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Dear [Accountable Officer]

OfS's response to today's announcements from the Department for Education

I am writing to update you on how the Office for Students (OfS) intends to take forward today's announcements from the Department for Education (DfE) on funding and the Teaching Excellence and Student Outcomes Framework (TEF).¹

Funding for 2021-22

The government's statutory guidance letter² announces similar overall levels of recurrent and capital grant for financial year 2021-22 as originally provided for in 2020-21. It also sets out some specific proposals for how it would like to see OfS recurrent and capital funding distributed in the coming year.

The government proposes:

- An increase to the amount allocated through the main high-cost subject funding method, but only in respect of subjects that it has identified as both high-cost and strategically important
- A reduction of 50 per cent to the high-cost subject funding for other courses in price group C1 (in performing arts, creative arts, media studies and archaeology)

¹ See <https://www.gov.uk/government/news/pioneering-reforms-to-boost-skills-and-jobs>.

² See <https://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/>.

- The London targeted allocation and London weightings should be removed entirely from 2021-22
- Targeted funding for specialist providers should increase by £10 million
- The budget for Uni Connect should reduce to £40 million
- £20 million funding targeted to further support student mental health and hardship
- Capital funding for providers should be distributed through a bidding competition rather than a formula method
- Students from the Crown Dependencies should be subject to home fee status and counted for funding purposes. We understand this applies to students in all years of study from 2021-22, not just new entrants, and that this would result in us counting approximately 3,000 additional students as fundable.

In response to these announcements, we expect to launch a consultation on our approach to funding, including the above proposals, in mid-February 2021 and to make decisions following consultation in May 2021. We expect to announce initial allocations for most elements of recurrent grant for 2021-22 in June 2021, which we acknowledge is later than normal. Determining allocations for the proposed additional £10 million specialist allocation and capital funding is likely to involve providers making submissions. We expect to invite those to be submitted in early May 2021, so that decisions can be confirmed as soon as possible thereafter. The nature of these processes will be part of our proposed mid-February consultation.

The DfE is proposing a reduction in the level of funding for Uni Connect to £40 million in 2021-22. In order to ensure that we are able to take into account any representations on this, we will make final decisions on the level of funding alongside the other funding allocations in May 2021. To ensure continuity of this programme, we will write separately to lead providers and partnership chairs to confirm that £40 million will be the minimum level of funding available in 2021-22, and also to set out the indicative minimum level of funding for each partnership.

Changes to recurrent funding for providers in 2021-22 will depend not just on changes to the funding method, but also on changes to their student numbers relative to all other providers. In this respect, providers should note that the modelling of funding changes shown in Annex D³ of the government's statutory guidance letter does not take into account the latest changes to student numbers (as reported in the Higher Education Students Early Statistics survey for 2020-21, or the individualised student data submitted for 2019-20).

³ See www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

The Teaching Excellence and Student Outcomes Framework (TEF)

The findings of the Independent Review of the TEF,⁴ which was led by Dame Shirley Pearce, and the government's response⁵ to the report have now been published. We have also published the findings from the 2018-19 subject-level TEF pilot exercise.⁶

We are developing proposals for the TEF to be an integral part of the overall quality system in England. The role of the TEF is to continue to incentivise excellence above our baseline requirements. In developing our proposals for the TEF, we will take into account the Independent Review recommendations and the government's response to these, and the evidence from the subject-level pilots. We expect to consult on these proposals in the spring, aligned to more detailed proposals on our approach to the regulation of quality and standards through the conditions of registration.

We do not expect a new TEF framework to be in place before the current TEF awards expire in summer 2021. We are considering the options for the interim period until a new TEF framework is in place and expect to consult about this soon.

We are aware of the sustained pressure on providers as the impact of the pandemic continues to be felt and of the additional burden that may be caused by these proposed additional consultations. We have extended the deadline to our quality and standards consultation⁷ to 25 January 2021 and will continue to monitor the situation regarding current and future consultations.

Yours sincerely

Nicola Dandridge
Chief Executive

⁴ See <https://www.gov.uk/government/publications/independent-review-of-tef-report>.

⁵ See <https://www.gov.uk/government/publications/government-response-to-the-independent-review-of-tef>.

⁶ See www.officeforstudents.org.uk/publications/tef-findings-from-the-second-subject-level-pilot-2018-19/.

⁷ See www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/.