

# Consultation on specialist provider funding method

This consultation runs from **14 July** to **5 September 2022**.

Reference OfS 2022.36

Enquiries to specialists@officeforstudents.org.uk

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The Office for Students is the independent regulator for higher education in England. We aim to ensure that every student, whatever their background, has a fulfilling experience of higher education that enriches their lives and careers.

# Our four regulatory objectives

All students, from all backgrounds, and with the ability and desire to undertake higher education:

- are supported to access, succeed in, and progress from, higher education
- receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure
- are able to progress into employment or further study, and their qualifications hold their value over time
- receive value for money.

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# **About this consultation**

This consultation seeks views on the approach to determining specialist provider formula funding allocations, for the 2022-23 academic year and beyond, for higher education providers that are identified as world-leading by the Specialist Provider Panel.

Timing	Start: <b>14 July 2022</b> End: <b>5 September 2022</b>	
Who should respond?	We are particularly (but not only) interested in hearing from providers that have made submissions to the Specialist Provider Panel in response to 'World-leading specialist provider funding: Outcomes of consultation and invitation to submit', and representative bodies of such providers.	
How to respond	Please respond by noon on Monday 5 September 2022.	
	Please use the online response form available at <a href="https://survey.officeforstudents.org.uk/s/consultation-on-specialist-provider-funding-method/">https://survey.officeforstudents.org.uk/s/consultation-on-specialist-provider-funding-method/</a> .	
How we will treat your response	We will summarise the responses to this consultation in autumn 2022, when we announce the funding allocations for world-leading specialist providers identified by the Specialist Provider Panel. This may include a list of the providers and organisations that respond, but not personal data such as individuals' names, addresses or other contact details.	
	If you want the information that you provide to be treated as confidential, please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.	
	The OfS will process any personal data received in accordance with all applicable data protection laws (see our privacy policy).	
	We may need to disclose or publish information that you provide in the performance of our functions, or disclose it to other organisations for the purposes of their functions. Information (including personal data) may also need to be disclosed in accordance with UK legislation (such as the Freedom of Information Act 2000, Data Protection Act 2018 and Environmental Information Regulations 2004).	

<sup>&</sup>lt;sup>1</sup> Available at <u>www.officeforstudents.org.uk/ofs-privacy/</u>.

# Next steps We expect to notify eligible providers in September 2022 of their specialist provider funding for 2022-23, and of any share of the £5 million that remains to be allocated for 2021-22. We will publish information on the distribution of funding between providers in October 2022. Email <a href="mailto:specialists@officeforstudents.org.uk">specialists@officeforstudents.org.uk</a>. Alternatively, call our public enquiry line on 0117 931 7317. If you require this document in an alternative format, or you need assistance with the online form, contact <a href="mailto:specialists@officeforstudents.org.uk">specialists@officeforstudents.org.uk</a>. (Please note: this email address should not be used for submitting your consultation

For more information about our work to date on specialist provider funding, please visit the OfS website: <a href="https://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/funding-for-specialist-providers/">www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/</a>.

response.)

# Introduction

- 1. 'Consultation on an approach to world-leading specialist provider funding' (OfS 2021.47), published in October 2021, sought views on the Office for Students' (OfS's) proposals for funding world-leading specialist providers from the 2022-23 academic year (1 August 2022 to 31 July 2023).<sup>2</sup> It also covered how we proposed to prioritise £5 million that remains to be distributed to world-leading specialist providers in the 2021-22 academic year budget.
- 2. The consultation set out our proposals on the purpose of specialist provider funding, eligibility criteria for it and the approach to determining whether providers met them, and the features of a formula funding method for providers that met all criteria. To be eligible for specialist provider funding, a provider must be assessed as world-leading. The Specialist Provider Panel, established as a time-limited committee of the OfS board, would make this assessment.<sup>3</sup>
- 3. 'World-leading specialist provider funding: Outcomes of consultation and invitation to submit' (OfS 2022.11), published in February 2022, reported on the responses we received to that consultation and the decisions we had made as a result.<sup>4</sup> It invited eligible providers to make a submission by 28 March 2022 to be considered a world-leading specialist.
- 4. We received 44 submissions from eligible providers. We are notifying those providers later this month of the panel's assessment of whether their submission meets the criteria for the provider to be considered world-leading and the reasons for that assessment:
  - a. Where the assessment is that the provider is world-leading for its teaching and education-related activity, this is a final decision.
  - b. Where the assessment is that the provider is not world-leading for its teaching and education-related activity, this is a provisional decision. We are inviting such providers to make representations before a final decision is made. The representations process is not an opportunity for a provider to submit new evidence that was not already included in its original submission. Rather, it is to allow a provider to alert the panel and the OfS to evidence in that submission that it believes may not have been sufficiently taken into account in the panel's assessment. For such a provider, the representations process means that confirmation of the final decision on whether the provider is world-leading will be after July 2022.
- 5. This consultation seeks views on the approach to determining a formula funding allocation for those providers that are identified by the panel as world-leading. It is aimed at those providers that have made submissions to the panel (including those where the provisional decision is that the provider is not world-leading, recognising that the panel's final decision on them will follow consideration of any representations received). The consultation focuses on the approach to

<sup>&</sup>lt;sup>2</sup> See <u>www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/.</u>

<sup>&</sup>lt;sup>3</sup> See 'Specialist Provider Panel' at <u>www.officeforstudents.org.uk/about/who-we-are/our-board-and-committees/.</u>

<sup>&</sup>lt;sup>4</sup> See <u>www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/.</u>

distributing the £58 million available for 2022-23, including the case for transitional funding for providers that might see a reduction to specialist provider funding compared with the funding already allocated for 2021-22. It also covers the approach to distributing the £5 million that remains to be allocated for 2021-22.

- 6. The issues discussed in this consultation relate to the OfS's powers under the Higher Education and Research Act 2017 (HERA) in relation to financial support for registered higher education providers (section 39).<sup>5</sup> Providers eligible for financial support are those registered with us in the Approved (fee cap) category.
- 7. In formulating our proposals, we have had regard to our general duties under section 2 of HERA, the public sector equality duty set out in section 149 of the Equality Act 2010,<sup>6</sup> and the statutory guidance letters issued by the Secretary of State.<sup>7</sup> In his letter of 25 March 2021, the Secretary of State placed a condition of grant on us relating to funding for 2021-22 for specialist providers. The guidance letters of 19 January 2021 and 31 March 2022 ('Guidance to the Office for Students on the Higher Education Strategic Priorities Grant for the 2022-23 financial year') announced the funding available to us for distribution to providers for the financial years (April to March) 2021-22 and 2022-23 respectively.
- 8. We are not consulting on the total amount of funding available for distribution by the OfS for specialist providers. The £5 million that remains to be allocated for 2021-22 has been determined by the condition of grant placed on us in the statutory guidance letter of 25 March 2021. 'Funding for academic year 2022-23' confirmed the £58 million for specialist provider funding for academic year 2022-23, reflecting the government's guidance of 31 March 2022.8
- 9. The consultation questions are listed in full in **Annex A**.
- 10. The OfS will make decisions on the approach to providing additional funding for world-leading specialist providers having regard to the guidance letters from government (including terms and conditions of grant that those letters place on us), the OfS's wider statutory duties, responses to this consultation and other relevant factors.

#### **Consultation principles**

- 11. We are running this consultation in accordance with the government's consultation principles.9
- 12. At the OfS we are committed to equality and diversity in everything we do. In formulating the proposals set out in this consultation, we have had regard to those matters in section 149(1) of the Equality Act 2010 (the Public Sector Equality Duty).

<sup>&</sup>lt;sup>5</sup> See www.legislation.gov.uk/ukpga/2017/29/contents/enacted.

<sup>&</sup>lt;sup>6</sup> See section 149 of the Equality Act 2010 (www.legislation.gov.uk/ukpga/2010/15/section/149).

<sup>&</sup>lt;sup>7</sup> Available at www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

<sup>8</sup> See www.officeforstudents.org.uk/publications/funding-for-academic-year-2022-23/.

<sup>&</sup>lt;sup>9</sup> See www.gov.uk/government/publications/consultation-principles-guidance.

#### Technical and other terms used in this consultation

- 13. **Funding** and **grant(s)** are used synonymously in this document to mean financial support provided under section 39(1) of HERA 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.
- 14. **Specialist provider funding** means additional funding allocated on an annual basis in respect of operating expenditure incurred, or to be incurred, by a specialist provider on its ongoing world-leading teaching for an academic year.
- 15. Academic year means the 12-month period from 1 August to the following 31 July.
- 16. **Financial year** means the 12-month period from 1 April to the following 31 March.

# **Background**

- 17. 'World-leading specialist provider funding: Outcomes of consultation and invitation to submit' set out the case for additional funding for world-leading specialist providers, and how we have had regard to our duties in developing our approach. <sup>10</sup> We do not repeat that here. The document reported various decisions we had made following consultation. These decisions focused primarily on provider eligibility and the approach to submissions and assessment by the Specialist Provider Panel against criteria for being world-leading. On funding, the document confirmed:
  - a. Our intention that providers assessed as world-leading will retain that assessment for at least five years before being reassessed, and will be funded accordingly provided that they also continue to be registered with the OfS in the Approved (fee cap) category and meet the initial eligibility criteria.
  - b. That, unless a provider is successful under this year's exercise, it will not be able to access funding for world-leading specialist providers until the next assessment point.
  - c. That funding for world-leading specialist providers will be calculated by formula informed by recent OfS-fundable full-time equivalent (FTE) numbers, and that we will prioritise funding towards smaller providers, because they generally have less scope to cross-subsidise through a diversity of activities and income sources and to achieve economies of scale. We expect to achieve this prioritisation by capping the number of OfS-fundable students we count in the formula, and to apply reducing rates of grant per FTE as the size of providers increases.
  - d. That we would consult further on aspects of the formula approach once the panel process was complete – we cannot finalise the parameters of a formula funding approach until we know which providers have been identified as world-leading and are thus in principle eligible to be funded.
  - e. That we would consider the case for making transitional funding (for 2022-23) available to providers whose current specialist provider funding might be reduced or removed once the panel process was complete.
  - f. That funding for world-leading specialist providers will be subject to the same terms and conditions as apply generally to our recurrent grants (as is currently the case).

# Features of a specialist provider funding formula for 2022-23

18. The allocations made to date for 2021-22 have been informed by a formula that was established by the Higher Education Funding Council for England (HEFCE).<sup>11</sup> 'Consultation on

<sup>&</sup>lt;sup>10</sup> See www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/, paragraphs 10 to 19.

<sup>&</sup>lt;sup>11</sup> The HEFCE formula was based on the average number of fundable FTEs over the most recent three years, but subject to a cap of 500 FTEs. The rates per FTE varied between £2,000 and £8,000 according to the overall income for a provider, also averaged over three years: £8,000 per FTE for providers with average income of less than £40 million, reducing linearly to £2,000 per FTE for providers with average income of more than £80 million. A minimum allocation of £0.5 million was also applied, while the formula meant that

an approach to world-leading specialist provider funding' made a number of proposals about how we might develop a formula method for those providers assessed as world-leading by the panel. These were that:

- a. Funding should be calculated to reflect numbers of OfS-fundable FTEs for the most recent years available. We proposed this should be based on the Higher Education Students Early Statistics (HESES) data that providers submit for 2021-22, but we were also open to using an average of more than one year's data to ensure that allocations are not skewed by a single year that could be an outlier.<sup>12</sup>
- b. Funding should be prioritised for providers of a small size, because they have less scope to achieve economies of scale. We proposed to achieve this by:
  - i. Counting only a limited number of FTEs at any provider, essentially ensuring that larger providers do not receive a greater allocation because of their larger population. We would scale back pro rata the OfS-fundable FTEs at providers that had more than the limit we were prepared to count for this allocation.
  - ii. Also applying rates of grant per FTE that reduced according to a provider's overall size (in student number terms). We would use the same student population to assess a provider's overall size as we used to determine whether a provider was specialist.
- c. Rates of funding should prioritise providers that specialise in higher-cost subjects in price groups A, B and C1, recognising that classroom-based subjects in price groups D and, to a lesser extent, C2 are less likely to incur additional costs. The rates of funding for each price group would be different from, but complement, any rates by price group provided through the main high-cost subject funding method and other elements of OfS grant. In each case, these rates by price group would be scaled back for larger providers, as described in the previous sub-paragraph.
- 19. In practice, the fact that we have a fixed budget means there is an inevitable interaction between these different parameters. How many students we count, the rates of funding that apply to them and how these might vary by subject or provider size cannot combine, for all eligible providers, to give an answer that is unaffordable. This also means that we cannot finalise specific parameters until the panel makes final decisions on which providers meet the criteria to be considered world-leading, in light of any representations received. We are, however, seeking views on the overall 'shape' of a funding method, even if we decide the specific values of parameters subsequently to ensure affordability.

the maximum allocation was  $\pounds 4$  million. This method meant that funding was prioritised towards smaller providers.

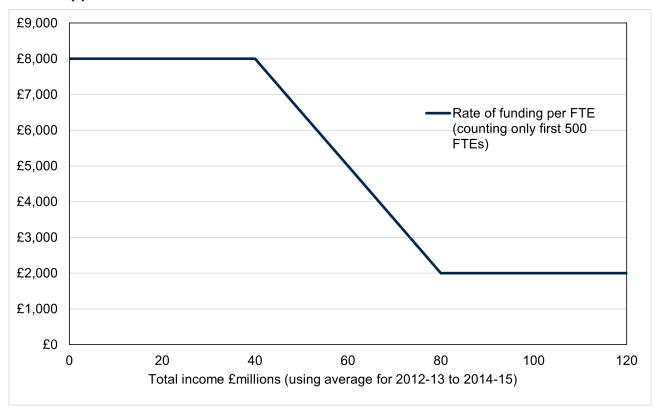
<sup>&</sup>lt;sup>12</sup> The use of OfS-fundable FTEs is to ensure that allocations are based on a student population that reflects the OfS's funding responsibilities and priorities. This will exclude, for example, students not subject to home fees (who are expected to be self-funding); students who are expected to be funded from another public source (such as research students and those fundable by the Education and Skills Funding Agency); and students aiming for an equivalent or lower qualification, unless subject to an OfS exemption to the equivalent and lower qualifications policy. Detailed guidance on the OfS fundability status is provided in the annual HESES surveys: <a href="https://www.officeforstudents.org.uk/data-and-analysis/data-collection/heses/">www.officeforstudents.org.uk/data-and-analysis/data-collection/heses/</a>.

- 20. As reported in 'World-leading specialist provider funding: Outcomes of consultation and invitation to submit', there was broad support for our proposals but also areas where respondents made points about some aspects and suggested improvements.<sup>13</sup> In particular, we are persuaded by arguments from respondents that:
  - a. For the purpose of the funding formula, size of provider should reflect its total income, rather than total FTEs, because this will better reflect the scope a provider has to cross-subsidise its activities through a diversity of income sources and, perhaps, achieve economies of scale. We will use an average for the three most recent years available, to ensure that the allocation is not skewed by a single year's data that might be an outlier.
  - b. OfS-fundable student numbers used in the formula should be a three-year average derived from the HESES surveys for the academic years 2019-20 to 2021-22. Specifically, we would use the FTEs (excluding non-completions) that we use for other formula grants. As with income data, we have accepted that using a three-year average for FTEs will reduce the risk that funding is skewed by a single year's data that might be an outlier.
  - c. The funding formula should not apply different rates of grant for FTEs in different price groups. In proposing an approach that 'complements' any rates by price group provided through the main high-cost subject funding method, our intention was not to replicate or reinforce the funding differentials that high-cost subject funding already provides. The subject specialisms of the providers that have submitted to the panel means that funding will primarily be allocated in relation to activities in price groups A, B, C1.1 and C1.2. However, we have accepted the argument that providers specialising in subjects in price groups C2 and D should not be precluded from accessing funding.
- 21. These decisions point to a funding formula with a similar 'shape' to that adopted in 2016 by HEFCE, albeit one whose precise parameters would be likely to vary. That method informed the formula allocation for eligible providers from 2016-17 to 2020-21. For 2021-22, these providers had a uniform increase to funding of approximately 11.5 per cent as a result of the increase to the budget from £43.4 million to £48.4 million.<sup>14</sup>
- 22. Figure 1 provides an illustration of the 'shape' of the funding formula, reflecting rates of grant for providers, that applied from 2016-17, albeit with an outcome that was also subject to a minimum allocation originally set at £500,000 per provider.

<sup>&</sup>lt;sup>13</sup> These were summarised in Annex D, paragraphs 190 to 205, of the outcomes document, available at <a href="https://www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/">https://www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/</a>.

<sup>&</sup>lt;sup>14</sup> The increase followed the condition of grant placed on the OfS in the Secretary of State's guidance letter of 25 March 2021, available from <a href="https://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/">www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/</a>.

Figure 1: Rates of grant for world-leading specialist provider funding from 2016-17 before application of a minimum allocation



23. Table 1 summarises the features of that method and how we would propose to change the parameters. As noted in paragraph 19, within a fixed budget, a balance will need to be struck between the numbers of FTEs we count for funding, and the rates of grant we apply to them. All other things being equal, raising the limit on how many FTEs we count at providers will require us to reduce rates of grant – such a scenario would skew more of the funding to larger providers (those whose FTEs were capped in the funding formula).

Table 1: Features of the formula funding method for world-leading specialist providers from 2016-17 and proposed for 2022-23

Feature	Funding method introduced in 2016- 17	Proposed method for 2022-23
Student numbers counted	The average number of fundable FTEs over the most recent three years (Higher Education Statistics Agency data for academic years 2012-13 to 2014-15), but subject to a cap of 500 FTEs.	The average number of fundable FTEs over the most recent three years (HESES data for academic years 2019-20 to 2021-22), but subject to a cap of not less than 500 FTEs.  We will consider the case for a modest increase to the cap, subject to affordability, but this would have implications for the rates of grant we can afford to apply to them.

Feature	Funding method introduced in 2016- 17	Proposed method for 2022-23
Rates of funding per FTE	Originally provided £8,000 per FTE for providers with average income of less than £40 million, reducing linearly to £2,000 per FTE for providers with average income of more than £80 million. The 11.5 per cent increase provided for 2021-22 means that the grant rates now vary between about £2,231 and £8,922.  Income was averaged over three academic years 2012-13 to 2014-15 (the most recent available at that time).	We expect a range of variable rates of grant based on provider size, along similar lines to the current ones. The value of those rates will depend on overall affordability, in the light of factors including the decision on the level at which we cap the number of FTEs we count at any provider. We would also expect a substantial increase to the average income thresholds at which those grant rates would apply: for example, the lower threshold may increase to £50 million or more; the higher threshold to £100 million or more.  Income will be averaged over three academic years 2018-19 to 2020-21 (the most recent available).
Minimum allocation	Originally £500,000, the 11.5 per cent increase provided for 2021-22 means that this minimum is £557,641 for 2021-22.	We would propose reducing the minimum allocation to £250,000.

- 24. In some cases, we do not have three years of income data or FTE data. In these circumstances we will use an average derived from the years within the relevant time period shown in Table 1 (column 3) for which we do have data. For some, this could be data for a single year.
- 25. We propose to reduce the minimum allocation to £250,000. This is to avoid providing very high rates of grant for providers with very small numbers of OfS-fundable FTEs. In doing so, we are also mindful that the minimum allocation was originally set by HEFCE, which had responsibility for both teaching and research funding. Since then, UK Research and Innovation (UKRI) has taken on responsibility for research funding in England and, as part of UKRI, Research England is providing separate funding for specialist providers.<sup>15</sup>

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<sup>&</sup>lt;sup>15</sup> Guidance to UKRI from the Department for Business, Energy and Industrial Strategy on the operation of Research England, published in June 2022 (available at <a href="www.ukri.org/publications/guidance-from-beis-for-research-england-funding-allocations/">www.ukri.org/publications/guidance-from-beis-for-research-england-funding-allocations/</a>), identifies £15 million for specialist providers for the financial year 2022-23.

#### **Question 1**

To what extent do you agree with the proposed features of the formula funding method for world-leading specialist providers as described in paragraphs 18 to 24? Please provide an explanation for your answer. If you believe these should differ, please explain how and the reason for your view.

#### Question 2

To what extent do you agree with the proposed reduction to £250,000 as the minimum allocation for world-leading specialist provider funding? Please provide an explanation for your answer. If you believe the minimum allocation should differ, please explain how and the reason for your view.

# **Transitional funding for 2022-23**

- 26. The purpose of transitional funding is to ensure that any significant reductions to world-leading specialist provider funding between 2021-22 and 2022-23 are manageable for the providers concerned. It is therefore relevant only to the 16 providers already in receipt of specialist provider funding for 2021-22 as a result of the HEFCE review in 2016. In this context, the comparison of funding must be with the same provider as registered with the OfS in both years.
- 27. Reductions to specialist provider funding may arise because:
  - a. A provider (previously funded as an Approved (fee cap) provider in 2021-22) is assessed by the Specialist Provider Panel as not being world-leading.
  - b. The rate of grant for its specialist provider funding is reduced as a result of a significant increase in its total income in recent years.
  - c. It has previously received the minimum allocation of specialist provider funding, which we now propose to reduce.
  - d. Its OfS-fundable FTEs are significantly lower than the HEFCE-fundable FTEs that informed the allocation from 2016-17. This may reflect, at least in part, changes to home fee status for students from 2021-22 following the UK's withdrawal from the European Union.
- 28. We recognise that the case for transitional funding may be increased because of the delayed announcement of specialist provider funding, which gives providers less time to plan and manage a reduction to grant. However, we are also mindful that providing more through transitional funding means that less would be available through the formula allocation to world-leading providers.
- 29. We remain open to the possibility of providing transitional funding if a provider were to be assessed by the Specialist Provider Panel as not being world-leading (see paragraph 27a). We would discuss the case for this separately with any such provider. However, we do not see a case for providing transitional funding where a world-leading specialist provider has a reduction to grant as a result of the application of the funding formula (to be finalised following this consultation). In particular:

- a. Given proposals set out in Table 1 for how rates of grant should be determined, particularly the higher thresholds for total income affecting those rates, reductions to grant rates would imply very substantial increases to a provider's total income. In this context, the arguments for providing transitional funding are much weaker.
- b. We do not believe transitional funding should be used to lessen the impact of the proposal to reduce the minimum allocation, for the same reasons as set out in paragraph 25.
- c. We believe it right that allocations should be informed by recent data on OfS-fundable student numbers. Changes to home fee status from 2021-22 have had a more immediate impact on postgraduate-only providers, but the use of a three-year average of OfS-fundable FTEs will moderate that impact on the distribution of funding from 2022-23.

#### Question 3

To what extent do you agree that the OfS should not provide transitional funding in 2022-23 to world-leading specialist providers that have a significant reduction to specialist provider funding compared with 2021-22 as a result of the funding formula? Please provide an explanation for your answer. If you believe our approach should differ, please explain how and the reason for your view.

# Approach to funding after 2022-23

- 30. In 'World-leading specialist provider funding: Outcomes of consultation and invitation to submit', we confirmed our intention that providers assessed as world-leading will retain that assessment for at least five years before being reassessed, and will be funded accordingly provided that they also continue to be registered with the OfS in the Approved (fee cap) category and meet the initial eligibility criteria.
- 31. That document also reported that a greater proportion of respondents would prefer specialist provider funding to be fixed during that five-year period, rather than recalculated afresh each year. <sup>16</sup> Calculating afresh would mean reusing the formula adopted for 2022-23 but with updated provider data (which, as proposed in this consultation, would be data on student numbers and income).
- 32. Whichever approach is taken to determine specialist provider funding after 2022-23, a provider judged to be world-leading will need to remain an Approved (fee cap) provider to continue to receive funding. The overall level of funding available for this allocation in any year will be subject to affordability, depending on the overall teaching funding made available to the OfS from government.
- 33. We also believe that it is preferable to keep allocations fixed during that five-year period. This will give greater certainty to world-leading providers as they plan their educational activities and look to maintain or enhance their world-leading status. While this is therefore our broad intention, we recognise that circumstances may change at providers or in the wider context of higher education finance arrangements collectively (such as in our funding settlement from

<sup>&</sup>lt;sup>16</sup> See <u>www.officeforstudents.org.uk/publications/world-leading-specialist-provider-funding-outcomes-of-consultation-and-invitation-to-submit/, Annex D paragraphs 211 to 222.</u>

government and the guidance that accompanies it). We will therefore monitor provider data that is used to inform the funding formula, as this gets updated each year, and will consider the case for calculating allocations afresh in a later year if our monitoring suggests that a redistribution of the total would be appropriate.

34. If a provider judged as world-leading changes its constitutional arrangements after the panel decisions have been made, the OfS reserves the right to decide whether it or its constituent parts continue to receive funding.

# £5 million available for 2021-22

- 35. £5 million remains to be distributed to world-leading specialist providers for 2021-22. As with the funding for 2022-23, we will not be able to confirm the distribution of this funding between providers before September 2022, for the reasons set out in paragraph 19.
- 36. 'World-leading specialist provider funding: Outcomes of consultation and invitation to submit' confirmed that:
  - a. Our first priority for the distribution of the £5 million available for 2021-22 would be to any world-leading specialist providers that are not in receipt of a share of the £48 million already allocated. We proposed to calculate this using the same formula approach as for 2022-23, but that we might need to scale allocations back pro rata if the result sums to more than the £5 million available.
  - b. If any funding remained once that first priority had been met, we would look to distribute it among other specialist providers identified as world-leading by the panel. In doing so, we would look to prioritise those providers that may have an increase to their allocation from 2022-23.
- 37. This remains our intention. Under paragraph 36b, the prioritisation of providers that may have an increase to their allocation from 2022-23 will take into account the size of that expected increase.

#### **Question 4**

Are there aspects of the proposals you found unclear? If so, please specify which, and tell us why.

# **Annex A: List of consultation questions**

### **Question 1**

To what extent do you agree with the proposed features of the formula funding method for world-leading specialist providers as described in paragraphs 18 to 24?

Strongly agree

Tend to agree

Tend to disagree

Strongly disagree

Don't know /
Prefer not to say

Please provide an explanation for your answer. If you believe these features should differ, please explain how and the reason for your view.

# Question 2

To what extent do you agree with the proposed reduction to £250,000 as the minimum allocation for world-leading specialist provider funding? (See paragraph 25)

Strongly agree

Tend to agree

Tend to disagree

Strongly disagree

Don't know / Prefer not to say

Please provide an explanation for your answer. If you believe the minimum allocation should differ, please explain how and the reason for your view.

#### Question 3)

To what extent do you agree that the OfS should not provide transitional funding in 2022-23 to world-leading specialist providers that have a significant reduction to specialist provider funding compared with 2021-22 as a result of the funding formula? (See paragraphs 26 to 29)

Strongly agree

Tend to agree

Tend to disagree

Strongly disagree

Don't know /
Prefer not to say

Please provide an explanation for your answer. If you believe our approach should differ, please explain how and the reason for your view.

#### **Question 4**

Are there aspects of the proposals you found unclear?

Yes

No

Don't know / Prefer not to say

If so, please specify which, and tell us why.

