers, or proposes to offer, to meet those employment and skills needs and which the capital project will support.

56. Providers should specify the number of students who will benefit from the proposed capital project(s), clearly describing recent or planned student number growth. While it is not a requirement for these student numbers to increase over time, significant recent or planned increases will score more highly. We will consider new courses (those that are starting in 2022-23 or later years) as demonstrating growth in student numbers. In the case of estimates and forecasts, there must be a clear and justified rationale for the figures. We will check the numerical information provided in any bid for consistency with other data that we hold, such as individualised student data returns to the Higher Education Statistics Agency or the Education and Skills Funding Agency, and HESES and annual finance return forecasts submitted to us.
57. Higher-scoring bids will provide details of focused capital investments that include convincing evidence of how the specific needs of employers or employment sectors will be met, particularly where this is through the provision of Level 4 and 5 technical qualifications, and for degree apprenticeships at Levels 6 and 7. Lower-scoring bids will provide more generic or limited information, with insufficient evidence about how the capital expenditure will enhance the skills and employment opportunities of graduates. Although this criterion does not limit the subject areas in which providers may be looking to bid for funding, we will score more highly bids for provision that requires specialist facilities and equipment for learning and teaching of technical disciplines, particularly where these are relevant to the skills needs of specific employers. Bids should therefore set this out.

### **Category 3: Part-time and other forms of flexible provision, including supporting the development of higher education short course study**

58. This category is to support providers that can demonstrate a need for capital investment to directly support the development and expansion of flexible provision and part-time study, to include the development of higher education short course study, that will enhance opportunities for students who might otherwise have difficulty participating. This flexibility may be in providing opportunities for students to study at their own pace, in different locations and through different modes of delivery.
59. With the introduction of the Lifelong Loan Entitlement (LLE)<sup>13</sup> from 2025, the government is keen to understand where providers are developing short course study<sup>14</sup> provision. Short courses offer prospective students greater choice in how they study, with more flexible options to develop their skills. Bids could include capital projects that are looking to support development or expansion of short course provision to increase flexibility to students, offering alternative and innovative modes of delivery and increased opportunity to access higher education for a wider range of students. Proposals may cover how providers are adapting and developing flexible and short courses to increase the amount of shorter provision aimed at developing skills needed by employers and the economy.

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<sup>13</sup> See [www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth](https://www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth).

<sup>14</sup> See [www.officeforstudents.org.uk/advice-and-guidance/skills-and-employment/higher-education-short-course-trial/](https://www.officeforstudents.org.uk/advice-and-guidance/skills-and-employment/higher-education-short-course-trial/).

60. Proposals may include the use of IT and other technologies, such as for simulation, to deliver teaching in new ways. However, higher scores will be given where the bid provides convincing evidence of how such technology will enhance and increase part-time and flexible modes of delivery, to include the development of higher education short course study, that will maximise student choice and opportunity, both to participate and achieve successful outcomes. Providers should note that this is not ‘hardship’ funding, and simply providing laptops to students suffering hardship or experiencing ‘digital poverty’ will not score highly as ‘flexible’ provision.<sup>15</sup> Rather, we are looking to providers to develop more innovative solutions to flexible delivery.
61. Bids should complement provider and OfS strategic objectives for access and participation in recognising activity for highly flexible learning regarding the pace, place and mode of delivery. Bids that are less focused on enhancing and expanding part-time and flexible higher education provision and short course study will receive lower scores.
62. Providers should specify and quantify in their responses to the narrative questions in the bidding template, clearly and unambiguously, how their particular capital project proposal will support relevant categories of students, reflecting recent or planned student number growth. Bids should therefore include a description of the relevant part-time and flexible courses, such as short course study, that the provider offers, or proposes to offer, to enhance student choice and opportunity and which the capital project will support, as well as information about current and planned student numbers on those courses. While it is not a requirement for these student numbers to increase over time, significant recent or planned increases will score more highly. We will consider new courses (those that are starting in 2022-23 or later years) as demonstrating growth in student numbers. In the case of estimates and forecasts, there must be a clear and justified rationale for the figures. We will check the numerical information provided in any bid for consistency with other data that we hold, such as individualised student data returns to the Higher Education Statistics Agency or the Education and Skills Funding Agency, and HESES and annual finance return forecasts submitted to us.

## **Criterion 2: Value for money, project and risk management, and environmental sustainability**

63. Bids should set out clearly how the project will provide value for money and how the project and any associated risks will be well managed. This criterion is an important factor in regard to our general duties under HERA.<sup>16</sup> We will not support bids that score less than 2 (Satisfactory) against criterion 2: value for money, project and risk management, and environmental sustainability (see paragraphs 76 to 82 and Table 2). To be clear, irrespective of the scores for the categories under criterion 1, we will not support a bid that scores 0 or 1 under criterion 2.
64. Firstly, we are looking to understand how any OfS funding contributes to the overall financing of a project, and how proportionate this OfS contribution is to the benefits that the project will bring to students, graduates, employers and others, but particularly those populations relevant

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<sup>15</sup> Providers may use capital funding to purchase IT equipment for loan to students, but such capital assets must remain the property of the provider. Alternatively, if providers wish to provide IT equipment that will become property owned by the student, this might be done from (non-capital) hardship funding.

<sup>16</sup> See [www.legislation.gov.uk/ukpga/2017/29/section/2/enacted](http://www.legislation.gov.uk/ukpga/2017/29/section/2/enacted), in particular our duty to have regard, under S.2(1)(d), to the need to promote value for money in the provision of higher education by English higher education providers and, under S.2 (1)(f), to the need to use the OfS’s resources in an efficient, effective and economic way.

to the priority categories. Providers should give details of values of monies from the OfS to be used for this project, and specific assurance over the sum of money bid for and how and when it will be used. This should specify as far as possible the items of expenditure that the OfS grant would support, rather than showing it as merely one element that contributes towards the overall financing of a large overarching project.

65. While we do not require match funding, providers should identify other confirmed sources of funding. If the total cost of the project exceeds the maximum total funding that can be bid for (capped at £6 million across the three financial years), we have an interest in understanding that a provider will complete the project identified. Particularly where large, complex projects are concerned, we may also look for assurance over a provider's broader financial sustainability. As detailed in paragraph 76, providers are asked to submit a form that collects numerical data in a structured format about the financing for capital expenditure.
66. The second aspect of criterion 2 relates to us having confidence that the provider will be able to manage public funding effectively throughout the project. This includes management of all aspects of the project, from planning and procurement to delivery, ensuring that risks are well managed and that the provider is both ready for the money and able to use it all in the time available. We expect any funding awarded by the OfS in the bidding exercise for a specific financial year to be spent during that year (see paragraph 37).
67. The third aspect of criterion 2 relates to environmental sustainability. The government is committed to reducing energy use in new and existing buildings to meet the legislative net zero greenhouse emissions target by 2050. We are therefore seeking assurance that providers have considered environmental sustainability as part of their bid. For example, where the refurbishment and construction of buildings is concerned, we are interested to understand how the project (and our investment in it) will help reduce energy usage. We are also interested to understand how projects that support the development of flexible study for students and the use of new technologies affecting the pace, place and mode of course delivery may help to reduce energy use (by the provider and student) and how the provider has assessed this.
68. The following list is not exhaustive, but we would expect a bid to include brief information on:
  - a. The capital expenditure proposed in financial years 2022-23, 2023-24 and 2024-25 and (as may apply) other years, together with:
    - i. Its relationship to the benefits described under the eligible project categories 1, 2 and 3.
    - ii. How that expenditure is to be met from the OfS grant sought.
    - iii. The anticipated spend profiles over the three-year funding period.
    - iv. Any other specified sources of finance (where relevant).
  - b. The extent to which the focus of the capital expenditure is on enhancing facilities for higher education teaching and learning, as opposed to wider provider or student benefits, such as for research, or for teaching at further education level.



- c. The roles and contributions of any local or collaborative partners involved in the capital project and the benefits of the project for those partners (including, as appropriate, students and graduates of partner providers).
  - d. Procurement, tendering and contract administration, such as tendering procedures for expensive items, or procurement consortia.
  - e. Project management: bids should detail management of the projects specified.
  - f. Risk management: bids should cite a provider's risk register, and clearly identify any risk factors that are likely to impact on the success of the project, and how these impacts will be managed.
  - g. Timelines and project milestones for each financial year.
  - h. Contingency plans, and any dependences that would impact the project, for example planning permission.
  - i. Management of disruption to the student population during term time.
  - j. Consideration of how you are addressing environmental sustainability and reduction of energy usage through your bid.
69. Some of the information described in paragraph 68 is collected in a structured format as part of the numerical section of the bidding template, but providers should also use the narrative section relating to criterion 2 to provide further detail. Higher-scoring bids will set out clearly how projects and investments are being managed (including, if appropriate, across any collaborative partners).
70. The bid must confirm the provider's ability to use all the funding sought on eligible project costs within the three-year funding period, with a clear spend profile over each of the three financial years (April to March) 2022-23, 2023-24 and 2024-25, for which funding is sought. We are not permitted to provide grants in advance of need, and our capital grant from government specifically covers the three-year period to 31 March 2025. Capital grants are allocated on a government financial year basis so the grant needs to be spent in that period.
71. For those bids that are funded, all monies must have been spent in full by 31 March 2025 and we expect the spend profile across each financial year to reflect that requested in a provider's bid. Money spent in a financial year ending 31 March includes contractually committed expenditure that is clearly identified as such within the provider's finance system as at 31 March – that is, in accounting terms you would expect to be able to accrue for this expenditure to reflect the point at which the contractual commitment was made and that auditors could confirm this treatment if required.
72. Where appropriate (for example, where bids relate to the construction, refurbishment, expansion or adaptation of premises), bids should explain how the provider will review progress of a project, and how it will identify and address emerging risks to the success of the project. This could include, for example, a description of how issues such as risk, reporting and procurement will be managed.

73. Bids should explain how the amount of funding sought is justified in the context of the benefits that the project will bring, demonstrating value for money for students and, where appropriate, employers.
74. Bids that lack clarity, or where the OfS considers that the sums requested appear disproportionate to the benefits of the project, will likely score poorly. Bids that provide insufficient detail to assure the OfS that the project and associated risks will be effectively managed (including to minimise slippage and avoid underspends against the funding sought by the end of each financial year: 31 March 2023, 31 March 2024, and particularly 31 March 2025) will also likely score poorly.
75. Providers should note that where a bid covers multiple projects, our assessment will be for the bid as a whole, not for individual projects within it. To meet criterion 2, bids must demonstrate that any capital projects or expenditure that may be supported will be well managed, provide value for money and ultimately minimise risks to public funds.

## **Proposed approach to scoring and prioritisation for capital funds distributed through this competition**

76. Providers wishing to bid must do so by completing two online forms (examples shown at Annex A). The first form is a Microsoft Excel file that collects numerical data in a structured format about the financing for capital expenditure (both in terms of the funding sought from the OfS and any other sources of finance for the capital project or items). This should set out the total cost of the project in financial years 2022-23, 2023-24 and 2024-25, and in subsequent years, together with details of the funding sought from the OfS (capped at £6 million) and any other sources of finance for the capital project or items.
77. The second form is a Microsoft Word file which collects narrative information in five questions.

### **Question 1: Executive summary**

78. A summary overview of the bid, with a limit of 1000 words. Providers should specify the sums of capital funding bid for and include a clear explanation of the relevant facilities that the bid is for (see paragraph 42). This question should provide a short overview of the bid proposal, including a description of the actual items of capital expenditure that any OfS funding awarded will support and how they meet the definition of 'relevant expenditure'. A short extract from this text may be published in our funding announcement publication, if the bid is successful.

### **Questions 2 to 4: Criterion 1 priorities**

79. An explanation of how the bid addresses criterion 1, including each of the three categories of eligible project under criterion 1. These questions should explain how this capital expenditure proposal addresses each priority category within criterion 1. Providers should give cost breakdowns of what items or projects OfS capital funding will be spent on. In the event of the scoring Step 2 tie-breaker being used (see paragraph 83), providers should note that we will prioritise between bids based on their total score against each category 1, 2 and 3 combined under criterion 1. Each question has a limit of up to 2,000 words.

## Question 5: Criterion 2

80. An explanation of how the bid addresses criterion 2: value for money, project and risk management, and environmental sustainability (as described in paragraphs 63 to 75). The question has a limit of up to 2,000 words.

### Scoring of criteria for a capital bidding competition

81. We will score each criterion, and each category within criterion 1, on a scale of 0 to 4 according to the scale set out in Table 2.

**Table 2: Scoring of criteria for a capital bidding competition**

Score		Description
4	Excellent	Clear, well reasoned and evidenced explanation of how the bid meets the criteria. No material weaknesses in explanation or the evidence referred to or provided.
3	Very good	Clear, well reasoned and evidenced explanation of how the bid meets the criteria. Some gaps in explanation or the evidence referred to or provided, but not material.
2	Satisfactory	Basic explanation and evidence provided for how the bid meets the criteria. Substantial gaps in evidence referred to or provided, but not material.
1	Poor	Basic explanation of how the bid meets the criteria. Little or no evidence to support the bid.
0	No score	Little or no explanation of how the bid meets the criteria or little or no evidence to support the bid. Bid contains material inconsistencies or weaknesses in the explanation or evidence referred to.

**82. Irrespective of the scores for criterion 1 for each category of eligible project, we will not support a bid that scores 0 or 1 under criterion 2 (value for money, project and risk management, and environmental sustainability).**

83. We aim to support a broad group of providers with sums that can have a material impact on the availability of facilities and equipment to support high-quality provision and that collectively will meet the objectives set out in paragraph 16. We recognise that some providers may wish to submit bids that, for example, focus particularly on addressing one of the categories of eligible projects, but not all of them. With this in mind, we will prioritise between bids from eligible providers that achieve a score of at least 2 against criterion 2 (value for money, project and risk management, and environmental sustainability) as follows:

- a. **Step 1:** We will firstly prioritise between bids based on the highest single score achieved under criterion 1 against category 1, 2 or 3, plus the score achieved against criterion 2. This will give a maximum score out of 8.
- b. **Step 2 – Tie-breaker:** To be used only where we are unable to afford to support all bids with a particular score under Step 1. It will not be used to prioritise one bid above another

that has scored more highly under Step 1 (subject to those bids having scored at least 2 under criterion 2). In the event that multiple bids have achieved the same score out of 8 under Step 1, we will prioritise between them based on their total score against each category 1, 2 and 3 combined under criterion 1. This secondary measure will give a maximum score out of 12. We recognise that providers may wish to address multiple categories under criterion 1 so as to maximise their Step 2 tie-breaker score. However, where the approach to doing so involves including multiple projects within a bid, providers should consider carefully whether the inclusion of each project within a bid might enhance or undermine the scoring that might be achieved under Step 1 and thus the overall strength of their bid. Weak elements in a bid risk lowering the overall bid score. See paragraphs 36 and 75 for further guidance on bids for multiple projects.

84. Table 3 illustrates how this prioritisation would work, using hypothetical scores for five providers. These providers are listed in order of their score from the calculation in Step 1, and then their score from the calculation in Step 2. Although in this example the calculations show provider D scoring more highly than provider E, the bid from provider D would not be supported, because it has scored only 1 against criterion 2 (value for money, project and risk management, and environmental sustainability).

**Table 3: Illustration of how bids would be prioritised**

Provider	Criterion 1: category 1	Criterion 1: category 2	Criterion 1: category 3	Criterion 2	Step 1 prioritisation	Step 2 prioritisation
A	4	3	1	4	8	8
B	1	2	4	4	8	7
C	3	3	2	3	6	8
D	4	4	1	1	5	9
E	3	3	0	2	5	6

85. There will be a balance to be struck in determining how many bids we are able to support and the levels of grant we are able to provide. For example, a large number of strong bids may result in us having to reduce the maximum level of grant we are able to provide to any successful bid, or require providers to achieve higher scores to be prioritised for funding than if the number of strong bids is less. We are unable to model this, though, until we have assessed the bids received.

86. The assessment criteria, and the categories under criterion 1, will be individually scored, and bidders should ensure that each criterion and relevant category is fully addressed in the template. Bidders should be aware that, in reaching final decisions, we will look to ensure we are able to offer an overall package of support across a broad group of providers that we consider best meets the priorities set out in paragraph 16.

## Further guidance on bid content and eligible capital costs

87. We are looking to keep the information we require in the bidding template as low-burden as possible, so that it is focused on how a project will deliver against the priority categories and criteria. In this respect, we are not collecting information on student numbers in a structured way as part of the bidding template. However, providers should describe in the narrative part of their bids how their proposed capital project will support particular student populations relevant to the priority categories of capital expenditure for which they are bidding. Providers should submit, in answering the narrative questions of the bidding form, details of courses and student numbers that are relevant to their capital expenditure proposals under each category within criterion 1. These should reflect recent or planned student number growth.
88. Each eligible provider (see paragraph 39) may submit one bid. We welcome bids for projects that include collaborations with other providers or organisations, but these must be led by an eligible provider and must constitute that provider's only bid. As well as submitting their own bid, eligible providers may be collaborative project partners in one or more bids submitted by other eligible providers.
89. Any capital funding awarded by the OfS through this process must be used towards eligible capital expenditure incurred during the three-year funding period that spans financial years 2022-23, 2023-24 or 2024-25. Bids will need to set out clearly the funding sought from the OfS in each year of the three-year period but, for projects extending beyond the 2024-25 financial year, should also set this in the context of the overall financing of the capital project across all years (see paragraphs 46 to 47).
90. A provider can submit a bid for funding for a project that is already underway but not yet complete. However, we will wish to consider carefully the value for money that we might secure in allocating OfS funding in these circumstances and bids should therefore address this in the response to Question 5. A bid can be submitted for expenditure that has been committed prior to submission of the bid if:
- this is for an eligible project that meets the criteria in this invitation to bid document, and
  - the money is spent within the three-year funding period that spans financial years 2022-23, 2023-24 or 2024-25.
91. OfS capital grants may be used to contribute towards the costs of a capital project in combination with funding from other sources. However, there must be no double-counting in attributing the same amounts of capital expenditure to OfS grant and income provided by any other UK or EU public funds, including the Further Education Capital Transformation Fund<sup>17</sup> and the T-Levels Capital Fund.<sup>18</sup> We confirm that match-funding is not a requirement for this stream of funding.
92. Where a bid is successful in being awarded capital funding for a long-term (multi-year) project that continues beyond financial year 2024-25, the same project may be submitted in any future competition for capital funding from the OfS for subsequent years, subject to meeting the

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<sup>17</sup> See [www.gov.uk/government/publications/further-education-capital-transformation-fund](https://www.gov.uk/government/publications/further-education-capital-transformation-fund).

<sup>18</sup> See [www.gov.uk/government/publications/t-levels-capital-fund](https://www.gov.uk/government/publications/t-levels-capital-fund).

criteria that will apply for such a competition. Success or otherwise in the competition for capital funding 2022-23 to 2024-25 will not in itself influence the success of a bid for the same project for future years. Each competition will be treated wholly independently and will reflect the priorities at that time.

93. Capital expenditure means money used to acquire, adapt or maintain fixed assets, such as land, buildings and equipment, and which is normally capitalised in the provider's audited annual accounts. It does not include expenditure on rent, or hiring or leasing of equipment and facilities. Expenditure must be on assets that will support the delivery of higher education courses<sup>19</sup> to students, and must not include assets relating to student or staff residences or catering services. Staff salaries or other associated revenue costs are not eligible.
94. In reaching decisions on which bids to support, we may offer a successful bidder an allocation that is less than the sum it has bid for. Bidders should therefore consider how they will progress their project under these circumstances, for example through alternative sources of finance or a changed timescale for completing elements of a part-funded project. If a provider is unable to progress its project because of the reduced funding that is offered, we will withdraw the offer and reallocate the funding to other providers. We may also withdraw the offer of funding if, in response, the provider proposes to significantly reduce the scope of the project it bid for, such that the reduced scope would not have scored sufficiently to be prioritised for funding. We will recover funding that is not used for the purposes intended within the three-year funding period that spans financial years 2022-23, 2023-24 or 2024-25. The OfS will invite the provider to submit an appeal for mitigation before it confirms the final adjustment that it will implement.
95. We note that in the previous bidding competition for capital funding 2021-22, we received a number of interesting and innovative projects where the bid was unable to demonstrate sufficiently how they met the specified criteria and priority categories set out in our invitation to bid publication. Some bids focused on general ambitions and associated capital requirements for the provider instead of responding to the specific criteria and priorities. A common reason that bids were unsuccessful was due to insufficient assurances being provided in response to criterion 2, relating to value for money, project and risk management, and environmental sustainability, including whether the bid gave us sufficient confidence that the funding requested would be spent in full within the financial year and insufficient detail on how the OfS capital funding would be allocated within a proposed project.

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<sup>19</sup> We recognise that it may be neither feasible nor desirable to create ring-fenced boundaries between higher and further education, or teaching and research facilities. For example, equipment purchased using OfS capital funds may be used by both higher and further education students, or for both teaching and research purposes. However, for this initiative, the primary purpose of the capital expenditure must be on assets that will support students on taught higher education courses.

# Capital grant payments, conditions and monitoring

96. The terms and conditions that apply to OfS capital funding for the 2022-23 financial year, including the arrangements for payment, how it may be used and monitoring arrangements, will be included in 'Terms and conditions of funding for 2022-23', which we will publish separately. Terms and conditions for capital grants allocated through this competition will continue to apply for the duration of the funding period that applies to it.
97. We expect to announce the outcomes of the bidding competition to individual providers in September 2022. Later this year, we will publish an overview of the process and outcomes for the distribution of competitive capital grants for the three-year funding period. We will not routinely be providing individualised feedback on unsuccessful bids, but our publication will provide a general summary of what made a successful bid.
98. Capital funding (as defined in paragraph 4) is provided on a financial year basis and must be used for the purposes intended, in accordance with the terms and conditions that apply (as set out in paragraphs 99 to 104). The OfS will not make payments to providers in advance of need and thus providers must use capital grants in full within the relevant funding period for which they are provided. For the formula grants first announced alongside this publication, the relevant funding period is the financial year 2022-23. For competitive grants allocated in response to this invitation to bid, the relevant funding period is the three financial years 2022-23 to 2024-25. OfS funding must not be used for advance payments to contractors, or other financing arrangements (such as bonds) where payments precede production of goods or delivery of services.
99. Allocations of capital funding are provided to enhance the learning experience of higher education students at providers, by helping raise the quality of their learning and teaching facilities. Providers must use capital grants (both formula and competitive grants) for this purpose, in particular to directly support relevant facilities in relation to one or more eligible projects, as described in paragraph 42.
100. In addition, any capital grants awarded through a bidding competition must be used:
  - a. On expenditure items included in the provider's successful bid. We will expect to monitor exactly what the monies were spent on.
  - b. In accordance with any other terms and conditions that we may specify when we award the grant.
101. OfS capital funding must be used for projects that focus on higher education teaching, and may be subject to audit. The OfS recognises, however, that it may be neither feasible nor desirable to create ring-fenced boundaries between higher and further education, or teaching and research facilities. For example, equipment purchased using OfS capital funds may be used by both higher and further education students or for both teaching and research purposes.

102. OfS capital grants may be used to contribute towards the costs of a capital project in combination with funding from other sources. However, there must be no double-counting in attributing the same amounts of capital expenditure:
- a. To both OfS grants and income provided by any other UK or EU public funds.
  - b. To both OfS formula-based capital grants and any other OfS capital grants for specific projects.
103. Providers should use capital funding in ways that will improve environmental sustainability, for example, in reducing carbon emissions.
104. All providers that are in receipt of OfS formula-based or competitive capital funding will be required to report on their use of that funding at the end of each financial year and those reports may be subject to audit. Details about reporting requirements will be notified separately.
105. If our monitoring of a provider's delivery of its capital project(s) does not give us confidence that a provider will be able to use all the competitive capital funding awarded through this competition within the relevant funding period, and in line with the terms and conditions that apply, we may withdraw the offer of funding in whole or part. Such exceptional circumstances may include significant delays in delivery (for whatever reason) compared to the timetable set out in the provider's bid (or as may subsequently be agreed by us) or failure of the provider to engage to our satisfaction in any reporting and monitoring requirements.
106. If we are not satisfied that a provider has used the funds in accordance with the requirements in paragraphs 99 to 105, or as notified separately, we will reclaim some or all of the funding provided. If providers are unsure whether the use they propose of their formula capital allocation will meet the requirements set out in paragraph 100, they should contact [capitalgrant@officeforstudents.org.uk](mailto:capitalgrant@officeforstudents.org.uk) for advice in advance of committing to the expenditure.
107. The OfS will normally pay formula-based and competitive capital grants according to a funding profile that will be notified separately.<sup>20</sup> For competitive grants for the period covering financial years 2022-23 to 2024-25, this profile will initially be informed by the split of OfS funding between financial years sought in a provider's successful bid. We will require providers to notify us if payment according to that profile will result in them receiving funding in advance of need (that is, in advance of them incurring the capital expense). Were this to occur, we would suspend or reduce payments due according to the profile, reflecting the provider's circumstances, and require it to submit evidence of expenditure before the OfS released further funding.
108. At the end of each financial year, the OfS will request monitoring information from providers to ensure that we are satisfied that spend is aligned to our terms and conditions of funding, and that the outlined scope and scale of the project is being delivered. We will actively monitor spend on a yearly basis to ensure that the total funding is spent across all providers collectively to meet the budget. Providers must notify the OfS immediately of any changes in circumstances or scope of individual projects, to ensure that government funding is being

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<sup>20</sup> We expect notification to be via the grants profile available on the OfS portal ([extranet.officeforstudents.org.uk/GrantReport](https://extranet.officeforstudents.org.uk/GrantReport)).



used appropriately. We reserve the right to review the offer of funding if there are significant changes to project scope or delays to its delivery. Providers must send details of any proposed change or expected delay to a project to [capitalgrant@officeforstudents.org.uk](mailto:capitalgrant@officeforstudents.org.uk) as soon as possible so that these can be reviewed and assessed without delay.

## **Further information**

109. Providers requiring further information should contact [capitalgrant@officeforstudents.org.uk](mailto:capitalgrant@officeforstudents.org.uk).

# Annex A: Specimen bidding template for capital funding for 2022-23, 2023-24 and 2024-25

Providers wishing to bid should use the template available to them via the OfS portal. For guidance on accessing the OfS portal, see Annex C.

<b>Provider name</b>	
<b>UK Provider Reference Number (UKPRN)</b>	
<b>Contact person for bid</b>	
<b>Email</b>	
<b>Phone number</b>	
<b>Additional information requirements</b>	Expenditure will be monitored during and after the end of the funding period covering financial years 2022-23 to 2024-25. Any funds not spent by the end of the funding period will be reclaimed.

## Narrative questions

This section of the template will be collected using a Microsoft Word file. You should refer to the guidance for all information on criteria and categories of relevant expenditure. We recognise that you may wish to submit a bid that, for example, focuses particularly on addressing one of the categories of eligible projects (questions 2 to 4), but not all of them. We encourage providers to submit a concise response and we have set a word limit for each question.

**Question 1: Please provide an executive summary of the bid proposal. Include a brief overview of the bid proposal, a description of the items of capital expenditure that any OfS funding awarded will support and how they meet the definition of ‘relevant expenditure’. (See paragraph 42 of OfS 2022.19)**

**(Word limit = 1000)**

**Question 2: Please explain how this capital expenditure proposal addresses priority category 1, High-cost subjects of strategic importance. These are subjects in price groups A, B and C1.1. These subjects include laboratory-based subjects in science, technology and engineering, and healthcare disciplines in medicine, dentistry, nursing, midwifery and allied health professions, and veterinary science. Providers should include values of monies from the OfS to be used for the project(s) and information on relevant student numbers. (See paragraphs 48 to 51 of OfS 2022.19)**

**(Word limit = 2000)**

<p><b>Question 3: Please explain how this capital expenditure proposal addresses priority category 2, Enhancement of graduate employability and skills needs of employers and industry and therefore local and regional economies, in particular in supporting technical provision at Levels 4 and 5, and degree apprenticeships. Providers should include values of monies from the OfS to be used for the project(s) and information on relevant student numbers. (See paragraphs 52 to 57 of OfS 2022.19)</b></p> <p><b>(Word limit = 2000)</b></p>
<p><b>Question 4: Please explain how this capital expenditure proposal addresses priority category 3, Part-time and other forms of flexible provision, in particular in supporting the development of higher education short course study. Providers should include values of monies from the OfS to be used for the project(s) and information on relevant student numbers. (See paragraphs 58 to 62 of OfS 2022.19)</b></p> <p><b>(Word limit = 2000)</b></p>
<p><b>Question 5: Please explain how this capital expenditure proposal addresses criterion 2, Value for money, project and risk management, and environmental sustainability. (See paragraphs 63 to 75 of OfS 2022.19)</b></p> <p><b>(Word limit = 2000)</b></p>

**Numerical data collection**

This section of the template will be collected using a Microsoft Excel file. Financial information is required, setting out financing for the capital project(s) over the three-year funding period, in financial years 2022-23, 2023-24 and 2024-25, as well as any project costs in later years.

The summary of the finance sources for each financial year 2022-23, 2023-24 and 2024-25 (items B, C and D) must match the total cost of the project (item A).

## Financial summary and funding requested

	In financial year 2022-23 (£)	In financial year 2023-24 (£)	In financial year 2024-25 (£)	In later financial years (£)	Total (£)
A. Total cost of expenditure plans					
B. Total funding requested from the OfS (not including any formula funding you may receive from the OfS for FY 2022-23) Note that we are applying an initial cap of £6 million across the three financial years combined					
C. Total cost to be met through grants from other UK or EU public sources, including any contribution from OfS formula funding					
D. Total cost to be met from other sources (including the lead provider and any provider partners)					

## **Annex B: Capital funding 2022-23 – Distribution of grant through a formula method**

1. Annex B is available to download as an Excel file alongside this document at [www.officeforstudents.org.uk/publications/capital-funding-for-2022-23-to-2024-25-formula-allocations-and-invitation-to-bid/](http://www.officeforstudents.org.uk/publications/capital-funding-for-2022-23-to-2024-25-formula-allocations-and-invitation-to-bid/)
2. The top right of the table (cell E2) reflects the release date of the capital allocations in the table.

### **Descriptions of columns in the Annex B table**

3. 'Provider' lists both legal name and trading names of higher education providers. A hidden column in the Excel file identifies the government region for each provider.
4. 'Formula-based capital' shows the allocation for each provider. Providers shown as having an allocation of £0 have not met the £10,000 threshold required to be eligible for funding.

# Annex C: The OfS portal for capital funding for 2022-23 to 2024-25

## Assigning yourself to the capital funding for financial years 2022-23 to 2024-25 survey area

1. You will need to be a registered user of the OfS portal to be assigned to the capital funding for financial years 2022-23 to 2024-25 survey area, from which you will download your narrative questions and numerical data forms as a single zipped file.
2. If you have not registered on the OfS portal before, you will need to ask the nominated OfS portal user administrator at your provider to create an account for you. Each person who requires access to the capital funding for financial years 2022-23 to 2024-25 forms will need to be registered with their own account. You will need to be assigned to the capital funding for financial years 2022-23 to 2024-25 survey area by the nominated OfS portal user administrator at your provider. The user administrator can find guidance on how to add portal users to portal areas on the main portal login page. If you are the user administrator, you will still need to assign yourself to the capital funding for financial years 2022-23 to 2024-25 survey area.
3. If you do not know who your user administrator is, you can view the user administrators at your provider by logging onto the OfS portal. Select 'My account' towards the right-hand side of the yellow banner, and then click 'Activate an access key'. The names and contact details of the user administrators at your provider will be at the top of the page. If you are not registered and do not know who your user administrator is, please contact [portal@officeforstudents.org.uk](mailto:portal@officeforstudents.org.uk).

## Common issues with accessing the portal

### I cannot log in to the OfS portal

4. If you receive an error message while trying to log in, you may be entering the wrong email address or password, or your account may be locked. Ensure that the email address you are using is correct, and then request a new password. You will be sent a new password, which you will be asked to change when you log in. You can also ask your user administrator to reset your password.
5. If this new password does not grant you access, it is likely that your account is locked. Contact your user administrator, who can unlock your account for you. It is advisable that you also request a password change at the same time. If you or your user administrator have any problems, please contact [portal@officeforstudents.org.uk](mailto:portal@officeforstudents.org.uk).

### The capital funding for financial years 2022-23 to 2024-25 survey area has not appeared on my login page even after I have been assigned to it

6. Once you have been assigned to a survey, you may need to log out and then log back in to the portal for the survey to appear under 'Home'.

### Downloading your capital funding for financial years 2022-23 to 2024-25 forms

7. Once you have been assigned to the capital funding for financial years 2022-23 to 2024-25 survey area, log in to the OfS portal and you will see a link for the capital funding for financial

years 2022-23 to 2024-25 area under the 'Home' section. This link will take you to the page to download and upload the capital funding forms.

8. To download the forms, click on the 'Download' button. You will receive a zipped file, which will contain your narrative questions Word document and numerical data Excel document. You may need to unzip the file before accessing the workbook. You may also need to click on 'Enable editing' on the yellow banner if it appears on your screen when you open your workbook. You can download this empty workbook as many times as required.
9. Save the workbook to a memorable location on your computer. If there are any issues with downloading your workbook, please contact [portal@officeforstudents.org.uk](mailto:portal@officeforstudents.org.uk).

### **Completing your numerical workbook**

10. The numerical data form is provided as an Excel workbook with the file extension '.xlsx'. You should not attempt to alter the format of the worksheets by adding or deleting columns or rows. Only cells where data is required should be edited. The workbook is protected to ensure that the data submitted is accurate and is only entered into the relevant cells. Worksheets contain information critical to accurate loading of the data; it is essential that this is preserved. We will refuse to accept any workbooks that have been unprotected or tampered with.
11. We recommend that you do not copy and paste data into your workbook, as this can cause formatting issues. If you wish to copy and paste data, ensure that you use the 'Paste values' option. This will not copy the formatting of the data you are pasting and will preserve the formatting of the workbook.

### **Uploading your numerical data workbook and narrative questions form**

12. Once you have completed the narrative questions and numerical data forms, you will need to submit them to the capital funding for financial years 2022-23 to 2024-25 survey area on the OfS portal. You should ensure that:
  - your workbook has not been saved so that zero values are displayed as blanks
  - links to other spreadsheets are removed
  - only one worksheet is selected when the completed workbook is uploaded
  - the workbook is not zipped.

Otherwise the workbook may not upload successfully.

13. Submit the numerical data workbook as follows:
  - a. Navigate to the capital funding for financial years 2022-23 to 2024-25 area on the OfS portal.
  - b. Click on the 'Upload' button under the section named 'Please download all files, and upload your completed Excel workbook here'.
  - c. Browse for your workbook, which is saved in your memorable location.

- d. Click 'Upload'.
  - e. The workbook may take some time to upload if the portal is busy. The page will automatically refresh to show if your file is waiting to be processed, being processed, or has completed successfully.
  - f. Check below the status bar for the log of your submission. The 'Outcome' will display as a 'Success' if there are no issues with the uploaded workbook.
  - g. Check the 'Comments' to see whether your workbook is valid and has successfully uploaded. See paragraph 18 for a description of some of the messages that may appear.
14. Once you have successfully submitted your workbook, check the results package by clicking on the 'Results' button. The results package contains the workbook that you have submitted, which has now been processed.
15. Completed workbooks can be uploaded any number of times until the deadline for submissions, when we will take the latest uploaded version as the final version for submission.
16. Submit the narrative questions Word document as follows:
- a. Navigate to the capital funding for financial years 2022-23 to 2024-25 area on the OfS portal.
  - b. Click on the second 'Upload' button on the page under the section named 'Please upload your completed MS Word file here'.
  - c. Browse for your file, which is saved in your memorable location.
  - d. Click 'Upload'.

## **Common issues while uploading the numerical data workbook**

### **My workbook contains validation errors**

17. The monitoring form includes a number of validation checks. Please check your form carefully and complete the contact details of the person submitting the bid. You will still be able to upload your workbook if it is invalid, but we will not accept it as a submission.

### **The 'Comments' section of the portal shows errors and no results package is generated**

18. Your workbook has failed to process. There can be many reasons for the workbook not processing correctly. Common errors are:
- The file has been zipped. Before uploading, please ensure that the file is not zipped as this will make it more likely to process successfully.
  - The file extension of the workbook has been changed; it must end with '.xlsx'.
  - The workbook has been unprotected. If you have unprotected the workbook in any way, this may also cause the upload to fail.



## **My colleague has uploaded a workbook but I cannot view the results package**

19. The results package can only be downloaded and viewed from the same OfS portal account that uploaded that particular workbook. To view the results package for a specific workbook, you will need to upload the same workbook using your own portal account. Note that this will increase the submission number.



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