

Office for  
Students



# World-leading specialist provider funding

Outcomes of consultation and invitation to  
submit

Reference OfS 2022.11

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## Summary

1. This document reports on the responses we received to ‘Consultation on an approach to world-leading specialist provider funding’ and the decisions we have made as a result.<sup>1</sup> It also invites submissions from specialist providers that wish to make the case that they are world-leading. Submissions must be received **by 1700 on Monday 28 March 2022** and Annex A provides guidance on them and the criteria for assessment.
2. Decisions on whether a specialist provider meets the criteria to be world-leading will be made by a panel, which will be chaired by the Office for Students (OfS) chair Lord Wharton of Yarm. The outcomes of this process will inform the distribution of:
  - a. Specialist provider funding for 2022-23 and subsequent years, the total budget for which will be decided separately in light of the OfS’s funding settlement from government.
  - b. £5 million that remains to be allocated to world-leading specialist providers for 2021-22.

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<sup>1</sup> See [www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/](http://www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/).

## Introduction

3. On 19 January 2021, the Secretary of State for Education wrote to the Office for Students (OfS) setting out details of the funding available to distribute to providers for the financial year (April to March) 2021-22 and the government's funding policies and priorities. On 25 March 2021, the Secretary of State for Education wrote to the OfS with further guidance, which included applying terms and conditions relating to funding for world-leading specialist providers for academic year 2021-22.<sup>2</sup>
4. On 20 October 2021, we published 'Consultation on an approach to world-leading specialist provider funding' (OfS 2021.47).<sup>3</sup> 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 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. A panel established as a time-limited committee of the OfS board will make this assessment.
5. The specialist provider funding is in addition to the funding distributed through the formula recurrent funding for high-cost courses and student premiums. Subject to meeting the eligibility requirements for funding, whether a provider is assessed to be world-leading or not does not affect the distribution of those other elements of formula recurrent funding.
6. The consultation identified 68 providers registered in the Approved (fee cap) category that, based on 2019-20 individualised student data, would meet our proposed criteria. These were that, to be considered specialist, a provider must have at least 75 per cent of its total full-time equivalent (FTE) higher education and further education student population in one broad subject area or at least 90 per cent in no more than two. We shared in confidence with each provider our detailed analysis of its 2019-20 student data which informed our assessment of whether it met our proposed criteria to be considered specialist.
7. On 9 November 2021, we published on the consultation webpage a spreadsheet that summarised the total FTEs at providers, the proportions in their two largest subject areas, and identified those subject areas. We notified subscribers to OfS Alerts of this update on 12 November 2021.<sup>4</sup>
8. Our consultation ran until 1 December 2021 and we received 60 responses to it. In summary, there was broad support for our proposals but also some areas where respondents made points about some aspects and suggested improvements. We have taken those comments into account in finalising our approach.

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<sup>2</sup> The January and March 2021 statutory guidance letters are available at [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-an-approach-to-world-leading-specialist-provider-funding/](http://www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/).

<sup>4</sup> Anyone can sign up to these alerts ([www.officeforstudents.org.uk/sign-up-for-email-alerts/](http://www.officeforstudents.org.uk/sign-up-for-email-alerts/)) which currently have over 6,500 subscribers, ranging from members of the public to staff working in higher education and other industries.

9. This document includes four annexes:
- a. **Annex A** provides guidance for providers on submissions to the Specialist Provider Panel ('the panel') for assessment as world-leading.
  - b. **Annex B** provides a template structure for submissions by providers and their referees.
  - c. **Annex C** provides the terms of reference for the Specialist Provider Panel.
  - d. **Annex D** provides our summary analysis of the responses to the consultation that we received. It also sets out our response and the decisions we have made.

## **The case for additional funding for world-leading specialist providers**

10. We set out in our consultation the case for the OfS providing additional funding for world-leading specialist providers. The consultation responses have not altered our position, which we set out again here.
11. The Higher Education and Research Act 2017 (HERA) requires the OfS to have regard to the need to promote quality and greater choice and opportunities for students in performing its functions.<sup>5</sup> Greater choice is defined in terms of a diverse range of types of provider and courses. HERA also requires the OfS to have regard to the need to promote value for money.
12. There are a small number of world-leading specialist providers which are exceptional in terms of the higher education provision that they offer to students, both undergraduate and postgraduate. There are common features that define this group of providers: they are highly specialist, offering unique and focused education in a specific academic or professional area; they tend to be small, largely related to the narrow focus of their specialism; and the quality of the teaching that they offer and the graduates that they produce is world-leading. In combining these features, they make a distinctive contribution to the diversity of the higher education sector and the range of providers and courses on offer to students. They do so across a range of disciplines, from veterinary science to the performing and creative arts.
13. There is no single feature that defines world-leading specialist providers. Rather it is a combination of specialism, predominantly small size and world-leading quality. All these three factors interrelate:
- a. **Specialism.** This enables a unique, organisation-wide focus on the provider's area of excellence. It underpins the nature of the teaching provision for students, and is closely related to its world-leading qualities: it needs to focus on its area of specialism in order to maintain its world-leading qualities. A graduate from a world-leading specialist provider will benefit from both the specialist nature of its teaching, as well as the national and international reputation which comes from the quality of its provision. Frequently, graduates will be operating in a highly competitive international market, where the specialism of their higher education will enhance their chances of success.

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<sup>5</sup> See [www.legislation.gov.uk/ukpga/2017/29/contents/enacted](http://www.legislation.gov.uk/ukpga/2017/29/contents/enacted).

- b. Small size. Many world-leading specialist providers are small. This reflects the nature of teaching, which may require one-to-one tuition (for instance, in the conservatoires) or the limited supply of students with the right skills to benefit from its teaching, or the fact of its limited specialism.
  - c. World-leading. There are many small providers which offer high quality provision, but which are not world-leading. They undoubtedly contribute to the quality of the higher education sector, and offer a more intimate environment which is attractive to some students who wish to study in a smaller provider. However, such small providers may not fall into the category of world-leading, and may not be specialist.
14. We acknowledge that many areas of world-leading, specialist provision will exist within large multi-faculty providers. However, we believe that the case can be made that the identity, excellence, and reputation – the world-leading nature – of specialist providers are closely linked to their independence, outside of a larger, multi-faculty provider.
15. Employers for graduates of specialist providers particularly recognise and value the extent to which these graduates have benefited from that specialist provision. Specialist providers themselves are often firmly rooted in the professions and industries in which their students go on to be employed. They make very particular contributions in meeting the needs of employers – be they, for example, the UK’s leading orchestras or dance companies or the National Health Service – as well as those that may be self-employed, such as in agriculture or the creative arts.
16. A consequence of these providers’ size, specialism and world-leading status is financial vulnerability. A small range of provision limits their ability to cross-subsidise between activities and sources of income. The nature of their activities, which often mean they have small student populations, precludes economies of scale. Many will have additional costs arising from, for example, the use of highly specialised facilities, small class sizes, and the need to attract leading academic staff: these features need to be secured or maintained in order to ensure world-leading quality provision. Although these factors may also be a feature of some multi-faculty providers, the specialist nature of the provision reduces the ability to cross-subsidise and limits the opportunity to achieve the efficiencies possible with large student populations. This is borne out in cost data from specialist providers.<sup>6</sup>
17. Specialist providers can also play an important and distinctive role in attracting students with particular characteristics, such as those with disabilities, although we recognise that this is likely to be characteristic of the subjects in which providers specialise.
18. Our approach to funding for specialist providers recognises the different remit that the OfS has compared with its predecessor, the Higher Education Funding Council for England, and the different range of providers that may potentially be eligible for such additional support. In

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<sup>6</sup> See ‘Understanding costs of undergraduate provision in higher education’ (in particular section 1.6.4 ‘Understanding the cost drivers’), available at: [www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision](http://www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision). Building on information already collected as part of the Transparent Approach to Costing (TRAC) exercise, the report examined the variation in full economic costs across the higher education sector in England and between subject areas, the causes of differences in costs and how this influences providers’ decision-making.

finalising our proposals, we have had regard to our general duties in section 2 of HERA and in particular to those duties in sections 2(1)(b) to (f), as well as the public sector equality duty.

- a. Our duty under section 2(1)(b) of HERA requires that we have regard to the need to promote quality, and greater choice and opportunities for students, in the provision of higher education by English higher education providers. Section 2(2) explains that the reference to choice in the provision of higher education by English higher education providers includes choice among a diverse range of—
  - i. Types of provider
  - ii. Higher education courses, and
  - iii. Means by which they are provided (for example, full-time or part-time study, distance learning or accelerated courses).
- b. Our duty under section 2(1)(c) requires that we have regard to the need to encourage competition between English higher education providers in connection with the provision of higher education where that competition is in the interests of students and employers, while also having regard to the benefits for students and employers resulting from collaboration between such providers.
- c. Our duty under section 2(1)(d) requires that we have regard to the need to promote value for money in the provision of higher education by English higher education providers.
- d. Our duty under section 2(1)(e) requires that we have regard to the need to promote equality of opportunity in connection with access to and participation in higher education provided by English higher education providers. The public sector equality duty also requires that we have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- e. Our duty under Section 2(1)(f) requires that we have regard to the need to use the OfS's resources in an efficient, effective and economic way.

19. Our approach to supporting world-leading specialist providers seeks to achieve an appropriate balance between our various duties and in also having regard to statutory guidance from the Secretary of State, responses to our consultation and the Regulators' Code.<sup>7</sup>

## Summary of OfS decisions following consultation

### Purpose of specialist provider funding

20. We confirm that the purpose of specialist provider funding is to:

- provide funding to recognise and maintain world-leading specialist teaching
- promote choice and opportunities for students in the range of providers and courses available
- recognise that these providers' world-leading status is integral to their specialism

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<sup>7</sup> See [www.gov.uk/government/publications/regulators-code](http://www.gov.uk/government/publications/regulators-code).

- recognise that these providers' specialism is often integral to their small size
- address the needs of specialist employment sectors or parts of the economy
- provide value for money in targeting limited resources effectively to world-leading specialist providers where the case for exceptional support can add greatest value.

21. We have not accepted arguments that specialist provider funding should be extended to:

- a. Providers that are 'emerging as' world-leading, which we understand to mean those that are not assessed as world-leading but could be in the future. We do not see the purpose of the limited funding we have available as being to provide development funding for a wider group of providers.
- b. Constituent parts of a provider (such as a department, faculty, 'school' or 'college'), viewed separately from the larger organisation that is the provider registered with us in the Approved (fee cap) part of the OfS Register.

22. We do not accept that these cases are consistent with the purpose of the funding. We would also be concerned that opening up the funding in this way would spread it too thinly. This would diminish the value it brings across the group of providers that receive it and undermine the case for having this element of funding.

## **Initial eligibility criteria for world-leading specialist provider funding**

23. To be eligible for world-leading specialist provider funding, a specialist provider must be registered with the OfS in the Approved (fee cap) category **by 31 July 2022** – that is, the end of the current academic year. Our consultation had proposed that the deadline should be the time the decisions of the panel are taken on whether a provider is considered world-leading. We have extended the deadline in response to comments received. The date of 31 July 2022 is the last date that allows for providers to be eligible for funding for academic year 2021-22. It also ensures they are eligible for the start of the 2022-23 academic year.

24. We also confirm that for this funding purpose (and as proposed in our consultation) we are defining a provider as specialist if it has at least 75 per cent of its total full-time equivalent (FTE) higher education and further education student population in one broad subject area or at least 90 per cent of its total higher and further education student FTE population in no more than two broad subject areas. For this definition:

- a. The total student FTE population includes students studying at all levels (higher and further education, teaching and research), irrespective of how they are funded (so including OfS-fundable, non-fundable and overseas students). This is because we are looking to identify specialist providers (with reference to all their subject activity), as opposed to providers whose OfS-fundable higher education teaching happens to be in a limited range of subjects. However, the population excludes student FTEs that relate to study towards level 2 qualifications in English and maths. This reflects the legal entitlements of certain individuals to be fully funded for study towards such qualifications and the requirement on providers (including specialists) to offer such courses.
- b. We are defining 'broad subject areas' using level 1 of the Common Aggregation Hierarchy (CAH1) of the Higher Education Classification of Subjects (HECoS) codes, reported for



courses (rather than modules).<sup>8</sup> For further education and sixth form colleges, we have determined a mapping of LearnDirect Class System (LDCS) course codes to CAH codes, so that these providers are treated on a consistent basis to others.<sup>9</sup>

25. Eligibility will not include a criterion for (small) size. However, we will prioritise the distribution of funding for world-leading specialists to smaller providers.
26. Our consultation identified 68 providers registered in the Approved (fee cap) category that, on the basis of their individualised student data for 2019-20, met the criteria for being specialist providers. As such, we confirm that those providers are eligible to make a submission to the panel. However, we recognise that there are other providers that believe they can meet the initial eligibility for specialist provider funding, albeit that this may not be established before the deadline for submissions to the panel. This may be because:
- a. They are awaiting the outcomes of an application to join the OfS Register in the Approved (fee cap) category (including some providers that are currently registered in the Approved category but wish to change registration category).
  - b. We do not have 2019-20 individualised student data for them and therefore they need to provide alternative evidence to demonstrate how they meet the criteria for being specialist (as set out in paragraph 24).
  - c. They believe their use of subject coding in their 2019-20 individualised student data does not capture their highly specialist nature.
27. In these exceptional cases, providers may make submissions to the panel for assessment as being world-leading, pending resolution of the issues over their eligibility, but they **must secure our agreement to their making such a submission to the panel before they do so**. Those wishing to do so should email [specialists@officeforstudents.org.uk](mailto:specialists@officeforstudents.org.uk) as soon as possible, and no later than **Friday 4 March 2022** to explain their circumstances. Paragraph 10 of Annex A provides guidance on what they must provide in seeking our agreement that they may submit to the panel.
28. It should be noted that OfS agreement that a provider may make a submission to the panel does **not** constitute an agreement that it has met the initial eligibility criteria for world-leading specialist provider funding, nor that any application to register in the Approved (fee cap) category will be successful before the July 2022 deadline or at all. Rather, it recognises that confirmation over whether those initial eligibility criteria are met may not be resolved before the panel process is complete. A provider assessed as world-leading by the panel, but subsequently found by the OfS not to meet the initial eligibility criteria for specialist provider funding will not receive such funding.

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<sup>8</sup> See [www.hesa.ac.uk/support/documentation/hecos](http://www.hesa.ac.uk/support/documentation/hecos).

<sup>9</sup> See 'Analysis of which providers meet the proposed definition of specialist', available at: [www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/](http://www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/).

## Criteria and evidence for assessment as a world-leading specialist provider

29. To be eligible for specialist provider funding, a provider must be assessed as world-leading. A panel established as a time-limited committee of the OfS board will make this assessment. 'World-leading' is intended to be a very high bar. It refers to a level of quality and expertise (in a subject area) that gives a provider an ongoing reputation internationally as being among the finest in the world. International recognition is a necessary, but not sufficient, condition for being world-leading. An ongoing reputation will continue to develop through innovation that maintains a provider's activities and outputs at the cutting edge over time.
30. Within this meaning of 'world-leading', we have removed reference to an 'enduring' reputation to avoid any suggestion that this may mean permanent. We have replaced it with 'ongoing', to give a better sense of this both existing for some time and appearing likely to continue for some time into the future. Our view remains that truly world-leading providers will have built up that position over some period and similarly that evidence of innovation over time should provide confidence that they can maintain that world-leading reputation. In this respect, evidence of innovation is also a necessary, but not sufficient, condition for being world-leading.
31. We would expect an international reputation for being among the finest in the world to have some longevity to it, but the panel will be looking to identify those specialist providers that can be considered world-leading **now**, rather than in the past. Equally, and as noted in paragraph 21.a, the purpose of the funding is not to provide development funding for providers that are 'emerging as' or aspire to be world-leading.
32. We confirm that the criteria that the panel will use to assess whether a provider is world-leading are:
- a. The provider has a genuine and ongoing reputation, nationally and internationally, for teaching in its specialism that is world-leading and this is supported by evidence.
  - b. The knowledge and skills of the provider's graduates, and the enduring impact they have on the professions and industries for which they have been prepared, are recognised by other world-leading providers, leading employers, external funders and others in the UK and beyond.
  - c. The provider's students, graduates and teaching practitioners contribute to the development of their particular specialisms in a way that is recognised internationally or create the new industries, techniques or art forms of the future.
  - d. The provider's world-leading status is integral to its specialism and often small size.
33. We have amended the first criterion (paragraph 32.a) since our consultation, to replace the word 'enduring' with 'ongoing' and added 'nationally and internationally' to make clear that being world-leading must be widely recognised. We do not believe a provider can be considered world-leading in the absence of evidence that it is recognised as such in other parts of the world.
34. Table 1 in Annex A identifies examples of categories of evidence that providers may wish to include in their submissions to the panel to demonstrate how they meet each of the criteria set

out in paragraph 32. Under the first criterion, we have added a new category of evidence following responses to our consultation, which is to cover ‘the environment that underpins teaching outcomes and experience for students’. We use the term environment in a broad sense which might cover, for example, availability of cutting-edge facilities or how research, scholarship and knowledge exchange support and inform teaching activities and enhance outcomes.

35. A number of respondents to our consultation set out further suggestions for evidence that they would like to submit. In general, we remain agnostic about these – providers are free to include whatever evidence they wish in their submissions, and we believe that the existing broad categories that we specify generally give them scope to do so. We wish to minimise further elaboration on the evidence categories so that they remain high-level and provide an overarching structure for capturing different types of evidence relevant to different subject specialisms.
36. Our concern is to give all eligible providers the freedom to make whatever case they wish to, recognising that the evidence for being world-leading relevant to, say, a specialist in the performing arts is likely to be very different from that of a specialist in a healthcare discipline or agriculture. We are not looking to define evidence requirements on a subject-by-subject basis, nor be prescriptive about what providers do or do not submit. The panel and its expert advisers will consider the evidence that each provider submits and the panel will determine whether it is sufficient for that provider to be considered world-leading.
37. We confirm that we will allow each provider two referees to support its submission. Rather than the OfS collecting information about referees and requesting references from them, we will ask providers to submit the references themselves alongside their submission. We will also ask providers to submit separately information about their referees, to explain in full the past and present relationship between the referee and the provider.
38. There was concern from some respondents about conflicts of interest among referees. We expect referees to be advocates for the provider and to be familiar with it and its teaching activities and outputs. As such, we do not rule out the possibility that a referee may have a conflict of interest relating to that provider. Any conflict of interest must be declared in full, as part of the information about referees that the provider separately submits. The panel may give greater weight to references where the referee does not have a conflict of interest with the provider, but this may not be appropriate in all cases, such as where a provider includes a reference from a current student. The panel may also give greater weight to references where the referee demonstrates knowledge and experience not just of the provider concerned, but also of other providers in the UK and overseas that specialise in the same subject, and of the wider context in which they operate.
39. The judgement of the panel will be based first and foremost on the information submitted in a provider’s submission. However, submissions may refer to information that is in the public domain as evidence of a provider’s relative performance. If the panel is to accept such evidence, then our view is that the panel should be able to take such evidence into account – where relevant – in respect of other providers that have chosen not to refer to it, because it presents their performance in a less favourable light. For example, if there were publicly available data showing relatively poor performance on graduate outcomes that a provider had

omitted from its submission, we believe that the panel should nevertheless be able to take this into account.

40. We expect the use of publicly available information by the panel to be limited generally to data and statistics that provide comparative information about providers. We will ensure that OfS staff with expertise in UK higher education data and statistics are available to provide advice to the panel on the interpretation and limitations of any such information that the panel wishes to take into account. Should the panel wish to take into account any publicly available information, we will notify the provider in advance and invite the provider to make any representation about that information before the panel confirms its decision on whether the provider is world-leading.

## **The Specialist Provider Panel**

41. Whether a specialist provider is world-leading will be assessed and decided by the Specialist Provider Panel. This panel will be a time-limited committee of the OfS board and have delegated authority to:
- a. Make decisions about whether a provider is world-leading in its specialism, as outlined in the OfS's criteria.
  - b. Provide reports to the OfS board, following panel meetings.
42. On 17 December 2021 we issued an invitation for organisations to nominate individuals with appropriate expertise to serve on the panel, or act as an expert adviser to the panel.<sup>10</sup> We took account of responses to question 9 of our consultation before finalising the guidance on nominations.
43. We are looking to ensure sufficient subject coverage of specialist providers through the combination of expertise both on the panel itself and among advisers to the panel. We cannot at this stage specify the precise balance between those two categories, as this will depend at least in part on the nominations we receive.
44. We accept the point raised in consultation responses about a quorum for the panel and have amended this. Our proposal included a requirement that a quorum must include at least one (not both) of the chair and the deputy chair and confirm that remains the case. We will publish the names of panel members, once these are agreed, but confirm now that the panel will be chaired by Lord Wharton, chair of the OfS board, and the deputy chair will be Nolan Smith, OfS director of resources and finance. We have increased the numbers required for a quorum so that it includes at least half the members of the panel.
45. We are not specifying the subject expertise required within a quorum for decisions to be quorate. It is quite likely that the panel may wish to structure meetings such that all submissions from specialists in one subject area are considered at one meeting, and those from specialists in another subject area considered at a different meeting. If that approach were taken, then the importance of subject representation at each meeting would vary. In making

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<sup>10</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-opens-nominations-for-specialist-provider-panel/](https://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-opens-nominations-for-specialist-provider-panel/).

decisions, (any quorum of) the panel would also take into account any written submissions from subject advisers that it had received.

46. At the conclusion of the panel process, the OfS will provide written feedback, agreed by the panel, to all providers that made a submission. However, there is no appeals process.

## **The approach to funding for world-leading specialist providers**

47. We confirm that it is 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. This reflects our view that an 'ongoing' reputation internationally of a provider as being among the finest in the world is something that will have existed for some time and is likely to continue for some time into the future. In reaching this decision we have also been mindful of the burden on providers of the assessment process.

48. We were not persuaded that the case for allowing earlier assessment for providers that might join the Approved (fee cap) category on the OfS Register in the intervening period was stronger than that of other providers that might wish to be reassessed, having been unsuccessful in this exercise. 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.

49. We confirm that funding for world-leading specialist providers will be calculated by formula informed by recent OfS-fundable 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 efficiencies of scale. We expect to achieve this prioritisation by capping how many OfS-fundable students we count in the formula and to apply reducing rates of grant per FTE as the size of providers increases.

50. We will consult further on aspects of the formula approach once the panel process is 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. Respondents to our consultation asked whether transitional funding might be available to providers whose current specialist provider funding might be reduced or removed. Again, we will consider this once the panel process is complete.

51. We confirm 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).

## **Invitation to submit and next steps**

52. **Annex A** provides guidance on submissions by providers for assessment as world-leading by the Specialist Provider Panel. Providers eligible to submit are the 68 providers identified in Annex B of our consultation document (OfS 2021.47), plus such other providers as we may exceptionally agree (see paragraphs 26 to 28).

53. There is no requirement on a specialist provider to make a submission, but it will not be eligible for world-leading specialist provider funding in the absence of a successful submission. Whether a provider makes a submission will not affect its other OfS funding allocations.

54. Submissions (including up to two references) must be made via the OfS portal for receipt **by 1700 on Monday 28 March 2022.**

55. We expect the panel to carry out its assessments during April and May 2022. On completion of the panel process, we will notify providers of the panel's assessment as to whether they are world-leading and provide feedback. We will also consult further with providers identified as world-leading on the detailed features of a funding method for world-leading specialist providers and on the extent to which transitional funding might be made available for those providers whose specialist provider funding might be reduced or cease. This further funding consultation will cover the distribution of the £5 million that remains to be distributed for 2021-22, and the approach for academic year 2022-23. We do not expect to be able to confirm funding allocations to providers before June 2022.

# Annex A: Guidance on submissions by providers for assessment as world-leading

## Introduction

1. This annex provides guidance for specialist providers wishing to make a submission for assessment by the Specialist Provider Panel ('the panel') against the criteria to be considered world-leading. The panel is a time-limited committee of our board and will be chaired by the OfS chair. It will have delegated authority to make decisions about providers against the world-leading criteria only. The criteria are set out below and aim to capture the genuine, consistent and internationally recognised reputation as a world-leading provider that providers will demonstrate through their submission.
2. The OfS's funding role relates to the education and related activities and facilities of providers; unlike our predecessor the Higher Education Funding Council for England (HEFCE), we do not have a responsibility for funding research. This means that the OfS needs to focus on providers' teaching, the environment in which teaching is undertaken, related education activities and their outcomes to assess whether they are world-leading.
3. We anticipate the additional funding provided through this allocation will be targeted towards a small number of providers which can demonstrate that they are delivering world-leading teaching. This is consistent with the Secretary of State's statutory guidance letter of 25 March 2021.<sup>11</sup> In this context, 'world-leading' refers to a standard of quality and expertise (in a subject area) that gives a provider an ongoing reputation internationally as being among the finest in the world. International recognition is a necessary, but not sufficient, condition for being world-leading. An ongoing reputation will continue to develop through innovation that maintains a provider's activities and outputs at the cutting edge over time.

## Purpose of the funding for world-leading specialist providers

4. World-leading specialist providers make a distinctive contribution to the diversity and quality of provision available to students. They also meet the needs of specialist employment sectors. We want to recognise this in our approach to allocating additional funding to them. Therefore, the purpose of this funding is to:
  - recognise and maintain world-leading specialist teaching
  - promote choice and opportunities for students in the range of providers and courses available
  - recognise that these providers' world-leading status is integral to their specialism
  - recognise that these providers' specialism is often integral to their small size
  - address the needs of specialist employment sectors or parts of the economy
  - provide value for money in targeting limited resources effectively to world-leading specialist providers where the case for exceptional support can add greatest value.

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<sup>11</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/).

## Initial eligibility criteria

5. To be able to access world-leading specialist provider funding, a provider must meet initial eligibility criteria and be assessed by the panel as world-leading on the basis of a submission from them. The initial eligibility criteria for providers are:
  - a. **Registration with the OfS:** a provider must be registered with the OfS in the Approved (fee cap) category by 31 July 2022.
  - b. **Specialism:** a provider must have at least 75 per cent of its total full-time equivalent (FTE) higher education and further education student population in one broad subject area or at least 90 per cent of its total higher and further education student FTE population in no more than two broad subject areas.

## Registration with the OfS

6. Constituent parts of a provider, such as specific colleges or institutes, viewed in isolation from the whole registered provider are not eligible to make a submission to be considered a world-leading specialist. The assessment of world-leading is about the whole provider registered with the OfS and this additional funding is aimed at supporting the entirety of a specialist provider. This is because these providers might have less scope to diversify their income and achieve the economies of scale of larger providers with more flexibility to cross-subsidise between activities.

## Specialism

7. For the purpose of defining specialism in paragraph 5.b:
  - a. The total student FTE population includes students studying at all levels (higher and further education, teaching and research), irrespective of how they are funded (so including OfS-fundable, non-fundable and overseas students). This is because we are looking to identify specialist providers (with reference to all their subject activity), as opposed to providers whose OfS-fundable higher education teaching happens to be in a limited range of subjects. However, the population excludes student FTEs that relate to study towards level 2 qualifications in English and maths. This reflects the legal entitlements of certain individuals to be fully funded for study towards such qualifications and the requirement on providers (including specialists) to offer such courses.
  - b. We are defining 'broad subject areas' using level 1 of the Common Aggregation Hierarchy (CAH1) of the Higher Education Classification of Subjects (HECoS) codes, reported for courses (rather than modules).<sup>12</sup> For further education and sixth form colleges, we have determined a mapping of LearnDirect Class System (LDCS) course codes to CAH codes, so that these providers are treated on a consistent basis to others.<sup>13</sup>

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<sup>12</sup> See [www.hesa.ac.uk/support/documentation/hecos](http://www.hesa.ac.uk/support/documentation/hecos).

<sup>13</sup> See 'Analysis of which providers meet the proposed definition of specialist', available at: [www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/](http://www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/).



## Which providers are eligible to make a submission to be considered a world-leading specialist?

8. We have identified 68 providers registered in the Approved (fee cap) category that, on the basis of their 2019-20 individualised student data, meet the criteria for being specialist. These providers were listed in Annex B of 'Consultation on an approach to world-leading specialist provider funding' and are eligible to submit to the panel for assessment as being world-leading.<sup>14</sup>
9. We recognise that in addition to those 68, there are a small number of other providers that believe they can meet the initial eligibility for specialist provider funding, albeit that this may not be established before the deadline for submissions to the panel. This may be because:
  - a. They are awaiting the outcomes of an application to join the OfS Register in the Approved (fee cap) category (including some providers that are currently registered in the Approved category and wish to change registration category).
  - b. We do not have 2019-20 individualised student data for them and therefore they need to provide alternative evidence to demonstrate how they meet the criteria for being specialist (as set out in paragraphs 5 and 7 of this annex).
  - c. They believe their use of subject coding in their 2019-20 individualised student data does not capture their highly specialist nature.
10. In these cases, providers may make submissions to the panel for assessment as being world-leading, pending resolution of the issues over their eligibility, but they **must secure our agreement to their making such a submission to the panel before they do so**. Those wishing to do so should email [specialists@officeforstudents.org.uk](mailto:specialists@officeforstudents.org.uk) as soon as possible, and no later than **Friday 4 March 2022** to explain their circumstances, as follows.
  - a. A provider awaiting the outcome of an application it has already made to join the OfS Register in the Approved (fee cap) category, including where a provider is seeking to change its registration category, need provide only a brief statement explaining that it has done so and wishes to submit to the panel. In addition, unless it has already made a submission for academic year 2019-20 of individualised student data to the Higher Education Statistics Agency (HESA) or of the individualised learner record (ILR) to the Education and Skills Funding Agency (ESFA), it must include a full explanation, with relevant supporting data, demonstrating how it meets the criteria to be a specialist provider, set out in paragraphs 5 and 7 of this annex.
  - b. A provider that has not yet submitted an application to join the OfS Register in the Approved (fee cap) category, or not yet submitted a request to change registration category, but hopes to be so registered by 31 July 2022, should note that there is no guarantee that a new application made now will be decided by 31 July 2022; nor that any

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<sup>14</sup> See [www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/](http://www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/).

such application will be successful.<sup>15</sup> If a provider nevertheless wishes to apply to join the OfS Register in the Approved (fee cap) category and to submit to the panel for assessment as world-leading, it will need to provide an explanation about its circumstances and the OfS will then provide a view of the likely timeline for a registration decision. In addition, unless it has already made a submission for academic year 2019-20 of individualised HESA student or ILR data, it must include a full explanation, with relevant supporting data, demonstrating how it meets the criteria to be a specialist provider, set out in paragraphs 5 and 7 of this annex.

- c. Any provider already registered with the OfS in the Approved (fee cap) category, which has not already made a submission for academic year 2019-20 of individualised HESA student or ILR data, must include a full explanation, with relevant supporting data, demonstrating how it meets the criteria to be a specialist provider, set out in paragraphs 5 and 7 of this annex.
- d. Any other provider registered with the OfS in the Approved (fee cap) category that has already made a submission for academic year 2019-20 of individualised HESA student or ILR data, but which believes its use of course subject codes in that return does not give a true representation of the specialist nature of its teaching activities, must set out a full explanation of its view. This may be because its specialist subject area is one that falls at the boundaries between CAH1 codes or because it believes its use of subject codes was incorrect. Providers wishing to amend their student data returns should follow the data amendments process for doing so.<sup>16</sup> We will accept amendments to final submitted data only in exceptional circumstances, where errors are genuine, widespread, significant and make a material difference to OfS (or Research England) uses of the data. One of the criteria which must be met for us to require a data amendment is that 'amendments relate to clear evidence of data error rather than re-interpretation of data (such as re-categorisation).' Providers wishing to amend their use of subject coding will need to provide convincing evidence to the data amendments panel demonstrating how this criterion is met.

11. It should be noted that any OfS agreement that a provider may make a submission to the panel does **not** constitute OfS agreement that a provider has met the initial eligibility criteria for world-leading specialist provider funding, including that it has met, or will meet, requirements to be registered with the OfS. Rather, it recognises that confirmation over whether those initial eligibility criteria are met may not be resolved before the panel process is complete. A provider assessed as world-leading by the panel, but subsequently found by the OfS not to meet the initial eligibility criteria for specialist provider funding (including because it is not registered in the Approved (fee cap) category by 31 July 2022, for any reason) will not receive such funding.

## Criteria to be considered world-leading

12. We invite providers that are eligible to make a submission to the panel for assessment as world-leading to do so. There is no requirement on a specialist provider to make a submission to the panel, but it will not be eligible for world-leading specialist provider funding in the absence of a successful submission. Submissions (including up to two references) must be

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<sup>15</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/how-to-register/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/how-to-register/).

<sup>16</sup> See [www.officeforstudents.org.uk/data-and-analysis/amendments-to-data/](http://www.officeforstudents.org.uk/data-and-analysis/amendments-to-data/).

made via the OfS portal **by 1700 on Monday 28 March 2022**. Further details of how to make the submission through the portal are outlined below.

13. Providers will be assessed against the following criteria, by the panel:
- a. The provider has a genuine and ongoing reputation, nationally and internationally, for teaching in its specialism that is world-leading and this is supported by evidence.
  - b. The knowledge and skills of the provider’s graduates, and the enduring impact they have on the professions and industries for which they have been prepared, are recognised by other world-leading providers, leading employers, external funders and others in the UK and beyond.
  - c. The provider’s students, graduates and teaching practitioners contribute to the development of their particular specialisms in a way that is recognised internationally or create the new industries, techniques or art forms of the future.
  - d. The provider's world-leading status is integral to its specialism and often small size.

## Making a submission

14. We recognise that the evidence, and related measures of success or esteem, that providers might include in their submissions to demonstrate how they meet the criteria for being world-leading may vary according to their subject specialism(s). Therefore, our guidance is designed to enable all eligible providers, across a wide range of specialisms to be able to demonstrate how they meet the criteria. Table 1 sets out the overarching framework for such evidence, including examples of the evidence a provider may submit. However, it is for eligible providers to determine the evidence they provide against the criteria as part of their submission. It will then be for the panel to judge whether and how any particular piece of evidence submitted by a provider contributes in demonstrating that it is world-leading against the criteria.

**Table 1: examples of evidence eligible providers can provide to inform judgements against the world-leading criteria**

| Criteria   | Examples of evidence relating to teaching and education activities and outcomes   |
|--|---|
| <p>A genuine and ongoing reputation, nationally and internationally, for teaching in its specialism that is world-leading and supported by evidence.</p> | <ul style="list-style-type: none"> <li>• The reputation of teaching programmes (for instance whether the provider’s learning processes, pedagogy and curricula have been an essential point of reference for peer institutions).</li> <li>• The environment that underpins teaching outcomes and experience for students (for instance relating to availability of cutting-edge facilities or how research, scholarship and knowledge exchange support and inform teaching activities and enhance outcomes).</li> </ul> |

| Criteria   | Examples of evidence relating to teaching and education activities and outcomes   |
|--|---|
| <p>The knowledge and skills of the provider's graduates, and the ongoing impact they have on the professions and industries for which they have been prepared, are recognised by other world-leading providers, leading employers, external funders and others in the UK and beyond.</p> | <ul style="list-style-type: none"> <li>• The economic, societal and cultural benefits that the provider brings in particular through the activities of students and graduates.</li> <li>• Demand from (and dependency of) particular employers or employment sectors on graduates from certain courses.</li> <li>• Graduate skills and experience, both in meeting the needs of leading employers (those at the forefront of their industry) and for boosting opportunities for those self-employed.</li> <li>• Independent and peer reviewed indicators of esteem (for instance awards from relevant connected industries).</li> <li>• Success in internationally competitive environments (for instance international exhibitions and grants).</li> </ul> |
| <p>The provider's students, graduates and teaching practitioners contribute to the development of their particular specialisms in a way that is recognised internationally or create the new industries, techniques or art forms of the future.</p>                                      | <ul style="list-style-type: none"> <li>• The professional roles, influence and recognition that the provider's graduates have had in the industries and disciplines for which they have been prepared.</li> <li>• The distinctive value the provider has added to its students and the type of impact that it prepares its students to make in their professional lives.</li> <li>• The standing of teaching practitioners (for instance the recruitment of staff who are currently leading practitioners in their field).</li> </ul>   |
| <p>The provider's world-leading status is integral to its specialism and often small size.</p>   | <ul style="list-style-type: none"> <li>• The courses offered and their content.</li> <li>• The approach to delivery (meaning the way in which teaching is provided, rather than, for example, whether students study full-time or part-time).</li> </ul>  |

15. We have not elaborated further on the evidence categories so that they remain high-level and provide an overarching structure for capturing different types of evidence relevant to different subject specialisms. Our concern is to give all eligible providers the freedom to make whatever case they wish to, recognising that the evidence for being world-leading relevant to, say, a specialist in the performing arts is likely to be very different from that of a specialist in a healthcare discipline or agriculture. We are not looking to define evidence requirements on a subject-by-subject basis, nor be prescriptive about what providers do or do not submit. The panel and its expert advisers will consider the evidence that each provider submits and the panel will determine whether it is sufficient for that provider to be considered world-leading.

16. The format of submissions is therefore largely 'free-style', but providers should structure content under headings for each of the four criteria, and we recommend that they also use sub-headings that include the categories of evidence set out in this document. There should also be a clear table of contents – this is likely to be particularly important if, for example, a provider is submitting multiple files.
17. We are not collecting numerical data in a structured format as part of submissions. However, we expect all providers are likely to want to include numerical evidence in their submissions to support their case. In doing so, they should bear in mind that the panel may include members that are less familiar with detailed data specifications and statistics produced in the UK. They should therefore ensure they clearly specify their data sources (including, for example, information about populations or sample sizes for such data) and explain the significance of any numerical data they submit, with reference to appropriate comparator specialist providers (in the UK or elsewhere). OfS staff with expertise in UK higher education data and statistics will be available to provide advice to the panel on the interpretation and limitations of such information.
18. We are looking to keep the information we require in the submission from providers as low-burden as possible, so that it is focused on how the submission addresses the world-leading criteria. Mindful of not creating additional burden on providers, we would encourage providers to submit a concise response which focuses on how it meets the criteria. However, we are not setting a word limit for submissions (although we are for references – see paragraph 20) and providers can include annexes and links to websites, for example, in order that they can demonstrate how they meet the criteria. However, our view is that world-leading providers will be able to provide convincing evidence of their status in a focused and powerful way that will not require the panel or its advisers to spend significant time going through large amounts of material in search of highlights. Providers should note that the OfS portal will limit the total file size of submissions (see paragraph 37 of this annex).
19. The panel and its advisers will give greater weight to more recent evidence. However, we are not setting specific timeframes for that evidence. While we expect a lot of evidence will be up-to-date, reflecting the current activities of the provider, its staff and students, longer time frames may be appropriate for certain types of evidence, for example relating to the accomplishments of graduates or indicators of esteem such as awards. It is for the panel and its expert advisers to consider how 'current' they consider different types of evidence to be for different subject specialisms in reaching decisions on whether a provider can be considered world-leading **now**.

## Referees and their references

20. As part of their submission eligible providers are invited to submit **up to two completed references**, to provide a view on the extent to which it meets the criteria to be world-leading. The purpose of the references is to give a further perspective on the teaching activities and outputs of the provider that complements, rather than merely repeats the material that the provider itself has submitted. In this respect, we are placing a limit on the length of such references, at 2,000 words per reference. It is for providers themselves to decide who they wish to act as referees on their behalf and to secure and submit their references.
21. We expect referees to be advocates for the provider and to be familiar with it and its teaching activities and outputs. As such, we do not rule out the possibility that a referee may have a

conflict of interest relating to that provider. Any conflict of interest must be declared in full, as part of information about referees that the provider separately submits. The panel may give greater weight to references where the referee does not have a conflict of interest with the provider, but this may not be appropriate in all cases, such as where a provider includes a reference from a current student. The panel may also give greater weight to references where the referee demonstrates knowledge and experience not just of the provider concerned, but also of other providers in the UK and overseas that specialise in the same subject, and of the wider context in which they operate.

22. For each referee, the provider should include the completed form at Annex B, providing the referees' contact details, their employment status and detailing the past and present relationship between the referee and the provider. The panel may contact referees to clarify any details provided in the reference regarding the extent to which the provider meets the criteria to be world-leading in its specialism. The privacy statement for the collection of the personal data of referees is available on our website.<sup>17</sup> When securing references providers should share this privacy statement with them.

## Other publicly available information that the panel may consider

23. The judgement of the panel will be based first and foremost on the information submitted in a provider's submission. Submissions may refer to information that is in the public domain as evidence of a provider's relative performance. If the panel is to accept such evidence, then the panel should also be able to take such evidence into account – where relevant – in respect of other providers that have chosen not to refer to it, because it presents their performance in a less favourable light. For example, if there was publicly available data showing relatively poor performance on graduate outcomes that a provider had omitted to refer to in its submission, we believe that the panel should nevertheless be able to take this into account in reaching its decision on whether the provider was world-leading.
24. For this reason, in addition to the information a provider submits to the panel, the panel may also, at its own discretion, take account of any other **publicly available** information that it believes relevant to the assessment of the world-leading standing of providers that specialise in different subjects. In general, we expect the use of publicly available information by the panel to be limited to data and statistics that provide comparative information about providers. We will ensure that OfS staff with expertise in UK higher education data and statistics are available to provide advice to the panel on the interpretation and limitations of any such information that the panel wishes to take into account. This is to recognise, for example, how statistics may typically vary for different subject areas or modes of delivery; where postgraduate providers may be missing from information that is based only on undergraduate data; or where league tables may be significantly informed by research, rather than teaching, metrics and exclude some providers altogether in their coverage.
25. Should the panel wish to take into account any publicly available information, we will notify the provider in advance and invite the provider to make any representations about that information before the panel confirms its decision on whether the provider is world-leading.

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<sup>17</sup> See [www.officeforstudents.org.uk/ofs-privacy/other-privacy-notice/](http://www.officeforstudents.org.uk/ofs-privacy/other-privacy-notice/).

## Assessment by the panel

26. Given the importance of the judgements against the ‘world-leading’ criteria, we are establishing a panel (as a time-limited committee of the OfS board). The panel will be chaired by the OfS chair and will have delegated authority to make decisions about providers against the world-leading criteria only. If a provider is considered world-leading by the panel, it will be eligible to receive funding from the targeted allocation (albeit that any funding received will be determined by the parameters of the formula allocation method, and dependent on the provider’s continuing eligibility as a specialist provider registered in the Approved (fee cap) category).
27. In addition, to ensure the panel is sufficiently informed on a subject area, it may seek specific advice from other experts in relevant discipline areas. The panel, through the course of its work to make decisions about whether a provider is world-leading, will determine if this additional expert advice is required. These experts may be drawn from the nominations received for panel membership, or from others that the panel believe will have the necessary expertise to advise on a particular subject area.<sup>18</sup> The OfS will check for any conflicts of interest held by those proposed to offer advice to the panel. Any advice or recommendations from other experts will be considered by the panel, which will make the final decisions.
28. Once we have completed the nominations process we will publish the membership of the panel on our website. The terms of reference for the panel are at Annex C.

## Submission structure, process and timetable

29. Eligible providers must make their submissions through the OfS portal by **1700 on Monday 28 March**. Late submissions will not be accepted.
30. **Annex B** provides a suggested structure for submissions. All submissions must include a front page specifying the name and UK Provider Reference Number (UKPRN) of the provider and the name and contact details of an individual at the provider who will be the OfS’s primary contact for any questions about the submission.
31. Providers have freedom about the content of the submissions they wish to make, reflecting the guidance in paragraphs 14 to 19 of this annex, but we do recommend a broad structure for submissions to aid the panel and its advisers in their assessments – this should help the panel in identifying the evidence of how the provider meets each of the four criteria for assessment as world-leading. The panel and its advisers should not have to spend significant time going through large amounts of material in search of the evidence against each criterion. Particularly where numerical data is concerned, providers may wish to set out not just what the particular evidence is, but also explain what makes it stand out (relative to other providers of their subject specialism) as evidence that is characteristic of a world-leading provider.

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<sup>18</sup> We invited nominations to the panel between 17 December 2021 and 4 February 2022. See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/funding-for-specialist-providers/the-specialist-provider-panel/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/funding-for-specialist-providers/the-specialist-provider-panel/).

32. Up to two references from referees can be included in a submission, and we suggest they might form an appendix to the submission. In a separate file, the provider should submit details about the referees using the template format shown in Annex B.

### **Submitting via the OfS Portal**

33. The OfS portal is accessed at [extranet.officeforstudents.org.uk/Data/](https://extranet.officeforstudents.org.uk/Data/). All providers registered with the OfS in the Approved (fee cap) category will have access to a section of the OfS portal called 'World-leading specialist provider submissions', to where submissions should be made. We will make this available to any other providers (as described in paragraphs 10.a and 10.b of this annex) that we agree may make a submission.
34. You will need to be a registered user of the OfS portal to be assigned to the 'World-leading specialist provider submissions' survey area. If you have not registered on the OfS portal before, you will need to ask the nominated portal user administrator at your provider to create an account for you. Each person who requires access to the area will need to be registered with their own account.
35. You will need to be assigned to the 'World-leading specialist provider submissions' 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 'World-leading specialist provider submissions' area.
36. 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).
37. There is a 200-megabyte limit on total file size for the 'World-leading specialist provider submissions' survey area of the OfS portal. We recommend that providers zip all files together in making their submissions. All file names must clearly identify the provider and should also distinguish what part of the submission the file content provides. Within the zip file, we expect:
- a. One or more files containing the submission from the provider and the references provided by its referees. Our preference is that providers minimise the number of separate files relating to their submission – which could, for example, be a single pdf file. This will help to ensure that the submission is presented to the panel in the format that the provider would like. If the provider wishes to submit a number of separate files that together make up its submission (for example because of a need to use different types of software), it must provide clear instructions about how the content of each file fits together to make the whole submission.
  - b. A separate file providing information about the referees (where the provider chooses to include references in its submission), using the template structure at Annex B. This must be kept separate from the provider's submission and the references themselves, as this will include personal information. File names for this should specify the provider name plus the word 'referees' and the file extension (such as .docx, .doc or .pdf).



## Indicative timetable

38. Submissions will be assessed by the panel (as outlined above) and the panel will make final decisions, as set out in the OfS's scheme of delegation.<sup>19</sup>

39. The indicative timetable is as follows:

| Date                         | Activity   |
|------------------------------|--|
| 1700 on Friday 4 March 2022  | Deadline for any providers that are not among the 68 already identified as eligible to submit, to seek OfS agreement to their making a submission to the panel |
| 1700 on Monday 28 March 2022 | Deadline for receipt of submissions via the OfS portal   |
| April – mid May 2022         | Assessment of submissions by panel   |
| May to June 2022             | Consultation with providers identified as world-leading on the approach to funding for 2021-22 and 2022-23   |
| June 2022                    | Decisions communicated to providers and public announcements made  |
| June to July 2022            | Payment to providers of the £5 million available for 2021-22   |
| August 2022                  | Funding for 2022-23 commences  |

40. The timings for assessment of submissions and final decisions by the panel are indicative as the panel may require additional time to consider information from other experts.

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<sup>19</sup> See: [www.officeforstudents.org.uk/about/who-we-are/our-board-and-committees/](http://www.officeforstudents.org.uk/about/who-we-are/our-board-and-committees/).

# Annex B Format of submissions for assessment as a world-leading specialist provider

The deadline for returning completed submissions (including references) is **1700 on 28 March 2022**.

Please upload completed forms through the OfS portal. If you have any questions about the process, please contact [specialists@officeforstudents.org.uk](mailto:specialists@officeforstudents.org.uk) and we will respond as soon as possible.

1. The content for the front page of a submission is a requirement for all providers. The structure for the submission is a suggestion that is intended both to help providers present their case effectively to the panel and to assist the panel in assessing submissions against the criteria to be world-leading.

## Submission cover page

The cover page for the submission must contain the following information

### 1. Title of the submission

### 2. Provider information

|                                |  |
|--------------------------------|--|
| Higher education provider name |  |
| UKPRN                          |  |

### 3. Contact information for the submission

|                     |  |
|---------------------|--|
| Title and full name |  |
| Position            |  |
| Phone number        |  |
| Email address       |  |

# Suggested structure for submissions

The following illustrative structure of section headings is suggested for submissions. Providers may vary wording and submit such information as they wish.

## Table of contents (including links to file names as needed)

### Introduction/executive summary

### World-leading specialist provider criterion 1

(A genuine and ongoing reputation, nationally and internationally, for **teaching in its specialism that is world-leading** and supported by evidence.)

**Evidence 1A: the reputation of teaching programmes**

**Evidence 1B: the environment that underpins teaching outcomes and experience for students**

**Evidence 1C: other**

### World-leading specialist provider criterion 2

(The **knowledge and skills of the provider's graduates**, and the ongoing impact they have on the professions and industries for which they have been prepared, are recognised by other world-leading providers, leading employers, external funders and others in the UK and beyond.)

**Evidence 2A: the economic, societal and cultural benefits that the provider brings in particular through the activities of students and graduates**

**Evidence 2B: demand from (and dependency of) particular employers or employment sectors on graduates from certain courses**

**Evidence 2C: graduate skills and experience, both in meeting the needs of leading employers and for boosting opportunities for those self-employed**

**Evidence 2D: independent and peer reviewed indicators of esteem**

**Evidence 2E: success in internationally competitive environments**

**Evidence 2F: other**

### World-leading specialist provider criterion 3

(The provider's students, graduates and teaching practitioners contribute to **the development of their particular specialisms** in a way that is recognised internationally or create the new industries, techniques or art forms of the future.)

**Evidence 3A: the professional roles, influence and recognition that the provider's graduates have had in the industries and disciplines for which they have been prepared**

**Evidence 3B: the distinctive value the provider has added to its students and the type of impact that it prepares its students to make in their professional lives**

**Evidence 3C: the standing of teaching practitioners (for instance the recruitment of staff who are currently leading practitioners in their field)**

**Evidence 3D: other**

## **World-leading specialist provider criterion 4**

(The provider's world-leading status is integral to its specialism and often small size.)

**Evidence 4A: the courses offered and their content**

**Evidence 4B: the approach to delivery**

**Evidence 4C: other**

**Conclusion**

**Appendices (including references from referees)**

# Referee information template

Providers must submit the following information about any referees that have given references included in their submission. Before including a reference in their submission, they must draw the referees attention to the privacy notice available at [www.officeforstudents.org.uk/ofs-privacy/](http://www.officeforstudents.org.uk/ofs-privacy/)

## 1. Provider information

Table 1

|                                |  |
|--------------------------------|--|
| Higher education provider name |  |
| UKPRN                          |  |

## 2. Referee information

Table 2

|                                 |  |
|---------------------------------|--|
| Title and full name             |  |
| Organisation(s) and position(s) |  |
| Email address                   |  |

## 3. Past and present relationship of referee to the provider

**Please explain any working or other relationship that the referee has or had to the provider, including identifying any existing, real or potential conflict of interest that the referee may have in relation to the provider**

|  |
|--|
|  |
|--|

# Annex C Specialist Provider Panel terms of reference

## Purpose

1. The purpose of the Specialist Provider Panel is to:
  - a. Receive written submissions from specialist providers to be considered against the criteria for being world-leading.
  - b. Consider each submission according to published criteria for world-leading specialist providers.
  - c. Consider references from referees nominated by providers, advice that it may seek from experts in relevant specialisms and any other publicly available information that it considers relevant.
  - d. Make decisions about whether a provider meets the criteria for being world-leading.
2. The Specialist Provider Panel will not make decisions about the allocation of funding.

## Membership

3. Panel members are appointed for the specific purpose of making decisions about whether a provider is world-leading in its specialism.
4. The chair will be the chair of the OfS board.
5. At least one other member of the panel will be an OfS board member or an OfS director who will also act as deputy chair.
6. To ensure the panel is sufficiently informed about a specialism, it can seek specific advice from other experts in relevant discipline areas. Their recommendations will be considered by the panel, which will make the final decisions.

## Responsibilities of the panel

7. The Specialist Provider Panel is a time-limited committee of the OfS board and has delegated authority to:
  - a. Make decisions about whether a provider is world-leading in its specialism, as outlined in the OfS's criteria.
  - b. Provide reports to the OfS board, following panel meetings.

## Responsibilities of OfS officers

8. OfS officers will:
  - a. Provide appropriate support and resource to the panel to facilitate meaningful discussion and informed decision-making.

- b. Ensure the panel has access to appropriate resource in carrying out its duties.

## **Register of interests**

- 9. A register of interests of panel members will be published on the OfS website.

# Annex D: Analysis of consultation responses on world-leading specialist provider funding and summary of OfS decisions

## Overview of consultation process and responses

1. On 19 January 2021, the Secretary of State for Education wrote to the Office for Students (OfS) setting out details of the funding available to distribute to providers for the financial year (April to March) 2021-22 and the government's funding policies and priorities. On 25 March 2021, the Secretary of State for Education wrote to the OfS with further guidance, which included applying terms and conditions on the OfS relating to funding for world-leading specialist providers for academic year 2021-22.<sup>20</sup>
2. On 20 October 2021, we published 'Consultation on an approach to world-leading specialist provider funding' (OfS 2021.47).<sup>21</sup> 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
  - features of a formula funding method for providers that met all criteria.
3. The consultation identified 68 providers that, based on 2019-20 individualised student data, would meet our proposed criteria that, for a provider to be considered specialist, it must have at least 75 per cent of its total full-time equivalent (FTE) higher education and further education student population in one broad subject area or at least 90 per cent in no more than two. We shared in confidence with each provider our detailed analysis of their 2019-20 student data which informed our assessment of whether they met our proposed criteria to be considered specialist. On 9 November 2021, we published on the consultation webpage a spreadsheet that summarised the total FTEs at providers, the proportions in their two largest subject areas, and identified what those subject areas were. We notified subscribers to OfS Alerts of this update on 12 November 2021.<sup>22</sup>
4. The consultation ran until 1 December 2021. We did not hold consultation events, but we did have a small number of meetings with organisations that requested them to discuss the consultation, but not to gather views as formal consultation responses. The consultation was open to all, although we stated that:

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<sup>20</sup> The January 2021 statutory guidance letter is available at [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

<sup>21</sup> See [www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/](http://www.officeforstudents.org.uk/publications/consultation-on-an-approach-to-world-leading-specialist-provider-funding/).

<sup>22</sup> Anyone can sign up to these alerts ([www.officeforstudents.org.uk/sign-up-for-email-alerts/](http://www.officeforstudents.org.uk/sign-up-for-email-alerts/)) which currently have over 6,500 subscribers, ranging from members of the public to staff working in higher education and other industries.



- a. We are particularly (but not only) interested in hearing from higher education providers that are registered, or are applying to be registered, with us in the Approved (fee cap) category. We welcome the views of all types and size of provider.
  - b. We are also interested in the views of representative bodies of higher education providers and their staff, student representatives, employers and others with an interest in the finance arrangements for higher education.
5. We invited responses to the consultation through an online form, which included 15 questions, most of which asked respondents to select the extent to which they agreed or disagreed with particular proposals, or whether they 'did not know/preferred not to say'. All questions invited respondents to provide comments setting out the reasons for their view and, where applicable, how and why we should change our approach on (aspects of) proposals with which they disagreed.
6. The online form asked respondents to submit their responses (by clicking a button), once they had completed question 15. Where they did so, we consider these to be 'full responses'. Where respondents answered consultation questions but did not click 'submit', we consider these to be 'partial responses' – such responses may not have answered all 15 questions. However, we have included both full and partial responses in the summary that follows. Although 109 responses were started via the online form, only 59 of these included at least one answer to a consultation question. We have therefore disregarded other responses that did not express a view on any of the consultation questions. We have also disregarded a further three responses, which duplicate ones that were more complete and which we have considered and included in our summary analysis. We identified duplicate responses where more than one submission was made from the same email address.
7. In addition to responses submitted through the online form, we received four responses via email, which we have included in our analysis. In summary, therefore, our analysis is of 60 responses comprising:
  - 45 'to provide an official response on behalf of a higher education provider, organisation or representative group'; the large majority of these were from a higher education provider
  - two 'as a current, recent or prospective student at a higher education provider'
  - one 'in an individual capacity as an associate or employee of a higher education provider, organisation or representative group'
  - one 'in any other individual capacity'
  - 11 unspecified, although two of these went on to say that they were responding from certain named OfS-registered providers.
8. Responses to consultation can provide important arguments and evidence about proposals, their impact and possible alternative approaches. They also provide contextual information about how widespread and how strong views are on proposals, through the use of Likert-type responses (such as options to agree or disagree). A number of the responses we received reflected the particular characteristics or circumstances of the providers that made them. However, in the analysis that follows we have not given greater weight to comments based on who the respondent is, because our concern is about the strength of the argument or evidence provided.

## Analysis of responses to each question and OfS decisions

9. The analysis that follows provides numeric summaries of the extent to which respondents agreed with particular proposals (where this was asked) and also summarises the written comments received. In summary, there was broad agreement with all our proposals, as the numeric summaries show. However, the analysis of comments may give a more negative perspective, reflecting that respondents tend to be more expansive in comments where they disagree or would like to see change, than where they agree. They also indicate where agreement from some respondents may have been more a 'yes, but...', rather than an unequivocal 'yes'. We have sought to summarise the full range of views expressed, irrespective of how many times those views were stated.

### **Question 1: To what extent do you agree with the proposed purpose of the targeted allocation for world-leading specialist providers?**

10. In summary, our consultation proposed that the purpose of the targeted allocation is to:

- provide funding to recognise and maintain world-leading specialist teaching
- promote choice and opportunities for students in the range of providers and courses available
- recognise that these providers' world-leading status is integral to their specialism
- recognise that these providers' specialism is often integral to their small size
- address the needs of specialist employment sectors or parts of the economy
- provide value for money in targeting limited resources effectively to world-leading specialist providers where the case for exceptional support can add greatest value.

11. Of the 60 responses:

- 34 (57 per cent) strongly agreed
- 19 (32 per cent) tended to agree
- 1 (2 per cent) tended to disagree
- 1 (2 per cent) strongly disagreed
- 3 (5 per cent) neither agreed nor disagreed or preferred not to say
- 2 (3 per cent) did not select a response (their response was only partial or submitted by email).

12. Of those expressing a preference (the first four bullets above), 96 per cent strongly agreed or tended to agree.

13. We received 48 comments in response to this question. Many respondents made comments in support of the central idea of providing additional funding to support specialist providers. The themes captured under paragraphs 14 to 18 are a representation of views on the funding of specialist providers, regardless of 'world-leading' status. Comments from this question that relate to the use of 'world-leading' in allocating funding follow in paragraphs 19 to 27. Comments on funding specialist providers included recognition of the difficult financial situation that specialist providers experience by virtue of their small size and less diverse sources of income compared with multi-faculty providers, as well as recognition of the value that specialist providers add to the higher education sector and the economy.

14. Nineteen respondents commented on the financial difficulties that specialist providers experience due to their small size and high costs, and supported their receipt of additional funding to counterbalance these difficulties. Comments included:
- '[Higher Education] institutions who develop specialist training and education, do so at cost. The depth of their teaching is often achieved through high-intensity training, for a smaller cohort of students, who demand a higher level of staff tuition and support, as well as dedicated specialist facilities. The challenge for institutions is the cost per head of offering such training, and the need to focus on maintaining the quality of the specialism at the expense of broader income-generating activity.'
  - '[Specialist] training has been recognised as requiring a higher level of resource than [is] provided by tuition fees alone and the additional targeted income is essential for those specialists who are categorised as small.'
  - 'Activity is often costly requiring specialist equipment, has low student to staff ratios and because these institutions are not multi-faculty, they cannot cross-subsidise activity from less costly teaching activity.'
  - '[Small] providers must maintain the same operational, back office and student-facing services as a larger HEP [higher education provider] and shoulder the same burden of compliance. The smaller the institution, the harder it is to build and maintain an effective model.'
  - 'Specialist institutions do not have the ability to spread financial risk across a broad range of activity, recruiting more in one area to mitigate declines in others.'
15. Twelve respondents noted the key role that specialist providers play in ensuring diversity of provision in the higher education sector. A number of these respondents used the following wording in making this point:
- '[Specialist providers] make a distinctive and powerful contribution to the quality and diversity of student opportunities within the HE sector.'
16. Four providers argued that specialist providers need to receive additional funding to support positive work in access and participation. Respondents from the performing arts sector stated:
- 'Additional targeted income is required, above and beyond tuition fees alone - to ensure high-quality provision which might otherwise only be available to those who could afford equivalent training privately.'
  - '[We] have a very important role to play in making sure that our sector's talent pipeline – both on-stage and off-stage – is a better representation of the diversity of the UK's population.'
17. Sixteen respondents highlighted the key link between specialist providers and specialist employment sectors, with specialist providers providing a talent pipeline. The comments indicate the range of sectors that specialist providers support:

- ‘Many of the sectors supported by the specialist providers, particularly the cultural sector, play key roles in the social and economic fabric of the United Kingdom.’
- ‘It is the UK’s specialist providers who supply the UK’s world-renowned performing arts industries with artists, professional support staff, management, and leadership.’
- ‘We have a particularly important role to play in developing graduates who make a major contribution to the development of global and national systems that ensure the world is able to feed itself sustainably.’
- ‘[Provider is involved in] supporting the fragile Health and Life Sciences ecosystem in the UK and abroad.’

18. It was also noted by five respondents that funding for specialists nationwide is key to the government’s levelling up programme.

- ‘We believe [specialist funding] is an important factor in the Government’s commitment to levelling up, especially where the small specialist institution houses the only specialist equipment in the region and/or the only specialist teaching provision.’
- ‘To continue to ensure that the Government’s agenda to level up is successful the intensity of such training must be made available to students, regardless of backgrounds.’

19. Respondents made a number of comments on the use of ‘world-leading’ as a concept to define eligibility to receive additional funding. Responses on this concept were mixed, and included comments of support, challenges to the use of ‘world-leading’ as a qualifier, and a small number of comments on how to define ‘world-leading’ provision. A thorough discussion of this issue can be found below in questions 5 and 6, which focus on defining and evidencing ‘world-leading’ provision.

20. 15 respondents provided comments in support of the funding of ‘world-leading’ specialists, highlighting that they are vital to representing Britain’s higher education sector globally, attracting students from across the world, and providing high-quality training to students which benefits Britain culturally and economically. Comments included:

- ‘The recognition that the providers’ world-leading status is integral to their specialism is the most important element [of this funding].’
- ‘Maintaining the world-leading nature of specialist providers in the UK not only serves to ensure students have choice and opportunity to study and train for specialist sectors, but also helps to draw students to study in the UK more widely’
- ‘It benefits UK higher education as a whole to have providers that are recognised for excellence around the world, among whom world leading specialist institutions are disproportionately represented, as these speak to the overall quality of UK HE and of Global Britain more widely. There should, however, be a high bar for such recognition, to ensure that funding is targeted where it has most chance of supporting these objectives.’
- ‘The UK’s world-leading independent music conservatoires are proud of the contribution they make to the advancement of Global Britain; upholding the country’s enduring

reputation for excellence in the performing arts and making a significant contribution to the social, cultural and economic life of their regions and the UK as a whole.'

- 'Without sustained Government funding for small, specialist institutions like [provider]... mission-led world-leading training simply would not be possible.'

21. By contrast, seven respondents stated their view that small specialists need financial support regardless of 'world-leading' status. They argued that all small and specialist providers face financial difficulties, and that, in some cases, access to funding would allow individual providers to become 'world-leading.' Some of these seven respondents noted that the support they believed small specialists not deemed 'world-leading' required could come from sources outside of this funding stream. Comments included:

- 'The financial pressures placed on a small specialist HEI [higher education institution] who delivers high-cost subjects are similar regardless of their status as a world leading provider. Whilst we recognise that the terms of this funding relate only to world leading teaching, we hope that the OfS can continue to work with us to ensure that regionally significant small specialists delivering high cost subjects are also able to continue to operate and provide students with additional choices of where to study.'
- '[This funding should] support providers who are emerging as world-leading yet face the same financial efficiency challenges as those who were able to achieve world-leading status with the funding available to them at the time.' They recommend 'a specific allocation of funding for emerging world-leading providers.'

22. One respondent argued that, should the list of providers considered 'world-leading' specialists expand too significantly, the decrease in funding for those that already receive specialist funding would jeopardise the 'world-leading' provision currently offered. They wrote:

- 'We recognise that monies available to support world-leading specialist providers [are] limited. We therefore support the targeting of these limited resources. If available monies are spread too thinly, it could put at risk the ongoing offer of certain high-cost programmes currently provided by those in receipt of this vital funding stream.'

23. Three respondents argued that prioritising 'world-leading' specialists over other specialists was not the most appropriate use of funding. This argument was based on the premise that 'world-leading' specialists, as they attract greater numbers of international students and alternative sources of funding, are more financially stable than small specialist providers who were not 'world-leading.' They said:

- 'Economies of scale do become more possible once a provider has reached its optimal size, and a world-leading provider which has [...] built its reputation over many years will have plenty of opportunities to attract significant sums from philanthropy and industry, as well as to diversify its income streams, to include for example research funding and international partnerships.'
- 'Those specialist providers who can be considered world-class are those who will attract the most international students, providing means of alternative fee subsidisation for local UK students. Rather, it would be worthwhile to consider the economic and social value of all specialist providers, whether or not they fulfil a specific 'world class' criteria.'

24. A concern was raised by one respondent that the term 'world-leading' is subjective, and providers who have received specialist funding previously would be in a better position to prove they are 'world-leading' thanks to having greater financial resources and connections as a direct result of previous funding. They wrote:
- 'Many 'world leading' providers may have become recognised as such precisely because of their access to additional funding over many years. They will thus be able to prepare their submission and demonstrate their 'world leading' status better against some of the rather subjective criteria being used. This will be a disadvantage to newer providers who have not had access to funding previously but may be and/or have the potential to be world leading with a little extra support. Allocating the additional funding only to a small number of established providers who have been the beneficiaries of additional funding previously therefore simply narrows the opportunities for others and perpetuates a relatively 'closed shop' of providers who might benefit. And second, the concept of 'world leading' is relatively subjective and providers with better PR and connections may have significant advantage.'
25. One respondent argued that the use of the term 'world-leading' is inconsistent with wider OfS activity in regulating quality and standards. They noted that giving some providers the opportunity to bid to earn the label of 'world-leading' but not others challenged parity of treatment across the sector. They wrote:
- 'Because the proposed criteria for evaluating 'world leading' does not include reference to achieving OfS' own regulatory requirements in terms of quality and standards, due to be introduced at subject level in 2022, it creates a confusing and potentially contradictory picture for students and employers seeking to make informed choices across a range of providers. There should be a consistent, universal approach to evaluating and categorising the performance of providers and courses that aligns, across the OfS functions, to ensure not only parity for institutions but clarity for students and employers.'
26. One respondent argued 'research-informed teaching' is 'an important value add' when defining and assessing 'world-leading' provision.
27. Two respondents stated that a numeric cap on who could qualify as a 'world-leading' specialist provider was a sensible process. Detailed discussion of this issue can be found in question 7.
28. Two responses on behalf of providers raised concerns surrounding eligibility to apply for this funding, which were specific to their circumstances.
- a. The first provider argued that 'providers of any size that have specialist units contained within them, that deliver, for example, specialist conservatoire-style teaching' should be eligible for this funding.
  - b. The second raised concerns regarding the overlapping timeline of this funding allocation process and pending OfS registration processes.

## OfS response and decisions

29. We welcome the widespread support for our proposals on the purpose of funding for world-leading specialist providers and note the many comments made about the important and distinctive role they play in meeting student and employer needs as well as government priorities.
30. We also acknowledge the points made by respondents about the financial challenges that specialist providers may face. Specialist providers are not alone in this respect, albeit that the causes or nature of those challenges may differ to some extent to those of other providers. It is not the OfS's role to resolve the financial challenges that providers experience and we need to secure value for money from the funding available to us. We would not, for example, want to create perverse incentives through the way in which we distribute funding to providers.
31. It is for this reason that our proposals are to focus support for specialist providers only on those that are world-leading. This remains our view and the approach we will take forward. This will maximise value for money and help to ensure that diversity in the range of higher education providers and courses is maintained for the benefit of students, employers, industry and the taxpayer.
32. We do not accept the case for specific support for providers that are emerging as world-leading, which we understand to mean those that are not world-leading but might be in the future. We do not see the purpose of the limited funding we have available as being to provide development funding for a wider group of providers, but rather to ensure that teaching activity at providers that are identified as world-leading can be maintained and, perhaps, enhanced. We share the concern expressed by some respondents that if the funding for specialist providers is spread too thinly, the value it brings across the group of providers that receive it would be diminished. This would undermine the case for this element of funding.
33. For the same reason, we do not accept that constituent parts of a provider should be assessed against the eligibility criteria for specialist provider funding separately from the larger organisation that is the provider registered in the Approved (fee cap) part of the OfS Register. To open up the eligibility criteria in this way would significantly increase the scope of the funding, potentially to cover all disciplines across all providers. We do not accept that the case for additional support for constituent parts of a registered provider is as strong as for a registered provider that in its entirety meets all eligibility criteria for funding. Larger, multi-faculty providers have greater scope to support their constituent parts through their greater diversity of income and ability to cross-subsidise.
34. We note the view expressed that world-leading specialist providers may already have access to a greater diversity of income than others, for example through their ability to recruit greater numbers of overseas students or to attract endowments. We do not see this as a justification for opening eligibility to this funding to a wider group of specialist providers, for reasons set out in the previous paragraphs. We need to be wary about the extent to which we take account of individual income sources in our approach to funding because of the behavioural impacts it might cause, but we do acknowledge that in determining a distribution of funding between world-leading specialist providers, there is a case for including a factor in the formula that recognises providers' ability to cross-subsidise. We will

return to this as we consider and consult further on the funding formula following the panel decisions.

35. While noting the views (in paragraph 18) about how funding for specialist providers can support the government's levelling up agenda, this is not the purpose of our funding for world-leading specialist providers or a criterion in the assessment of providers. Assessment of whether a provider is world-leading relates to an absolute standard that bears comparison against the finest in the world. As such, it cannot have a regional dimension or variation for different parts of the country. We will support world-leading specialist providers wherever in England they are based, but are not looking to secure a particular distribution across regions.
36. We note the comments about the relationship between the process of identifying specialist providers as world-leading and the OfS's wider approach to regulating quality and standards for all registered higher education providers. Our purpose for this exercise is to prioritise a relatively small proportion of our funding between a subset of providers that are world-leading. Our conditions of registration for quality and standards set minimum requirements that many registered providers will be able to meet and so do not provide a suitable basis for identifying those providers that are world-leading. In addition, some aspects of our wider approach to quality and standards do not apply in the same way to all providers. For example, the Teaching Excellence Framework (TEF) does not apply to postgraduate-only providers, which includes a number of specialist providers, thus making it unsuitable as a mechanism for determining whether a provider is world-leading.
37. The Higher Education and Research Act 2017 (HERA) gives the OfS enforcement powers to use if it appears to the OfS that there is or has been a breach of one or more conditions of registration.<sup>23</sup> These include (but are not limited to) suspending aspects of a provider's registration, which could include suspending access to OfS public grant funding. This means that we could decide to suspend eligibility for funding to a specialist provider that is found to be in breach of one or more of the B conditions (among other possible courses of action).
38. We confirm that the purpose of our funding for world-leading specialist providers remains as articulated in our consultation.

## **Question 2: To what extent do you agree with the proposed criteria for defining specialism?**

39. In summary, our consultation proposed to define 'specialism' as a provider that has at least 75 per cent of its total full-time equivalent (FTE) higher education and further education student population in one broad subject area or at least 90 per cent of its total higher and further education student FTE population in no more than two broad subject areas. For this definition we proposed that:
  - a. The total student FTE population should include students studying at all levels (higher and further education, teaching and research), irrespective of how they are funded, but

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<sup>23</sup> See 'Regulatory advice 15: Monitoring and intervention' at [www.officeforstudents.org.uk/publications/regulatory-advice-15-monitoring-and-intervention/](http://www.officeforstudents.org.uk/publications/regulatory-advice-15-monitoring-and-intervention/).



excluding student FTEs that relate to study towards level 2 qualifications in English and maths.

- b. The 'broad subject areas' are defined using level 1 of the Common Aggregation Hierarchy (CAH1) of the Higher Education Classification of Subjects (HECoS) codes, reported for courses (rather than modules).<sup>24</sup>

40. Of the 60 responses:

- 22 (37 per cent) strongly agreed
- 25 (42 per cent) tended to agree
- 2 (3 per cent) tended to disagree
- 2 (3 per cent) strongly disagreed
- 5 (8 per cent) neither agreed nor disagreed or preferred not to say
- 4 (7 per cent) did not select a response (their response was only partial or submitted by email).

41. Of those expressing a preference (the first four bullets above), 92 per cent strongly agreed or tended to agree.

42. We received 46 comments in response to this question. Most respondents indicated that they agreed with the proposed criteria for defining specialism, but some raised particular issues or concerns that the proposal would impact the individual type or size of provider that they represented. Comments included:

- 'We believe the proposed measure of defining a provider as specialist is a fair and proportionate one through categorisation using the percentage formula of 75% or 90% of an institution's FTE students falling into one or two broad subject areas respectively.'
- 'We strongly agree that it is appropriate to define 'specialism' as a provider which has at least 75 per cent of its total full-time equivalent (FTE) higher education and further education student population in one broad subject area or at least 90 per cent of its total higher and further education student FTE population in no more than two broad subject areas. This allows for innovation beyond an institution's main subject area, while ensuring no dilution of the concept of 'specialist.'
- 'We also support the proposal that at least 75% of total full-time equivalent population should be in one subject category and at least 90% in no more than two subject areas. A definition wider than that proposed would suggest a wider multi-discipline approach with greater scope for provider cross-subsidy. It would also diminish the known effectiveness of small specialist provision in internationally recognised subjects.'
- 'For a single subject provider, we support the definition of 75% of the total full-time student population being in one broad subject area, as this critical mass enables the intensity, depth and breadth of study essential to deliver a world-leading education and training, achieve outstanding graduate outcomes and prepare students for careers on the

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<sup>24</sup> See [www.hesa.ac.uk/support/documentation/hecos](http://www.hesa.ac.uk/support/documentation/hecos).

international stage. We also support the fact that a small specialist institution should have no more than two broad (cognate) subject areas.’

- ‘We strongly agree with the proposed criteria for defining specialism that a provider should have at least 75 per cent of total student FTEs in one broad subject area or 90 per cent in two (where those two subject areas are closely interlinked). As noted above, we agree that specialism of subject is integral to world-leading provision and by its nature, this level of specialism is both more costly to deliver and reduces opportunities for cross-subsidy.’

43. There was largely agreement regarding the proposed definition to limit eligibility only to those providers registered with us in the Approved (fee cap) category. Overall, those who responded to this element of the proposed criteria agreed that it was appropriate due to the constraints imposed on such providers regarding fee levels.

44. There was general consensus that the proposed criteria were appropriate as specialist providers that are focused on a single subject area are less able to cross-subsidise and have limited access to other funding streams compared with larger multi-disciplinary institutions. Comments included:

- ‘Single subject organisations are far less able to cross-subsidize training costs than a provider who delivers some specialized training within a wider portfolio who may be able to absorb additional costs as part of a wider financial and operational strategy.’
- ‘We also support the proposal that specialist funding should be awarded on a ‘whole provider’ basis and not open to Schools legally constituted within larger multi-discipline providers where there is scope for cross-subsidy and where economies of scale can be achieved through the centralised provision of services, such as finance, HR, IT and academic and student support services.’
- ‘It is logical and appropriate for world-leading specialist provider funding to be targeted exclusively on whole providers registered with the OfS where their size and specialism means they have limited scope to achieve economies of scale, diversify their income streams, or cross-subsidise between activities without it.’
- ‘This limitation deprioritises larger institutions with more varied student subject areas and sources of income, allowing those institutions who have an institutional specialism and are in most need to offset the associated financial burden.’
- ‘A common characteristic of specialist providers is that they do not have the economies of scale of larger multi-faculty providers and as such are unable to cross-subsidise courses with cheaper courses in other subject areas. Restricting eligibility in this way will help to ensure that the ISTA support is directed at those most in need of that support.’<sup>25</sup>

45. Regarding the proposal to use level 1 of the Common Aggregation Hierarchy (CAH1) of the Higher Education Classification of Subjects (HECoS) codes, reported for courses (rather than modules) to define specialism there was a mixed response from those who provided commentary. A number of respondents agreed that this would be a fair and transparent way to

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<sup>25</sup> ISTA refers to institution-specific targeted allocation, terminology used to describe the equivalent stream of funding allocated by the Higher Education Funding Council for England up to 2015.

identify the broad subject areas of a provider, but others felt that this was restrictive with a number of specialisms legitimately crossing multiple CAH1 codes, particularly in certain subject areas. Other proposed alternative approaches included adopting the Research England system for the Knowledge Exchange Framework (KEF)<sup>26</sup> or the Research Excellence Framework (REF).<sup>27</sup>

46. Comments from those in favour of adopting CAH1 as the method to identify broad subject areas included:

- 'We are in agreement with the definition of specialism as at least 90% of an institution's total student FTE population being in no more than two broad subject areas as categorised by the HECoS codes assigned to the courses and not at the module level.'
- 'The shift from using the HESA academic cost centres to using the Common Aggregation Hierarchy means that it is right that a higher proportion of activity should be in no more than two cost codes to qualify as a specialist provider.'
- 'We agree that there should be a measure of specialism via the % students across 1 and 2 CAH subject areas but we also believe that the OfS should look at OfS funded activity vs. non-OfS funded activity in the eligibility criteria and consider fees in this mix.'

47. Comments from those who expressed concern regarding adopting CAH1 as the method to identify broad subject areas included a number who requested that providers were given the opportunity to change how their data was coded. Comments included:

- 'We support the percentage subject concentration criteria as proposed. However, given that these criteria are designed to define specialism, consideration might be given to using the more granular level 2 of the Common Aggregation Hierarchy of the Higher Education Classification of Subjects codes. This would strike a balance between recognising differently coded but related subjects which can be defined as falling within a single discipline area, and ensuring that the genuine specialism of a whole institution is being assessed.'
- 'The use of CAH level criteria has presented challenges for [this provider], as well as other providers [...]. We would therefore request that we are given the opportunity to recode our data to reflect the programme's overall specialism. As a relatively small institution with minimal opportunity to invest in a number of data specialists, we would also hope that we would be able to engage in support from the OfS to assist in this process.'
- 'Secondly land-based and sport programmes both have a significant number of issues with 'cross contamination' of other CAH codes at a module level which makes it incredibly

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<sup>26</sup> See [kef.ac.uk/about](http://kef.ac.uk/about). The KEF groups KEF participants into KEF clusters that have similar capabilities and resources available to them to engage in knowledge exchange activities. Clustering takes account of the proportion of academics in 12 discipline areas (see [kef.ac.uk/notes](http://kef.ac.uk/notes)), which are derived from the 45 'academic cost centres' used in reporting academic staff on the HESA academic staff record (see [www.hesa.ac.uk/collection/c20025/a/ccentre](http://www.hesa.ac.uk/collection/c20025/a/ccentre)).

<sup>27</sup> See [www.ref.ac.uk/](http://www.ref.ac.uk/). The REF groups research disciplines into 34 'units of assessment', which in turn are grouped under four 'main panels'. See Annex D of the REF guidance on submissions [www.ref.ac.uk/publications/guidance-on-submissions-201901/](http://www.ref.ac.uk/publications/guidance-on-submissions-201901/).

challenging for any land-based/sports specialist to meet the thresholds the OfS have suggested in the consultation document. We would hope the OfS build in flexibility to consider the closeness of some CAH level categories when considering the 75% and 90% thresholds, if flexibility is not possible then the percentage targets should be changed, we would suggest 65% and 80%.’

- ‘We believe that the use of HECOS Level 1 may be appropriate for well-defined and established subject areas such as music and art. However, it is less well suited to broader subject fields such as agriculture, particularly when combined with food & beverages - given that most land-based institutions teach agriculture in the context of environment, ecology, conservation and climate change. Using HECOS could well leave a number of land-based specialists unable to meet this criterion. In contrast, the current REF codes provide a greater degree of flexibility that allows small specialist providers more freedom to define their programmes according to the industries and employment sectors that they serve.’
- ‘This change is problematic for a small number of specialist HEIs who are still getting to grips with the new approach to coding. We are especially concerned that there has been some confusion during the move to the CAH from JACS<sup>28</sup> whereby specialist providers have coded by modules rather than their programmes which has led to some generic content (such as management) which is delivered in a highly specialised environment (for example in sport, agriculture or fashion) being coded as management as opposed to the specialist programme in which it sits.’
- ‘In general this seems sensible but there are some clear problems. Some of our most specialist provision combines two disciplines in one - computer programming and writing music for example. There is no doubt that this is specialist but crossing more than one group does not make us a generalist provider. I think there should be some room for interpretation and for a judgement to be made here, potentially an appeals process on the initial conditions only to overcome some of those edge case issues.’
- ‘Although the percentages of student load within CAH group could be adapted post-consultation to allow for more interdisciplinary practice within a single faculty at a specialist provider, it is likely that there will always be abnormalities that result in a provider commonly thought of as 'specialist' would not qualify for specialist provider funding regardless of their world-leading status. The outcome will be that providers either adapt their HECoS coding to match the funding stream criteria [resulting] in poorer data across the sector, or impose internal student numbers caps on courses resulting [in] a skills shortfall for industry and/or a lowering of students entering the higher education system.’

48. Regarding the proposed approach to defining how a provider was assessed in terms of their size and structure to determine the initial eligibility criteria, there was a mixed response from those who included comments. A number of respondents agreed that it should be the whole

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<sup>28</sup> JACS is the Joint Academic Coding System, a predecessor of the CAH that was introduced for 2019-20. JACS was used by providers that made data submissions to HESA. See [www.hesa.ac.uk/support/documentation/jacs](http://www.hesa.ac.uk/support/documentation/jacs).

institution that was assessed, but others felt that small specialist departments and conservatoires would be overlooked and excluded from this stream of funding.

49. Comments from those in favour of assessing the whole institution included:

- ‘We also support the proposal that specialist funding should be awarded on a ‘whole provider’ basis and not open to Schools legally constituted within larger multi-discipline providers where there is scope for cross-subsidy and where economies of scale can be achieved through the centralised provision of services, such as finance, HR, IT and academic and student support services.’
- ‘We agree that the criteria for broad subject areas are fair and that the increase to 75% will encourage specialisms to be in one specific area, as opposed to being part of a generalist institution. This will increase differentiation between HEI's and thus consolidate areas of excellence (across all subject groups) within small and specialist institutions.’

50. Comments from those who expressed concern and felt that small specialist departments and conservatoires within larger providers should be eligible to bid for this funding included:

- ‘This proposed criteria could potentially limit a significant number of providers, despite being world-leading specialists.’
- ‘It is our view is that this criteria should apply to a specialist unit within a wider provider, provided that provision is delivered discretely, using specialist teaching methodologies, and conforming to a high SSR and world leading learning environment. We do not agree with the criteria: “Constituent parts of a provider (such as specific colleges or institutes) viewed in isolation from the whole registered provider are not eligible”.’

51. It was expressed that the timing of the consultation and the implementation of a new method would potentially disadvantage and exclude those providers currently in the OfS registration process. Comments included:

- ‘The timing of the application process does not allow for those providers who are not yet in Approved (fee cap) time to change categories and apply. Delays to the OfS registration process due to the pandemic have resulted in delays for those wishing to change category. This has been complicated by a lack of clear guidance on changing category, which has prevented providers from making a timely application. OfS must allow time for providers to change categories and apply. We agree that the £5 million for 2021-22 should be allocated to who submitted applications for Approved (fee cap) by the expressed deadline of 31 August 2021, and we expect the OfS to ensure that all potentially eligible providers have a decision by the date set for panel to decide the 2021-22 funding. However, for the OfS properly to fulfil its duty to promote equality of opportunity, competition and student choice, it must ensure that the window for application for 2022-23 allows time for applications to change category to be completed so that they might be considered by the panel, or that they might apply and be considered by the point of allocation of funding. A clear transitional plan is needed.’

52. A small number of providers included commentary to demonstrate that they disagreed with the proposed inclusion of further education student data to determine the initial eligibility criteria. Comments included:

- ‘Whilst we understand the rationale for it we feel there is something inherently unfair in taking account of FE numbers when defining whether a provider should receive funding for its HE provision. Some specialist land-based providers offer a broader range of courses at FE levels in order to meet local industrial needs but this does not fundamentally change the specialist nature of their HE provision.’
- ‘In our view, students whose overall qualification aim is at FE level should not be included in calculating the overall % of students in an HEI who are studying for OfS fundable specialist courses. We suggest that it would be preferable to only include students whose overall aim is a specialist award that is at higher education level.’

## OfS response and decisions

53. We welcome the broad support for our proposals for identifying specialist providers, based on having 75 per cent or 90 per cent of total student FTEs attributable, respectively, to one or two subject areas using level 1 of the CAH for courses.
54. Some respondents suggested other subject groupings that might be used, including the more disaggregated level 2 of the CAH (comprising 35 subject groups, compared with 21 at level 1), or groupings used for other purposes such as the KEF or REF. It should be noted that any change to the subject groupings used would require a review of the threshold proportions of student FTEs attributable to one or two of those subject categories. We would not necessarily maintain these thresholds at 75 per cent and 90 per cent for other subject groupings.
55. We do not accept that it would be appropriate to determine eligibility relating to teaching activities using subject classifications for research (used in the REF) or knowledge exchange (used in the KEF). On the contrary, we consider that the use of the CAH reported for courses is the most relevant subject coding system for identifying specialist teaching.
56. Some respondents made points about the treatment of providers that might be specialist in an interdisciplinary area – examples given included the boundaries between agriculture and other disciplines, or between creative arts and computing or engineering, such as in creative media technologies. We do not accept that using a more disaggregated subject grouping (such as level 2 of the CAH) would resolve such issues – on the contrary, they may only make them worse or more common. On this basis, we are satisfied that level 1 of the CAH is the most appropriate subject grouping to identify specialist providers.
57. Through this element of grant, we aim to support the teaching activities of specialist providers that are identified as world-leading. We do not accept that we should identify providers registered in the Approved (fee cap) category as being specialist or small by ignoring much of the activity they offer – whether that is their further education teaching, or the other subject activity that a multi-faculty provider might offer outside the specialist unit that it might want to submit for assessment (see also paragraph 33).
58. Our consultation had proposed that to be eligible for funding, a provider would have to be registered in the Approved (fee cap) category by the time panel decisions were made on whether providers were world-leading. We recognise that a number of providers are currently seeking to join the OfS Register in the Approved (fee cap) category but do not yet

have a registration decision. We have adjusted our approach to account for this as far as it is practical to do so. It does, however, remain the case that we are not able to guarantee that a provider will be successfully registered in the Approved (fee cap) category, either in time for the July 2022 deadline or at all.

59. Our consultation had identified 68 providers registered in the Approved (fee cap) category that, on the basis of their 2019-20 individualised student data, met the proposed criteria for being specialist and therefore were expected to be eligible to submit to the panel for assessment as being world-leading. We recognise that in addition to these 68, there are a small number of other providers where it remains uncertain whether they would meet initial eligibility criteria relating to their registration status or degree of specialism. Such other providers may make submissions to the panel for assessment as being world-leading, pending resolution of the issues over their eligibility. They include providers that have submitted applications to register in the Approved (fee cap) category. They also include some providers where we do not have 2019-20 individualised student data, or where providers are arguing that the 2019-20 individualised student data does not reflect the specialist nature of their activities. In either case, such providers **must secure our agreement to their making a submission to the panel before they do so**. Further information on this is provided in the main part of this document.

### **Question 3: Do you believe that we should limit the eligibility of specialist providers to make a submission to the panel for assessment as being world-leading based on the small size of their total student FTE population?**

60. Our consultation did not propose a specific approach on having an FTE limit for provider eligibility to submit to the panel. It explained that restricting eligibility to providers based on their small size would ensure that funding is prioritised for smaller providers that have more limited scope to diversify their income and achieve efficiencies of scale. It would also reduce the burden of the process (for providers and the OfS) where the rationale for additional funding is not as strong. However, it could exclude some specialist providers that might wish to make the case to the panel for being world-leading, even if this did not guarantee additional funding through the formula allocation.

61. Of the 60 responses:

- 36 (60 per cent) answered 'yes' – there should be a provider size limit to be eligible to submit
- 13 (22 per cent) answered 'no' – there should not be a provider size limit.
- 8 (13 per cent) neither agreed nor disagreed or preferred not to say
- 3 (5 per cent) did not select a response (their response was only partial or submitted by email).

62. Of those expressing a preference (the first two bullets above), 73 per cent said that we should limit the eligibility of specialist providers to make a submission to the panel based on the small size of their total student FTE population.

63. We received 45 comments in response to this question. Most respondents indicated that they were in agreement with imposing a cap, however a number of comments raised particular issues or concerns regarding the proposal that they indicated would impact the individual type

or size of provider that they represented. A common theme within the comments related to a provider's ability to cross-subsidise, with both sides of the argument being presented. This was also highlighted in multiple comments in response to question 2 and the proposed criteria for defining specialism, and there was duplication in comments provided for both.

64. Within the large number of responses which indicated that there should be a cap to prioritise funding towards smaller providers, comments included:

- 'We strongly agree that restricting eligibility to providers based on their small size is necessary to get the maximum value for money from the limited funding available. A large FTE population overall would bring economies of scale for the provider, reducing their need for this funding.'
- 'We believe that the OfS should limit the number of eligible providers, based on the small size of their total FTE student population, to make a submission to the panel for assessment as a world leading institution. This will ensure that the funding is prioritised and distributed to the smaller world leading institutions who will benefit from the funding most and who are unable to achieve economies of scale savings that larger institutions are able to achieve.'
- 'Specialist providers typically have a concentration of high-cost subjects not recognised by the current level of high cost subject funding. With fewer students and corresponding lower levels of income, such providers are otherwise unable to achieve the economies of scale available to a larger provider. Specialist institutions offer a unique and diverse training experience and offer a rich choice to students which feeds into world-leading cultural industries so vital to the UK economy and society at large.'
- 'Small scale is integral to specialism and world-leading status, and essential to ensure an outstanding student experience and graduate outcomes. The small critical mass of students reflects the ceiling on the number of credible home and overseas applicants and maps directly onto the employment needs of the industry. Focusing on world-leading institutions that are genuinely small and specialist, but would otherwise be too small to be sustainable, will add most value and represent the greatest return on investment for the Higher Education sector.'
- 'We do support there being a cap on FTE for eligibility. This is on the basis of the ability of a larger institution to be able to invest more significantly with economies of scale.'
- 'Much larger generalist HEI's have the economies of scale and an ability to flex and scale resources to manage an overall portfolio of different subject areas. To deliver 1:1 tuition for example requires intensive contact time and can only be practically delivered amongst a small overall student cohort. A limit of eligibility allows for support for specialist institutions.'
- 'We agree with the proposal that a feature of the funding formula that applies to those identified as world-leading should be to prioritise funding for smaller providers and prevent larger providers from receiving large proportions of the allocation. The cost base of operation is burdened by smaller and specialist providers which creates budgetary challenges to grow provision.'



- ‘We welcome OfS's recognition of the tension between size and economy as this is critical to ensuring sustainability for institutions like ours.’

65. Comments from those who expressed concern at having a cap and who felt that larger specialist providers still experienced high costs that could not be met by economies of scale or cross-subsidisation included:

- ‘The proposal to limit the eligibility of specialist providers based on the small size of their total student FTE population is not acceptable. This would lead to many highly regarded, world leading institutions whose specialist teaching is highly valued being unable to continue to provide their teaching at the same level of quality.’
- ‘The consultation document references economies of scale being available to larger providers as a justification for this proposal. There is, in reality, minimal opportunity to achieve economies in the costs of teaching and training in a clinical setting [...], given the requirements of the profession and its regulators. We need to maintain a fixed staff:student ratio for our clinical training and our expensive clinical facilities have to be scaled up at the same rate as our student numbers increase. In this regard, we are akin to conservatoires and performance space.’
- ‘The consultation document sets out that one aim of this exercise is to support those specialist institutions less able to cross-subsidise between different broad curriculum areas (otherwise the consultation would instead be for 'small providers' and not specialist). We do not therefore agree with the proposal that larger specialist providers should be prevented from demonstrating that they are ‘world-leading’ through this process. As a large and specialist provider, we experience the same challenges and issues which arise from being a specialist provider; and it is appropriate that we have the same opportunity as our specialist competitors to secure this recognition and funding.’
- ‘Imposing a cut-off for eligibility based on a total FTE amount will unfairly disadvantage providers on the cusp of the threshold and is likely to lead to providers imposing internal student number caps to maintain eligibility. This will result in skills shortages in industry.’

66. Alongside the comments relating to a provider’s ability to cross-subsidise, many comments noted that they agreed with imposing a cap as small and specialist (single subject) providers have higher costs attached to teaching specialist subjects. Respondents noted that smaller organisations were at greater financial risk, with specialist training being costly and resource intensive, but that to tailor learning to individual students resulted in better outcomes. Comments also referenced a need to remain at the forefront of technological development and innovation in order to maintain standards and the student experience. Comments provided included:

- ‘The size of the provider has a significant impact on its ability to support the cost of intensive education and training to secure the best possible student outcomes.’
- ‘Specialist institutions offer a unique and diverse training experience and offer a rich choice to students which feeds into world-leading cultural industries so vital to the UK economy and society at large.’

- ‘Much larger generalist HEI’s have the economies of scale and an ability to flex and scale resources to manage an overall portfolio of different subject areas. To deliver 1:1 tuition for example requires intensive contact time and can only be practically delivered amongst a small overall student cohort. A limit of eligibility allows for support for specialist institutions.’
- ‘We agree with the proposal that a feature of the funding formula that applies to those identified as world-leading should be to prioritise funding for smaller providers and prevent larger providers from receiving large proportions of the allocation. The cost base of operation is burdened by smaller and specialist providers which creates budgetary challenges to grow provision.’
- ‘We believe that the quality of an organisation’s training is directly linked to its size and its specialism. As well as very high contact hours in small groups and Individual coaching, our specialism is manifested in our specialist facilities e.g. industry-standard theatres, recording studios, workshops.’
- ‘[Provider] believes that world-leading provision can only be delivered by small, specialist institutions who can guide, nurture and adapt their training according to each student, thereby greatly increasing each student’s ability to secure work once they have graduated.’

67. A theme that emerged in some responses was that the turnover or income of a provider should also be considered against their size, with a cap relating to income introduced alongside one for FTEs. A number of responses referenced this and felt that the funding should be directed towards those specialist providers which were not able to secure funding from other streams or sources. Comments included:

- ‘We also believe, although not an explicit question within this consultation, the turnover of the specialist institution should also be taken into account. There are a small number of specialists currently in receipt of the funding that have turnover well over £30m, with the vast majority of the funding coming from external sources or research funding. This money enables these institutions to invest in world leading innovations that support high quality teaching in ways that a specialist provider not receiving such income is unable to, regardless of the overall prestige of the institution.’
- ‘We believe that turnover should also be considered and suggest there is an agreed cap of £30m in order that OfS funding is directed to organisations with less scope to meet costs through a diversity of income sources. We believe it is vital to focus on high quality learning and teaching, making a distinction from research.’
- ‘We strongly agree that restricting eligibility to providers based on their small size is necessary to get the maximum value for money from the limited funding available. A large FTE population overall would bring economies of scale for the provider, reducing their need for this funding. However, except in the scenario where they have a significant level of other income-generating activities such as research and clinical income, small providers are unable to achieve economies of scale.’
- ‘To qualify for this targeted funding we think providers should have to have less than 5000 students in total, and/or have an income of less than £50million. Are you really a small provider if you exceed those thresholds?’

68. Some of the responses provided were not in favour of imposing a low FTE cap and felt that excluding larger specialist providers risked losing high-quality world-leading teaching. It was suggested by some that setting a higher FTE threshold but introducing an upper and/or lower cap for those to be funded, say up to 500 FTEs would be more appropriate. Comments included:

- ‘The specialism of an institution leads to very specific issues that are not mitigated by a higher student FTE population and they still have limited scope to diversify income and achieve efficiencies of scale. To maximise the benefit of our ability to disseminate our expertise through teaching, we need to do this at a reasonable scale for it to be worthwhile and sustainable in the long term. If any cap were to be required, we would [support] a much higher cap of at least 2,000 FTE. Alternatively, we would support the continuation of the current format of having no eligibility limit based on total student FTE population but capping the number of students counted for funding at 500 FTE.’
- ‘We believe that the size of the provider should not impact the quality of the provision or the student experience...therefore, the eligibility should be based on a clearly identifiable offering of what they can provide as part of their specialist offer.’
- ‘Regardless of the eligibility threshold, it is imperative that an upper funding limit is maintained at no more than the existing 500 FTE, and that a lower funding limit is maintained to cover the irreducible cost element.’

69. Some respondents felt that it was important to separate a judgement of a world-leading specialist provider from a small specialist provider, with comments citing the disconnect between a panel making such a judgement and the OfS’s own regulatory requirements in terms of quality and standards. It was noted that in such a competitive market, that the label of world-leading was highly important to a provider and that it was unfair to prevent larger providers from being able to be assessed in this way and for their specialism to not receive funding. An alternative offered was that eligibility should be based on assessment of quality and outcomes, rather than by size. Comments included:

- ‘We believe that small size, alongside specialism, is an important feature of many world-leading arts institutions, and is a significant (but not the only) factor governing the high cost of specialist institutions and provision. That said, it would be difficult to determine an appropriate FTE limit for eligibility that would fairly reflect disciplinary differences and institutional contexts, including industries served. It seems simpler and more equitable to allow all providers who satisfy the specialism criteria to make their case for world-leading status, if they wish to do so. The financial settlement to best achieve the stated purposes can then be addressed through the funding formula, which should certainly recognise that large providers with access to economies of scale have significantly less, if any, need for this additional funding.’

## **OfS response and decisions**

70. The OfS response to this question is included under the related question 4.

**Question 4: If you have answered yes to question 3, what total FTE size (reflecting the population described in paragraph 34.a of the consultation) do you believe should be the cut off, above which a provider would not be eligible to submit to the panel for assessment as world-leading?**

71. Table A1 summarises the FTE limit suggested by the 36 respondents that answered 'yes' to question 3 (that is, those that thought a limit should apply).

**Table A1: Suggested FTE limits for provider eligibility to submit to the panel**

| <b>Suggested FTE limit</b> | <b>Count of respondents suggesting this limit</b> |
|----------------------------|---|
| 500                        | 2   |
| 600                        | 1   |
| 1,000                      | 6   |
| 1,200                      | 1   |
| 1,250                      | 2   |
| 1,300                      | 2   |
| 1,500                      | 2   |
| 2,000                      | 1   |
| 2,500                      | 1   |
| 3,000                      | 3   |
| 4,000                      | 4   |
| 4,500                      | 1   |
| 5,000                      | 4   |
| 6,000                      | 3   |
| Not specified              | 3   |

72. Of the 33 respondents that suggested a figure, the mean value was just under 2,700 and the median was 2,000.

73. We received 35 comments in response to this question. The responses to question 4 raised very similar arguments as were articulated in comments for question 3, with consistent themes being raised by respondents. Where a respondent had indicated what they felt was an appropriate FTE limit for provider eligibility to submit to the panel, it ranged considerably with arguments put forward for keeping it both low (circa 500), to being open to larger providers (circa 6000).

74. Comments provided included the point that as each provider is unique, with their specialism, size, structure, student profile and funding streams being so distinct, making a judgement of a suitable FTE cap for all was difficult. It was also noted that an FTE of 1,000 is the minimum identified by the OfS to be able to apply for university status, and that this potentially should be the threshold that would be imposed as a cap for eligibility for specialist funding.

75. As was the case in responses to both questions two and three, the prevalent theme was again the belief that larger providers were able to cross-subsidise and use economies of scale to assist in the higher costs of delivering specialist subjects. A provider's specific circumstances, size and structure was also a prominent feature in the comments provided, with very individual issues noted about how a cap would impact them particularly. Comments included:

- 'To create stability and resilience in specialist education there needs to be additional sources of income, particularly without knowing how tuition fees may be set in the future. Although we are far, far smaller, 1250 seems to be a number that would allow many small specialists to be considered and assessed.'
- 'It is difficult to suggest a precise cut off, but above a threshold of approximately 1000 FTE the nature of the provider changes away from being a small specialist towards something broader that inevitably starts to dilute the world-class offer. We have suggested 1,300 FTE as this provides a reasonable margin above this level where a reasonable case could be made. We would suggest that as well as the nature of the provider starting to change at this FTE level, the provider also starts to benefit from economies of scale.'
- 'In order to be fully sustainable, and without knowing how tuition fees may be set in the future, small specialist providers would be challenged if there were no additional source of income. The minimum number of students whose tuition fee income would wholly support their specialist study will vary from subject to subject, but it is the view of the Conservatoire that a maximum FTE of 1500 would be a suitable criteria for a provider to be classed as small.'
- 'We believe that an appropriate cut off point for eligibility to specialist funding should be between 2,500 and 3,000 FTE's and a total income not normally exceeding £75m. We believe that providers with higher student numbers and income levels are more able to achieve economies of scale in their operations resulting in lower overheads for regulatory, support services and back office functions.'
- 'We believe that an institution over this size [3,000] would have sufficient opportunities for cross subsidies and have economies of scale to no longer require specialist funding support. Additionally, over this number we believe that it is unlikely that applicants will likely [be] of higher enough ability to be recruited in such numbers given specialist nature of the skill required from the general population.'
- 'We believe the cap should be set at 6,000 FTE as this both takes into account that not all students may be HE students in the OfS eligibility calculator plus the considerable challenges with operating a specialist institution with no opportunities for cross subsidisation. With 6,000 + FTE an institution should have the financial stability and infrastructure to be established enough to seek additional funding sources for its work and invest in growth to maintain financial stability. We know from our many years' experience of working with smaller institutions they are significantly disadvantaged in funding competitions, research bids and securing external funding from outside organisations.'
- 'We believe the FTE cap should be kept relatively low to ensure it focuses on the smallest HEIs with no opportunities for cross subsidisation.'

- ‘By reviewing the data provided, by capping the eligibility to 4,000 FTE, 94% of all eligible providers based on the criteria set by the OfS would still benefit from the additional funding. This figure would rule out the larger providers whilst still benefitting the truly specialist smaller providers that are unable to benefit from the economies of scale of larger providers.’

76. As in responses to questions 2 and 3, some comments related to the suggestion that means testing of providers should be included in the eligibility criteria to ensure that those who had other sources of income and reserves would not receive this additional funding over those providers that were unable to secure funding and support elsewhere.

77. There was also comment that, if a provider were too small (less than 250 FTE), this would limit its ability to offer the student a high-quality world-class experience and that this should be considered in the criteria, with a minimum cap also applied to eligibility. Comments included:

- ‘We suggest that below 250 FTE it is harder for providers to ensure a robust, high quality and sustainable world-leading student experience that represents value for money. Having too few students inevitably compromises the student experience, limiting the opportunity for students to interact and benchmark themselves against their peers and their access to meaningful collaborative performance opportunities.’
- ‘For single subject music conservatoires, our view is that this should be a maximum of 1,000 FTE students (with no fewer than 250 FTE students) to ensure a robust, high quality and sustainable world-leading student experience that represents value for money.’

78. It was raised in some responses that it would be appropriate to set a cap of fundable FTEs for the formula allocation, as has been the case with the previous methodology. Thereby a cap could be set to indicate the maximum size of a provider to be eligible, but with potentially fewer students being funded. This would allow a greater number of specialist providers to be eligible and to receive this critical funding stream. A higher FTE cap overall would also allow for growth in specialist providers in the coming years. Comments included:

- ‘We would suggest that an Institution with more than (say) 5,000 to 6,000 FTE students ought to have sufficient scope to benefit from economies of scale, regardless of specialism in particular subjects. We would also support a cap on the number of students to be counted in any formula allocation, as is the case under the current rules to further restrict the potential for any one institution to take up too great a share of the available funding.’
- ‘We consider a total FTE in the region of up to 1,200 to 1,500 students to be a reasonable size for eligibility to apply for funding, and would support a continuation of the current cap on the number of students receiving additional funding at 500 FTE. Restricting eligibility for applications reinforces the inter-relationship between small size, specialism and world-leading provision, but we consider the proposed threshold would also allow providers who are very small (e.g. fewer than 500 students) the flexibility for some limited expansion of student numbers e.g. to respond to innovations in their art form or subject field, without risk of becoming ineligible for future funding.’
- ‘We suggest this figure to allow for growth in specialist providers, given the anticipated growth of 18-25 year olds (c 25% uplift) that is anticipated in the next few years.’

79. Another perspective put forward was that specialist funding should not be based on FTE or size at all, and that rather than impose an arbitrary cap on student numbers that it should solely reflect a provider's specialism. The funding would then support specialist institutions by funding high-cost teaching to enable their continued participation in the sector irrespective of the size of their student population.
80. A common theme reflected in responses was that, to create stability and resilience, there needed to be additional sources of income for small specialist providers. Given the uncertainty regarding how tuition fees may be set in the future, such providers would be challenged if there were no additional sources of income to meet the high cost of delivering specialist provision.
- 'Small specialist providers need to access sufficient specialist funding for the reasons set out in the consultation and in this response to ensure they can deliver high quality educational experiences delivered by staff and facilities that meet critically needed learning outcomes and support the development of essential graduate level skills.'
  - 'There are considerable challenges with operating within a small scale with few opportunities to benefit from economies of scale. Small institutions are already significantly disadvantaged in funding competitions and securing external funding.'
81. Some respondents noted that above a certain threshold the nature of the provider changes away from being a small specialist towards something far broader, offering less targeted, highly specialist teaching and education. It was asserted that smallness was critical to a provider being able to offer and deliver truly specialised and individualised training.
- 'The greater the number of students, the more diluted their impact will be due to a less targeted approach to their training and development.'
  - 'Too many students will inevitably dilute the quality and intensity of the specialist provision and support required, while limiting student access to the performance activities and proto-professional facilities they need.'
  - 'If an institution has more than 5000 students it is no longer small.'
  - 'When there is a finite pool of credible applicants to the world's leading conservatoires, it can also have the unintended consequence of reducing quality and undermining an institution's world-leading credentials.'
  - 'Additionally, over this number [3,000] we believe that it is unlikely that applicants will likely [be of a high] enough ability to be recruited in such numbers given specialist nature of the skill required from the general population.'
  - 'Looking through the eligible providers, it would seem perverse that the principles of supporting small and specialist providers over larger successful HEI's is lost due to provider success beyond a reasonable level. Principles then become watered down by larger providers.'
  - 'Nonetheless, our view is that within a performing arts context smallness is a crucial element in delivering world-leading training and this should be reflected in this process.'

## OfS response and decisions

82. Our consultation proposed two ways in which funding for world-leading specialist providers might be targeted more towards smaller providers. questions 3 and 4 related to whether size should be a criterion in whether providers were eligible to submit to the panel at all for assessment as being world-leading; question 12 included a proposal that the approach to a funding formula (for providers identified by the panel as world-leading) should ensure funding was prioritised towards smaller providers.
83. There was majority support in the responses to both questions for prioritising support towards smaller providers. While a majority thought that eligibility to submit to the panel should be limited to smaller providers, there was no consensus in the responses to question 4 on what FTE limit should apply, and we did not consider that arguments for setting it at one level rather than another were conclusive. We were persuaded that constraints on FTE population size were likely to vary depending on the particular subject specialism of a provider. For example, there may be greater constraints on size for providers that focus on specialisms within medicine or healthcare or particular fields within performing arts than others with a broader specialism in, say, agriculture or creative arts.
84. For these reasons, we will **not** include size (in terms of FTE numbers) as an initial eligibility criterion for providers to be able to submit to the panel for assessment as world-leading. Nevertheless our view remains that funding for world-leading specialist providers should be prioritised towards smaller providers and will look to ensure this is achieved through the formula funding method we adopt. We will consult further on the funding approach once the panel assessment process is complete.
85. We note the comments from some providers that judgements of size should be based on providers' income rather than, or as well as, their FTE population. We will consider this further as we develop our proposals for the formula funding approach towards world-leading specialist providers.

### Question 5: To what extent do you agree with the proposed criteria for a provider to be considered world-leading?

86. In summary, our consultation proposed that a specialist provider would need to meet the following criteria to be considered world-leading:
- a. The provider has a genuine and enduring reputation for **teaching in its specialism that is world-leading** and this is supported by evidence.
  - b. The **knowledge and skills of the provider's graduates**, and the enduring impact they have on the professions and industries for which they have been prepared, are recognised by other world-leading providers, leading employers, external funders and others in the UK and beyond.
  - c. The provider's students, graduates and teaching practitioners contribute to **the development of their particular specialisms** in a way that is recognised internationally or create the new industries, techniques or art forms of the future.



d. The provider's world-leading status is integral to its specialism and often small size.

87. Of the 60 responses:

- 21 (35 per cent) strongly agreed
- 24 (40 per cent) tended to agree
- 2 (3 per cent) tended to disagree
- 2 (3 per cent) strongly disagreed
- 3 (5 per cent) neither agreed nor disagreed or preferred not to say
- 8 (13 per cent) did not select a response (their response was only partial or submitted by email).

88. Of those expressing a preference (the first four bullets above), 92 per cent strongly agreed or tended to agree.

89. We received 44 comments in response to this question, where respondents raised several broad themes regarding evidencing providers' world-leading nature.

- a. Reference was made to the OfS wider requirements to be met as a registered Approved (fee cap) provider and how this funding fits within the overall OfS aims.
- b. In the second theme others referred to the size criteria both in limiting access to this stream of funding and how size may be defined across a range of identifiers.
- c. The third theme referenced the inclusion of research and knowledge exchange in qualitative and quantitative evidence given that these funding streams were now allocated separately by another organisation.
- d. The fourth theme referenced the requirement for 'enduring reputation' and how this could be problematic. It was considered by some to perpetuate barriers to entry for relatively young providers. Some considered they were innovating and opening up new specialisms by disrupting a sector. Others referred to the 'Matthew principle' of wealth accumulation that favoured those already in receipt of specialist provider funding alongside other sources of funding, such as legacies and endowments. It was felt that established providers benefit from these sources of funding, where others, particularly new providers, do not.

90. Regarding the OfS general duties, a sector body referenced parity and consistency for assessing providers.

- 'Because the proposed criteria for evaluating 'world leading' does not include reference to achieving OfS' own regulatory requirements in terms of quality and standards, due to be introduced at subject level in 2022, it creates a confusing and potentially contradictory picture for students and employers seeking to make informed choices across a range of providers.'
- 'By suggesting (paragraph 40 [of the consultation]) that larger specialist providers may be able to apply for world leading status, even though they would not be eligible for additional funding, demonstrates a recognition that the label carries significant value in a competitive HE market-place. Multi-faculty providers, however, who are delivering world leading

courses (as recognised, for example by the QS World rankings<sup>29</sup>) are in effect barred from accessing the OfS accolade for their provision. Using the term 'world leading' in this way, unhelpfully elides the OfS's dual role of funder and quality and standards regulator.'

91. Noting the above, the second theme raised was criterion d) reflecting size. A sector body considered the existing OfS guidance may need clarification:

- 'We are however confused as to what the OfS means in criterion d "The provider's world-leading status is integral to its specialism and often small size." All eligible providers will be able to articulate the benefits of operating in a specialist learning and research environment, but as the panel will decide, will not always lead to that provision being world-leading.'

92. Others argued that any consideration of size was not relevant to determining whether a provider was world-leading; or should ignore aspects of a provider's activities, such as on research or where a specialist unit was part of a larger multi-faculty provider:

- 'Taking into account the entirety of the approach to evidence and determining world-leading status outlined in the consultation, we would argue that criterion D is equally valid if simply expressed as "The provider's world-leading status is integral to its specialism.'
- '[the provider] suggest that world-leading status can be integral to the small size of a specialist unit, such as a conservatoire, even if that is contained within a larger provider. Major UK funders such as [named foundations and trusts] recognise [the specialist unit] (and not [the provider]) as a world-leading provider in its own right.'
- '...d) small [size] - agreed. But small in relation to teaching not overall organisation size.'

93. Respondents highlighted the separation of the funding of teaching and research into two distinct funding streams under two separate organisations since the HEFCE review in 2015-16. Research and knowledge exchange are now funded through Research England.

94. Those that considered research activity was a requirement or helpful to their evidence base noted that research is integral to a provider and informs teaching, scholarship and knowledge exchange.

- 'We understand the focus on the reputation for teaching in criteria (a) and support the need for evidence to underpin assessment. There is however a direct interrelationship between teaching and research and the impact that research, especially that undertaken through practice, can have on world-leading teaching. Staff work across teaching, scholarship, research and knowledge exchange, and the entirety of this work will inform and impact on teaching. 'Cutting-edge' world-leading innovative teaching is informed by practice-related research and scholarship, often realised with industry partners and collaborators, with the opportunity for students to engage in such work.'
- 'Research does however play an important part in the delivery of HE programmes, and how the courses prepare graduates for work. This is especially true in a specialist HEI who are connected and embedded with the industries they serve and we therefore hope the panel

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<sup>29</sup> See [www.topuniversities.com/](http://www.topuniversities.com/).

will consider evidence of how research informs teaching as part of the institutional submission.'

- '...the importance of research to learning and teaching is articulated in the Frameworks for HE Qualifications of UK Degree-Awarding Bodies. To meet the benchmark standards of a bachelors' degree, students need to engage in research at the forefront of their discipline.'

95. Other respondents considered that they or their members would be disadvantaged by not having access to research funding either through their size, their relative youth or because they have chosen to focus on teaching.

- 'We also believe that there are a number of world leading institutions that for whatever reason are unable to engage in traditional research that often then discounts them from being recognised as world leading providers. We agree that as the funding bodies for teaching and research have now separated there should be a separate evaluation of world leading teaching and world learning research (although there may be limited overlap between these two activities.)'
- 'We support the focus on teaching within the specialism as this will ensure that students can benefit most from the funding through greater opportunity to enhance teaching provision. World-leading [stakeholder group] specialist providers have built their reputation on teaching, having primarily only access to student fees and industry/community funding throughout their history. The beneficial impact of access to research funding to a provider's reputation cannot be overstated, as the majority of international benchmarking or league tables is based on research data. [stakeholder group] members have not traditionally had, and continue to lack, access to research funding and they are too small to appear in such data, so they have built their reputations entirely on teaching excellence. This focus will ensure a more level-playing field for this funding.'
- 'We agree that as funding for teaching and research is now separated, there should be a separate evaluation of world-leading for teaching. We support the teaching and outcomes focus of the proposed criteria.'

96. The fourth theme identified that the phrase 'enduring reputation' implied longevity either of the provider or of the specific specialism. Providers which consider themselves as disruptors or innovators in new and emerging specialisms thought there was potential to be excluded in reference to this term.

- 'Institutions specialising in new or emerging technology or practice may be leading the world in the education and training they offer students but may not have been established long enough to build an 'enduring reputation'. Moreover, this could in practice contradict the parallel criteria recognising institutions that contribute to the creation of new industries, techniques or art forms of the future. Funding criteria should recognise, not penalise, more recent vanguard institutions as well as those long established. This supports the OfS objective to deliver positive outcomes for future students.'
- 'We would welcome greater clarity on how "enduring reputation" would be weighted within the evaluation of world-leading.'

- ‘The emphasis on “enduring reputation” will restrict access to this funding to well-established institutions and give them a competitive advantage over newer institutions. This will restrict student choice and not encourage innovation.’

97. While the term ‘enduring reputation’ can be seen as a barrier to some providers, others noted disadvantage of other kinds that meant that they would struggle against providers in more favourable positions.

- ‘The definition of world-class as regards reputation prevents institutions that do not already meet this criterion from moving into this category. We cannot afford without additional funding to recruit staff of this reputation (not least for geographic reasons, staff are required to travel from around the country and abroad and this has to be financially covered). Equally, when we do have staff with world-class reputations, they are then recruited to ‘world-class’ institutions that are already in receipt of this additional funding.’
- ‘The geographical issue also impacts [on the ability to meet criteria b and c] – world-leading employers are predominantly in London and without the impetus of seed funding or additional small and specialist financial support, we are unable to pump prime activities that will increase the impact of graduates’ knowledge and skill.’
- ‘A provider that has been in receipt of additional, significant funding over many years will be better placed to provide the more subjective evidence precisely as a result of having been in receipt of this funding. This will confer a degree of unfairness on providers who may be world leading or potentially such but have not had the opportunities to fully cement their reputations and prepare their lobbying positions. It is necessary therefore to guard against a perpetuation of a small circle of privileged, elite providers who have been beneficiaries of significant funding over many years which would have the ultimate impact of reducing student choice and accessibility.’
- ‘We would also reiterate the point made previously, namely that many ‘world leading’ providers may have become recognised as such precisely because of their access to additional funding over many years. They will thus be able to prepare their submission and demonstrate their ‘world leading’ status better against some of the rather subjective criteria being used. This will be a disadvantage to newer providers who have not had access to funding previously but have the potential to be world-leading with a little extra support.’
- ‘We feel there is strong rationale for a portion of this funding to be given to providers who are emerging world-leaders in their specialism or where their specialism itself is emerging and therefore the evidence of world-leading status is more difficult to establish.’

## OfS response and decisions

98. We welcome the broad support from respondents for the criteria that we proposed for identifying a provider as world-leading.
99. With regard to the OfS's requirements for providers registered in the Approved (fee cap) category, these clearly continue to apply. We do not consider that the fact a provider is complying with such requirements – or rather that we have not found evidence that it is not – is evidence that it is world-leading. Rather this is more relevant to its status as a provider registered with the OfS in the Approved (fee cap) category. Paragraph 37 sets out the enforcement powers available to the OfS in the event that we decide that a provider has breached one or more of its conditions of registration. For a provider in the Approved (fee cap) category they include (but are not limited to) the ability to suspend access to OfS public grant funding.
100. On the eligibility of larger specialist providers to submit to the panel, we have confirmed (in paragraph 84 of this Annex) that we will not have a size criterion for this. In distributing funding for those identified as world-leading, we will look to prioritise smaller providers, but have not made decisions on the detailed parameters of a funding method. We will consult on this further once the panel process is complete. Further information on the OfS's decisions relating to the size of providers is given under the analysis of question 4. Our response on the eligibility of specialist units within a larger provider is included in paragraph 33 of this Annex.
101. We are clear that the assessment of world-leading for OfS funding purposes must be based on teaching-related activities – we are not assessing whether providers are world-leading on the basis of the quality of their research. However, we acknowledge the views of some respondents about how their research and knowledge exchange activities support the high quality of their teaching. We have responded on this point more fully in our response under question 6 (see paragraph 125).
102. We have considered carefully the comments made about the reference to an 'enduring reputation' as part of the first criterion. Our consultation had explained that 'world-leading' refers to a level of quality and expertise (in a subject area) that gives a provider an enduring reputation internationally as being among the finest in the world. International recognition is a necessary, but not sufficient, condition for being world-leading. An enduring reputation will continue to develop through innovation that maintains a provider's activities and outputs at the cutting edge over time.'
103. We acknowledge the point that some respondents made relating to an 'enduring reputation'. The arguments related closely to those about providers that saw themselves as innovators or disruptors, perhaps emerging as world-leading, but without necessarily a long history behind either their specialism or themselves as providers. Our intention is most certainly not to reward providers trading on past glories, and equally we were not intending 'enduring' to be understood to mean 'permanent'. On the contrary, our guidance made clear that an enduring reputation (as a provider that is among the finest in the world) is not static, but rather something that will develop over time, including through innovation. However, innovation (or indeed disruption) is not in itself evidence that a provider is world-leading: as

with international recognition, we would consider it a necessary, but not a sufficient condition for being world-leading.

104. Our view remains that truly world-leading providers will have built up that position over some period and similarly that evidence of innovation over time should provide confidence that they are able to maintain that world-leading reputation. If we omitted the word 'enduring' from our description in paragraph 102 to talk only of 'quality and expertise (in a subject area) that gives a provider a reputation internationally as being among the finest in the world', our view is that this would not avoid the need to have regard to some time dimension in judging it. We consider that the international reputation of a provider as being among the finest in the world is something that would not be short-lived, but rather would have some longevity to it. 'World-leading' is intended to be a very high bar.

105. There were related issues raised in the responses to question 6 about the period that might apply to evidence submitted by providers to demonstrate how they met the criteria to be world-leading. In summary, we agree that greater weight should be given by the panel to more recent evidence, albeit that we will not set specific timeframes for that evidence – it will be for the panel and its expert advisers to consider how that might apply to different types of evidence for different subject specialisms. We provide more detail on this in our response under question 6.

106. The panel will be looking to identify those specialist providers that can be considered world-leading **now**, rather than in the past. As noted in the OfS decisions under question 1 (see paragraph 32), the purpose of the funding is not to provide development funding for providers that are 'emerging as' or aspire to be world-leading.

107. In light of the above, we are revising the wording for the first criterion for assessment as world-leading, as: 'The provider has a genuine and ~~enduring~~ **ongoing** reputation **nationally and internationally** for teaching in its specialism that is world-leading and this is supported by evidence.'<sup>30</sup> We are removing 'enduring' to avoid any suggestion that this may mean permanent. We are replacing it with 'ongoing', to give a better sense of this both existing for some time and appearing likely to continue for some time into the future. We are not otherwise changing the criteria for world-leading on which we consulted.

108. Under that (reworded) first criterion, we have also added a new category of evidence that providers may wish to submit, which is to cover **the environment in which teaching is provided**. Further information about this is included in the OfS response under question 6 (see paragraph 125). We are using 'environment' in a broad sense, and are confident that all providers that aspire to be world-leading will have evidence to submit under this category.

### **Question 6: To what extent do you agree with our proposals on the evidence a provider would need to submit to the panel to demonstrate they meet the world-leading criteria?**

109. In summary, our consultation recognised that the evidence, and related measures of success or esteem, that providers might include in their submissions to demonstrate how they meet the criteria for being world-leading may vary according to their particular subject

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<sup>30</sup> Changes shown in strikethrough and bold.

specialism(s). However, we are interested in views on what evidence providers that are specialist in different subjects would need to submit to the proposed panel as part of this consultation. We set out, in Table 1 of the consultation, a proposed overarching framework for such evidence. It would be for the panel to judge how any particular piece of evidence submitted by a provider contributed in demonstrating that it was world-leading.

110. Of the 60 responses:

- 26 (43 per cent) strongly agreed
- 19 (32 per cent) tended to agree
- 2 (3 per cent) tended to disagree
- 2 (3 per cent) strongly disagreed
- 3 (5 per cent) neither agreed nor disagreed or preferred not to say
- 8 (13 per cent) did not select a response (their response was only partial or submitted by email).

111. Of those expressing a preference (the first four bullets above), 92 per cent strongly agreed or tended to agree.

112. We received 44 comments in response to this question. Across all respondents there were a number who agreed with the proposals with no or little comment, beyond restating their agreement. As one of the respondents commented:

- ‘We agree with the evidence areas highlighted in Table 1, particularly given the acknowledgement in paragraph 44 [of the consultation] that different areas of specialism will result in different types of evidence being appropriate. The framework as described is sufficiently discipline-agnostic.’

113. Nine respondents also noted that providing significant amounts of evidence was challenging as due to their small size they had limited capacity and were unlikely to have established teams to follow up alumni achievements centrally and to collect and collate data for the submission. A stakeholder group respondent noted:

- ‘The OfS will need to be mindful of the significant burden collecting this data may place on eligible providers and the uneven resourcing of this activity between providers who submit evidence to the panel.’

114. Another respondent noted:

- ‘We would urge that this should not become a burdensome, mini-REF exercise.’

115. A range of respondents indicated further elements that could be added to the framework. Some of the comments tie in with the wish for a panel to recognise their unique provision. Noted below are some of the examples of additional sources of evidence proposed:

- ‘...should include indicators of esteem from international peers, rankings (such as QS rankings, which derive in large measure from international peers who respond to QS surveys of academic and professional peers), etc.’

- ‘The reputation across the global sector for [the provider’s] provision however is strong and we would wish to ensure that global reputation is considered.’
- ‘Evidence of achievements of staff and students/alumni be presented as two separate evidence bases.’
- ‘We agree with the broad categories for determining world-leading. For many providers this will involve evidencing:
  - ‘How knowledge and insights gained from strong research activities translate into teaching excellence, particularly with those providers which are PGT [postgraduate taught] only or have a large proportion of PGT students.
  - ‘Their reputation for innovation
  - ‘Graduate destinations.
  - ‘A Consistently strong position in internationally recognised ranking exercises
  - ‘Student Recruitment reach (global/National/Regional).
  - ‘Knowledge Exchange - not just about current students but also about using the discipline strengths to contribute to the full spectrum of activities, from public and engagement and societal benefit, through to company formation, spin-outs and IP [intellectual property].’
- ‘We suggest that evidence of engagement and influence in policy, social and environmental factors should be included along with an explanation of how the provider supports specialist high-quality part-time, flexible and lifelong learning as part of its overall portfolio. We believe that evidence of an enduring track record in internationally recognised ‘professional’ outputs stemming from the taught programmes of study (for a conservatoire, this would be recordings, media presence, international artistic collaborations, etc) should inform the panel’s decisions.’
- ‘We would propose to include an assessment of the resources and facilities at the provider, with particular reference to specialist resources available to students that may be unique or exceptional compared to other providers in the sector. The reason we think this should be included is that the facilities and resources provide a point of distinction for providers, underpinning their ethos and specialist nature. If students have access to specialist facilities it supports their learning, preparation for industry or pushing the boundaries of the subject.’
- ‘We agree with the logic behind the evidence set out in table 1 but feel that a mix of quantitative metrics and qualitative information would give a more rounded view. The criteria might also consider:
  - ‘The extent to which the provider’s graduates contribute to the sustainability and ongoing viability at a high standard of the respective profession and/or industry.
  - ‘The extent to which the provider’s graduates contribute to the standing of the respective profession and/or industry in an international context.
  - ‘The extent to which the provider’s graduates contribute to the quality, effectiveness and impact the professional sector has on people and their communities in a variety of societal contexts.’
- ‘We support the proposals being made on the evidence providers would need to submit to demonstrate that they meet a common set of agreed world-leading criteria. In addition to



the examples cited, and in the context of the UK's world-leading music conservatoires, we would like to propose the following supplementary sources of evidence to inform the panel's assessment:

- 'External (competitively secured) prizes and awards
  - 'Leadership of externally funded projects related to learning and teaching'
  - Case studies independently verified as evidencing world-leading pedagogy
  - 'Leadership of international peer networks'
  - Engagement with the industry through leadership of professional partnerships and networks'
  - World-leading and internationally excellent research identified through the REF and externally funded research projects where a strong connection can be made to evidence impact on learning and teaching
  - 'Evidence of significant societal impact that is world-leading
  - 'Selected artistic outputs (e.g. recordings, high profile performances etc.)."
- 'Again a wider range of evidence that doesn't just rely on reputation but evidences innovation and impact would be welcome.'
  - 'We propose that evidence could include where the provider has been a leading figure in the establishment of the global recognition or collaboration of the specialist area such as through their own awards schemes, professional accreditation schemes or employer engagement activities.'

116. Table 1 of the consultation proposed that evidence of a genuine and enduring reputation for teaching in its specialism might include 'the reputation of teaching programmes (for instance whether the provider's learning processes, pedagogy and curricula have been an essential point of reference for peer institutions).' Responses from some specialist providers highlighted they have a unique pedagogy which may make peer comparisons difficult or are concerned as to the weight put on this element of evidence by the panel. A postgraduate-only provider noted that it occupied:

- 'a unique space in the PG [postgraduate] market. Where [the provider] offers programmes which are unique, there [are] very few peer institutions to call upon.'

117. A range of other providers with undergraduate provision considered evidence of research and knowledge exchange activity and strength an important inclusion as well. This is further discussed under question 5.

118. Three respondents in answering questions 5 and 6 highlighted that equality, diversity and inclusion (EDI) and access and participation plans should be included as evidence of OfS guiding principles. They highlight the work specialist providers undertake in this area and in seeking to address structural barriers in certain disciplines to the broadest range of talented students.

119. Some respondents asked for clarity in guidance on the evidence required both for quantitative and qualitative elements of submissions and how different disciplines may wish to weight some elements differently. One respondent noted that their pedagogy was required to meet the governing regulatory body standards and therefore there was limited opportunity to innovate and subsequently any weighting of criteria needed to reflect this limiting factor.

120. Two providers referenced the composition of the panel and how specific a panel member's expertise in a particular subdiscipline area may be, for example would film production and contemporary music receive the appropriate expert understanding in a review? There were questions raised around if the composition of a panel were to include representation of industry bodies and employers. Two respondents have asked for transparency in the panel's decisions or that the judgments (anonymised) be made available. One stakeholder group, in response to question 5, asked if providers would interact directly with the panel.

- '[Stakeholder group] members further suggested that the panel be able to speak directly to the provider where they feel further clarification is needed on the submission. This opportunity would be particularly beneficial to providers new to this process.'

121. Alongside the comments above, three respondents had questions regarding the time range of any evidence. Where mentioned providers noted (**our emphasis in bold**) a variety of qualifying periods.

- 'While relevant evidence will vary across different sectors, we suggest that it should be **based on the impact of graduates and alumni over a significant period of time - at least a decade** - and the extent to which the graduates and their industries recognise the provider as being critical to this impact.'
- 'We might **prefer there to be some upper limits relating to the age of the items being cited.**'
- 'It will be important to provide further clarity of the submission process, for example:
  - The precise period for the evidence provided. Should it be the period since the last ISTA submission, i.e. **1 January 2016 - 31 December 2021**? Clarity here will ensure that all submissions are using a consistent and shared understanding of what the timing of the evidence base should be. We would also welcome clarity on whether the focus should be on students graduating during the period or to students who have graduated at an earlier date but with achievements during the period.'

122. One respondent had queries regarding the logistics of evidence including if there would be a word limit, whether appendices would be allowed and if submissions would be through an online form.

123. One respondent expressed unease regarding the evidence requirements and gave an example that in their view reputation was not a marker of world-leading status. They noted that other evidence suggested was problematic but did not provide any alternative sources of evidence.

## OfS response and decisions

124. We welcome the broad support for our proposals on the types of evidence that providers may wish to submit to demonstrate how they meet the criteria to be world-leading. A number of respondents set out further suggestions for evidence that they would like to submit. In general, we remain agnostic about these – providers are free to include these types of evidence in their submissions, and we believe that the existing broad categories of evidence

generally give them scope to do so. We wish to minimise further elaboration on the evidence categories so that they remain high-level and provide an overarching structure for capturing different types of evidence relevant to different subject specialisms.

125. However, as outlined in paragraph 108, under the (reworded) first criterion, we have added a new category of evidence that providers may wish to submit, which is to cover **the environment in which teaching is provided**. We are using ‘environment’ in a broad sense and are confident that all providers that aspire to be world-leading will have evidence to submit under this category. This could include, for example, how the provider ensures its teaching is at the cutting edge through the environment of research and scholarship in which it takes place; evidence about state-of-the-art facilities; or delivery partnerships with leading employers. The panel will decide how far this and all the other evidence supports a case that the provider is world-leading.
126. Our concern is to give all eligible providers the freedom to make whatever case they wish to, recognising that the evidence for being world-leading relevant to, say, a specialist in the performing arts is likely to be very different from that of a specialist in a healthcare discipline or agriculture. We are not looking to define evidence requirements on a subject-by-subject basis, nor be prescriptive about what providers do or do not submit. The panel and its expert advisers will consider the evidence that each provider submits and the panel will determine whether it is sufficient for that provider to be considered world-leading.
127. The format of submissions will therefore be largely ‘free-style’, except that content should be submitted using headings that reflect the categories of evidence set out in this document and with a clear table of contents – this is likely to be particularly important if, for example, a provider is submitting multiple files. We will collect submissions via the OfS portal.
128. We are not looking to collect numerical data in a structured format from all providers wishing to submit. However, we expect all providers are likely to want to include numerical evidence in their submissions to support their case. In doing so, providers should bear in mind that the panel may include members that are less familiar with detailed data specifications and statistics produced in the UK. Providers should therefore also ensure they explain the significance of any numerical data they submit, with reference to appropriate comparator specialist providers (in the UK or elsewhere). OfS staff with expertise in UK higher education data and statistics will also be available to provide advice to the panel on the interpretation of such information.
129. We are not setting word limits on what providers may submit (other than for references – see paragraph 140). However, our view is that world-leading providers will be able to provide convincing evidence of their status in a focused and powerful way that will not require the panel or its advisers to spend significant time going through large amounts of material in search of highlights. In a similar vein, we recognise that specialists in the performing arts may wish to provide links to, say, recorded theatre or concert performances. While they are free to do so, they should not assume that the panel or its advisers will have the time to consider large volumes of such material in reaching their judgement.
130. As explained in paragraph 105, we agree that the panel and its advisers should give greater weight to more recent evidence. However, we will not set specific timeframes for that

evidence. While we expect a lot of evidence will be up-to-date, reflecting the current activities of the provider, its staff and students, longer time frames may be appropriate for certain types of evidence, for example relating to the accomplishments of graduates or indicators of esteem such as awards. It will be for the panel and its expert advisers to consider how 'current' they consider different types of evidence to be for different subject specialisms in reaching decisions on whether a provider can be considered world-leading **now**.

### **Question 7: To what extent do you agree that specialist providers should be able to nominate two referees who can support the case for why they are world-leading?**

131. We proposed in our consultation to invite each provider to nominate two referees to provide a view on the extent to which it meets the criteria to be world-leading. Each provider's submission should include the referees' contact details and outline why they are well-qualified to provide advice. We would contact both referees for each provider that makes a submission, inviting them to provide a reference.

132. Of the 60 responses:

- 33 (55 per cent) strongly agreed
- 13 (22 per cent) tended to agree
- 2 (3 per cent) tended to disagree
- 1 (2 per cent) strongly disagreed
- 3 (5 per cent) neither agreed nor disagreed or preferred not to say
- 8 (13 per cent) did not select a response (their response was only partial or submitted by email).

133. Of those expressing a preference (the first four bullets above), 94 per cent strongly agreed or tended to agree.

134. We received 40 comments in response to this question. In general, respondents felt that the use of provider-nominated referees would increase confidence that the panel received appropriate evidence about a provider's activities, and that this was important where subject areas may be particularly specialised (for example relating to particular performing arts disciplines or branches of medicine and healthcare). Many of the comments received discussed that the proposal to nominate two referees from specialist providers was sufficient. There was discussion about what the experience of referees should be – for example, as students, academics or in employers or industry and the extent to which this might have involved working in or with the specialist providers themselves. There was particular emphasis on the importance of having industry input and perspective when determining a provider's 'world-leading' status, as well as some discussion about whether referees should include someone with international experience. Comments included:

- 'The use of externality in this context is crucial. Referees who know the subject area well, know the provider's role in supporting the subject and whose experience qualifies them to judge the quality of the outcomes from the provider are key. Referees who can give an honest opinion would form a robust contribution to the panel's judgement against the published criteria.'

- ‘We think it is absolutely vital for legitimate peers and experts within the specialisms to be heard as part of the assessment. This will help the panel (which we hope will also be legitimate and relevant peers and experts in the field) to better understand directly from the professions the specialist serves how important the provision is within the specific industries.’
- ‘For a specialist provider to be able to nominate someone who is an experienced professional is important to give confidence that any panel would have a subject expert to call on who is independent. Referees who can give a robust and honest assessment of a provider against the criteria should be a real asset to the panel and the process.’
- ‘This is essential in evidencing each institution’s eligibility, and would propose that the referees must still be practising in the relevant industry in order to corroborate the effectiveness and impact of the targeted training provided.’

135. A concern among some respondents (among both those that agreed and those that disagreed with the proposal) was about potential conflicts of interest.

- ‘The proposal to nominate two referees would be acceptable. Guidance will be required about what would be considered a conflict of interest for reviewers; given the small fields that some of these institutions are working in, it is highly likely that many of the potential referees are alumni of the institution or have other links that could be considered a conflict.’
- ‘We agree to the inclusion of two referees that can speak for the work of the provider to be included as part of the assessment process. However, we believe that there should be clarity about the eligibility of selected referees – for example, use of alumni or former Board members, international or national referees.’
- ‘Care must be taken that these referees are not simply perpetuating the ongoing funding of a small group of elite providers who have previously been in receipt of significant additional funding so their relevance and testimony must be properly objective and reasoned.’
- ‘Whilst referees can provide supplementary evidence to verify a provider’s reputation and status, we consider their objectivity and reliability to be questionable. A provider is highly unlikely to select a referee who will not fully endorse the claims being made in their submission, so we do not believe this element necessarily adds value or credibility to the assessment being made of how a provider evidences in robust terms that they meet the published world-leading criteria.’

136. Some respondents suggested an increase to the number of individuals whom a provider could nominate. Comments included:

- ‘We believe that an institution should be invited to provide up to six referees to reflect the niche and specialist subject area of an applying institution and to ensure a broad, independent and informed view of the profession and the specialist nature of the institution is presented.’
- ‘We strongly agree with the suggestion that providers nominate referees. This will be helpful in providing the panel with an external perspective to supplement the provider’s application and give additional context. We would suggest that nominations are

international to evidence world leading reputation and remove the risk of conflicts of interest. An extension of this could be for providers to nominate students or recent graduates as a third referee who would be able to provide recent first-hand experience of the provider from a personal perspective.'

- 'OfS will need to ensure a pool of qualified, independent assessors, who can understand the diverse and complex needs of different providers in order to assess a submission fairly and with expertise'.

137. Some respondents requested greater transparency of the nominations process. This included a call for some clearer guidance on how to nominate referees, including who would be eligible for nomination:

- 'We believe that being able to provide referees could help the panel gain a better understanding of how an institution is viewed from the outside. To ensure a consistency of references it would be helpful for the OfS to provide guidelines for the selection of referees; for example on whether one should normally be UK-based and the other international; and on whether one should normally be academic and the other from the profession or industry'

### **OfS response and decisions**

138. We welcome the support for this proposal from respondents and confirm that we will allow each provider two referees to support its submission. Rather than the OfS collecting information about referees and requesting references from them, we will ask providers to submit the references themselves alongside their submission. We will also ask providers to submit separately information about their referees, to explain in full the past and present relationship between the referee and the provider.

139. There was concern from some respondents about conflicts of interest among referees. We expect referees to be advocates for the provider and to be familiar with it and its teaching activities and outputs. As such, we do not rule out the possibility that a referee may have a conflict of interest relating to that provider. Any conflict of interest must be declared in full, as part of the information about referees that the provider separately submits. The panel may give greater weight to references where the referee does not have a conflict of interest with the provider, but this may not be appropriate in all cases, such as where a provider includes a reference from a current student. The panel may also give greater weight to references where the referee demonstrates knowledge and experience not just of the provider concerned, but also of other providers in the UK and overseas that specialise in the same subject, and of the wider context in which they operate.

140. The purpose of the references is to give a further perspective on the teaching activities and outputs of the provider that complements, rather than merely repeats, the material that the provider itself has submitted. In this respect, we believe it is appropriate to place a limit on the length of such references, which we have set at 2,000 words per reference. It is for providers themselves to decide who they wish to act as referees on their behalf and to secure their references.

## Question 8: To what extent do you agree that the panel should be able to consider other publicly available information in determining whether a provider is world-leading?

141. In summary, our consultation proposed that, in addition to the information a provider submits, the panel should also be able, at its own discretion, to take account of any other **publicly available** information that it believed relevant to the assessment of the world-leading standing of providers that specialise in different subjects. Specialist providers may wish to refer to such public information to support their submissions, but if they do not, we proposed that the panel should still be free to consider it (where it is available). While we expected the panel's judgement to be informed primarily by the submissions from providers and their referees, we believe such public information can provide useful contextual information. The OfS would provide summary analysis of such information if requested by the panel.
142. Of the 60 responses:
- 12 (20 per cent) strongly agreed
  - 27 (45 per cent) tended to agree
  - 5 (8 per cent) tended to disagree
  - 4 (7 per cent) strongly disagreed
  - 4 (7 per cent) neither agreed nor disagreed or preferred not to say
  - 8 (13 per cent) did not select a response (their response was only partial or submitted by email).
143. Of those expressing a preference (the first four bullets above), 81 per cent strongly agreed or tended to agree.
144. We received 44 comments in response to this question. The majority of respondents saw the possibility of panel members reviewing external information as a positive contribution to their decision-making process. However, relatively few of those commenting felt that the current proposal did not require any amendments. The key concern was the level of consistency in which panel members would receive information about providers. Respondents felt that the current proposal could lead to inequalities among smaller and larger specialist providers, with larger providers having a larger range of resources than smaller or less established ones. Respondents felt that the fairest way to do this was to ask a provider to submit their own information in the application process rather than the panel seeking additional information themselves.
- 'We feel that there is a potential risk that 'information' in the public realm may provide a particular perspective that gives an inaccurate picture of an institution. It is for this reason that REF [Research Excellence Framework] only consider information presented in a provider's submission and we believe that the same approach should be taken here.'
  - 'In principle, we tend to agree, but this would need to be consistently done across all applications. Having the panel ... do additional research or access other materials when assessing applications will further extend the time and complexity of the decision-making process.'
145. If the panel were to decide to use external information to aid their decision-making process, respondents wanted providers to have the opportunity to comment on the information picked out by the panel. This was to further decrease inequalities that could be found if the panel were

looking at inaccurate or older data which did not best represent the provider. To alleviate this, respondents suggested that it would help the panel understand any contextual issues if the provider could have some input into the information the panel considers. Comments included:

- ‘It should be clear about what evidence is being drawn. If such evidence is drawn, it should be shared with the provider to provide an opportunity to correct any errors of fact and to be able to comment on any data/information that might lead to misleading or incorrect conclusions.’
- ‘Care should be taken that the publicly available information referenced is fair and balanced. If selected publicly available statements reflect negatively on an organisation, that organisation should be informed of what is being used and given an opportunity to rebut or add contextual information’
- ‘The inclusion of this allows for bias, opinion or general perception. No competitive bidding process allows for this level of opacity and it is essential that the panel relies on the evidence presented to it by the providers as part of their bid. If providers wish to refer to publicly available information they should be able to do so within the confines of the bidding form.’

146. Respondents were interested to know how the OfS would ensure the panel received reputable information in their decision-making process with alternative suggestions including using Higher Education Statistics Agency (HESA) data similar to the Research Excellence Framework’s panel. Some comments raised the concern that invalid information could affect the panel’s ability to make an informed and accurate decision, with some providers unfairly assessed due to inaccurate information. Respondents also called for the OfS to be transparent about what information was used by the panel following the decision-making process and to let providers know what information was used alongside their application. Comments included:

- ‘It will be important for the panel to be transparent about the information it is using in the public domain and be consistent to ensure equity and fairness in approach. The Research Excellence Framework ensures transparency in only using HESA data and the submission template provided by the HEI in making its assessment. It should be clear about what evidence is being drawn’
- ‘Information that is publicly available may be unverified, inaccurate or partial; it may also reflect superficial judgements based on reputation that may not be a good indicator of current leading practice.’

### **OfS response and decisions**

147. We welcome the broad support for this proposal but also acknowledge the points that respondents made about what public information might be used by the panel.

148. As explained under question 6, we want providers to be able to submit whatever information they wish to support their case. As part of this, we expect some may wish to include information and data that is in the public domain – such as data that shows their performance for access and participation or graduate outcomes; or league tables published by commercial organisations. The panel will need to take a view on the extent to which such information supports the case for a provider’s world-leading position – essentially as



evidence that a provider appears to be performing significantly better in particular aspects of its activities than other comparable specialist providers, which may have chosen not to refer to such information.

149. We agree that the judgement of the panel must be based first and foremost on the information submitted in a provider's submission. However, submissions may refer to information that is in the public domain as evidence of a provider's relative performance. If the panel is to accept such evidence, then our view is that the panel should be able to take such evidence into account – where relevant – in respect of other providers that have chosen not to refer to it, because it presents their performance in a less favourable light. For example, if there were publicly available data showing relatively poor performance on graduate outcomes that a provider had omitted to refer to in its submission, we believe that the panel should nevertheless be able to take this into account in reaching its decision on whether the provider was world-leading.

150. However, we acknowledge the point made by some respondents about the possibility of such public information being misinterpreted by the panel – for example in drawing comparisons between providers that do not take account of how statistics may vary for different subject areas or modes of delivery; where postgraduate providers may be missing from information that is based only on undergraduate data; or where league tables may be significantly informed by research, rather than teaching, metrics and exclude some providers altogether in their coverage.

151. To address these issues, we will ensure that OfS staff with expertise in UK higher education data and statistics will be available to provide advice to the panel on the interpretation and limitations of any such information that the panel wishes to take into account. In general, we expect the use of publicly available information by the panel to be limited to data and statistics that provide comparative information about providers. Should the panel wish to take into account any publicly available information, we will notify the provider in advance and invite the provider to make representations about that information before the panel confirms its decision on whether the provider is world-leading.

### **Question 9: To what extent do you agree to the proposed approach to establishing a panel to assess whether a provider is world-leading?**

152. In summary, our consultation proposed that we would invite nominations from national or international organisations for membership of a panel, which would be chaired by a member of the OfS board and include one other OfS board member or director, who would act as deputy chair. Proposed terms of reference for the panel were provided as Annex C to the consultation. The panel would also be able to seek specific advice from other experts in relevant discipline areas and would decide if such additional expert advice was required. It could draw the advice from others who were nominated to the panel, or from others who the panel believed would have the necessary expertise to advise on a particular subject area. Any advice or recommendations from other experts would be considered by the panel, which would make the final decisions. We would also want to ensure that the panel membership was diverse and that any potential conflicts of interest were minimised, declared and managed.

153. Of the 60 responses:

- 17 (28 per cent) strongly agreed
- 28 (47 per cent) tended to agree
- 2 (3 per cent) tended to disagree
- 1 (2 per cent) strongly disagreed
- 2 (3 per cent) neither agreed nor disagreed or preferred not to say
- 10 (17 per cent) did not select a response (their response was only partial or submitted by email).

154. Of those expressing a preference (the first four bullets above), 94 per cent strongly agreed or tended to agree.

155. We received 46 comments in response to this question. The vast majority of respondents felt a panel was a positive and sensible approach to assessing specialist criteria. Respondents who disagreed or had reservations were not confident that the proposed panel was in a position to assess 'world-leading' with the proposed quorum for panel decisions.<sup>31</sup> Those who disagreed with the proposal focused on the proposed quorum of OfS members and expert advisers who would make up the panel. The main argument was that the OfS does not have the knowledge and expertise to determine whether a provider is world-leading. Some suggestions to mitigate this included having industry representatives on the panel, a larger number of experts on the panel, sector representation (in a similar way to the OfS's Quality Assessment Committee) and only having OfS colleagues on the panel if they have had experience of small and specialist providers.

- 'We agree that in order for the process to be as fair and legitimate as possible there needs to be a panel whose makeup represents all of the disciplines which the OfS is considering and judging. We therefore do not agree that the Quorum for the panel should be just 3 persons (two of which are from the OfS and therefore do not have any subject specialist knowledge)<sup>32</sup> as this would mean that there would not be the breadth of subject specialism required to decide on the world leading status of a provider. We therefore believe that at a minimum there should be representatives from Art, Performing Arts, Medicine, Engineering, Agriculture, Theology and Business in order for it to be quorate.'

156. A number of respondents discussed conflict of interest. The theme of an improved quorum of OfS and subject experts was discussed again, with respondents interpreting the involvement of the OfS as it currently stands as a potential conflict of interest, and a barrier in fairly judging a provider's specialist status. There was call for all conflicts of interest to be raised from the very early nomination stages and for the OfS to have a process of dealing with any conflict of interests throughout a panel member's appointment. Comments included:

- 'Members of the panel should be known to providers to enable them to alert the OfS to potential conflicts of interest. Panels should be as diverse as possible.'

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<sup>31</sup> Proposed terms of reference for panel given in Annex C of our consultation said: 'The quorum necessary for any decision of the Specialist Provider Panel (whether taken during a meeting or by correspondence in lieu of a meeting) is three members, including at least the chair or deputy chair.'

<sup>32</sup> As noted in the previous footnote, the proposed quorum would require only one member to be from the OfS.

- ‘Forming panels that are diverse but with high level subject specialism may be challenging but is vital to ensure confidence for providers to understand how the assessment is being undertaken. Providers should know in advance who will be on a panel and should be able to raise any concerns including that of any potential conflict of interests.’
- ‘We would be interested to understand more about how the OfS will navigate potential conflicts of interest to ensure impartiality, particularly in smaller industries such as dance, where connections between higher education providers and industry experts are an intrinsic part of a conservatoire education.’

157. Some smaller specialist providers were concerned that the panel members would not understand their specialism, particularly if they were quite niche, so emphasised the need for a panel with sufficient subject knowledge.

158. Some respondents asked the OfS to consider an appeals process (as the decisions will only be made every five years), to give them a further opportunity to receive the funding or understand why they were ineligible. Respondents also asked for the OfS to provide detailed feedback on their decisions so they could improve their submission for next time.

- ‘We note that it is not proposed to offer an appeal process. We believe that the panel should provide feedback to providers on key decision-making processes and provide the opportunity for further representation before any final decision is made.’

159. As the panel will be determining whether providers were ‘world-leading’ there was call for nominations from those with international credentials and/or those working at higher education providers outside the UK.

- ‘We agree with the proposal to establish a panel to assess whether a provider is world-leading which supports a qualitative approach to assessment. We particularly welcome the proposal that the panel should include (or at least have access to) individuals with an internationally recognised reputation in their specialism.’

## OfS response and decisions

160. We welcome the broad support for establishing a panel to assess whether providers are world-leading. On 17 December 2021 we issued an invitation for organisations to nominate individuals with appropriate expertise to serve on the panel, or act as an expert adviser to the panel.<sup>33</sup> We took account of responses to question 9 of our consultation before finalising the guidance on nominations.

161. We are looking to ensure sufficient subject coverage of specialist providers through the combination of expertise both on the panel itself and among advisers to the panel. We cannot at this stage specify the precise balance between those two categories, as this will depend at least in part on the nominations we receive.

<sup>33</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-opens-nominations-for-specialist-provider-panel/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/ofs-opens-nominations-for-specialist-provider-panel/).

162. We acknowledge the points made about the quorum for the panel and are addressing this. Our proposal included a requirement that a quorum must include at least one (not both) of the chair and the deputy chair and confirm that remains the case. We will publish the names of panel members, once these are all agreed, but confirm now that the panel will be chaired by Lord Warton, chair of the OfS board, and the deputy chair will be Nolan Smith, OfS director of resources and finance. We have increased the numbers required for a quorum so that it includes at least half the members of the panel.

163. We are not specifying the subject expertise required within a quorum for decisions to be quorate. It is quite likely that the panel may wish to structure meetings such that all submissions from specialists in one subject area are considered at one meeting, and those from specialists in another subject area considered at a different meeting. If that approach were taken, then the importance of particular subject representation at each meeting would vary. In making decisions, (any quorum of) the panel would also take into account any written submissions from subject advisers that it had received.

164. At the conclusion of the panel process, the OfS will provide written feedback, agreed by the panel, to all providers that made a submission.

165. We will not have an appeals process. It will be for the panel to decide whether it might wish to seek clarification from a provider about aspects of its submission before it reaches a final decision. However, where it proposes to take into account other publicly available information, it will seek representations from the provider about that information as described in paragraph 151.

### **Question 10: To what extent do you agree that additional funding for world-leading specialist providers should be subject to the same general terms and conditions of grant as apply to our recurrent funding for providers?**

166. Our consultation explained that the purpose of the funding was not to provide project-based funding, with conditions attached relating to the achievement of particular deliverables. Rather, it is to contribute to the ongoing running costs of providers identified as world-leading, with a view to maintaining and, if possible, enhancing the distinctive role they play in meeting students' and employers' needs. This treatment of the funding is consistent with how OfS recurrent grant more generally supports providers. As such, we proposed that it should be subject to the same general terms and conditions of grant as apply to our recurrent funding for providers.<sup>34</sup>

167. Of the 60 responses:

- 39 (65 per cent) strongly agreed
- 8 (13 per cent) tended to agree
- 1 (2 per cent) tended to disagree
- 0 (0 per cent) strongly disagreed
- 2 (3 per cent) neither agreed nor disagreed or preferred not to say

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<sup>34</sup> The terms and conditions of funding that apply for 2021-22 are available at [www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2021-22/](http://www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2021-22/).

- 10 (17 per cent) did not select a response (their response was only partial or submitted by email).
168. Of those expressing a preference (the first four bullets above), 98 per cent strongly agreed or tended to agree.
169. We received 37 comments in response to this question. The majority of these acknowledged the importance of minimising burden and complexity on the providers in receipt of the funding, by ensuring that terms and conditions are the same as for other elements of recurrent funding. Those that strongly agreed generally noted that there was no compelling rationale for the terms and conditions to vary.
170. Flexibility in the use of the funding was welcomed by respondents, to meet the range of ongoing running costs associated with providing specialist teaching and facilities for students.
171. Five respondents advised that providers in receipt of the funding should be expected to report on the impact and outcomes achieved with it, with one suggesting that examples of activities could be made publicly available to showcase the achievements of the sector and evidence the value of the public investment.
172. One respondent noted however that as this funding stream is bespoke it may result in specific terms and conditions which may need to be applied. There was also concern that using the same terms and conditions as for recurrent funding may make it easier for specialist funding to be subsumed into recurrent grant, in the long term.
173. Overall, there was near unanimous agreement to the approach set out, as captured by this response:
- ‘We agree that the same terms and conditions of grant should apply as for recurrent funding for providers. If the additional funding is to recognise and maintain world-leading teaching and support the additional costs associated with that teaching, it is logical that the same conditions should apply. We also welcome continuity of approach as this reduces the administrative burden for providers’.

### **OfS response and decisions**

174. We welcome the strong support for our proposal and confirm 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 and of which this funding is already a part).
175. We note comments from some respondents that providers in receipt of this funding should be expected to report on the impact and outcomes achieved with it. As our consultation noted, the purpose of the funding is not to provide project-based funding, with conditions attached relating to the achievement of particular deliverables. Rather, it is to contribute to the ongoing running costs of providers identified as world-leading, with a view to maintaining and, if possible, enhancing the distinctive role they play in meeting students’ and employers’ needs. The next reassessment process would effectively monitor how well providers have used their overall resources (including any exceptional OfS funding for

specialist providers) to maintain or enhance their world-leading status and inform funding in a following period.

### **Question 11: To what extent do you agree with the proposal for the eligibility period for funding to be five years?**

176. In summary, our consultation proposed that providers that are assessed as world-leading would retain that assessment for at least five years (academic years 2022-23 to 2026-27 inclusive) before being reassessed. They would be funded accordingly throughout that period provided that they also continue to be registered with the OfS in the Approved (fee cap) category and meet the initial eligibility criteria. That reassessment would effectively monitor how well providers had used their overall resources (including any exceptional OfS funding for specialist providers) to maintain or enhance their world-leading status and inform funding in a following period. This would also mean that no other providers would be able to access funding from this targeted allocation until the next assessment point.

177. Of the 60 responses:

- 17 (28 per cent) strongly agreed
- 18 (30 per cent) tended to agree
- 6 (10 per cent) tended to disagree
- 7 (12 per cent) strongly disagreed
- 2 (3 per cent) neither agreed nor disagreed or preferred not to say
- 10 (17 per cent) did not select a response (their response was only partial or submitted by email).

178. Of those expressing a preference (the first four bullets above), 73 per cent strongly agreed or tended to agree.

179. We received 45 comments in response to this question. Though there was general agreement for an eligibility period of five years, a range of suggestions was made as to how such a period could be managed effectively by the OfS, to best support students and the providers in scope for this funding stream. The main themes and questions raised were:

- a. Would there be an appeals process against decisions?
- b. How would any newly registered, eligible providers access the funding – could there be a mid-term review mechanism which could check providers' circumstances at that point in time, (for all those in receipt and not in receipt of the funding) rather than having to wait for the end of the five-year period and the next review process?
- c. If providers in receipt of the funding deregister or are subject to reportable events that materially affect their circumstances, (which could for example include course closures, mergers, acquisitions) could funding be transferred to follow the students if, for example, they were required to go to other providers to complete their studies?
- d. Transitional arrangements should be considered for providers that may no longer have access to this funding following the outcomes of this process. One respondent said:

- ‘We agree with the five-year allocation provided an HEI remains eligible during the period. For those HEIs who are not successful in their bid, there may be a significant loss of income that could have a detrimental effect on the experience of their current students almost immediately, given outcomes will only be announced c. 3 months ahead of budget allocations for the next academic year (2022/23). The timetable means that under Competition and Markets Authority requirements, firm commitments to current and incoming students will have been made at least 12 months before (or longer for existing students given some degrees are 4 or 5 years in duration in some specialist HEIs), there will be limited time to adjust to any significant resource changes including staff restructuring that may be needed. We therefore suggest that should there be a materially lower level of funding awarded or a loss of most or all of the currently allocated funding to an HEI, there should be some consideration of transitional funding over 24 months to protect the student experience and allow the HEI an appropriate opportunity to adjust and make the necessary savings to meet its new budgetary position. We also suggest that where a provider is awarded world leading specialist provider funding for the first time, the funds should be phased over a transition period so as to ensure that value for money can be secured and appropriate use made of the additional funds awarded to support and enhance the existing world leading teaching provision that the panel has identified’.

180. For those that agreed with a five-year eligibility plan, respondents welcomed the certainty, stability, and assurance that this term would provide for financial and academic planning purposes. This was noted as being particularly important for smaller providers which could be more vulnerable to financial uncertainty.

181. Those that tended to disagree or strongly disagreed favoured a maximum eligibility period of three years, as being in line with usual undergraduate degree cycles and allowing the opportunity for more regular review of this funding stream with fairer access for any providers that may become eligible. These views are encapsulated by the following responses:

- ‘Rather than five years, we propose a period of three years, which is consistent with most medium-term financial planning and allows providers who are [currently] ineligible to make plans to meet the criteria for the next funding round’.
- ‘We feel a more appropriate period of funding eligibility is 3 years with an annual window for re-application for those providers who meet the eligibility criteria, allowing providers to implement panel feedback’.

182. One respondent requested an eligibility period of 10 years, to provide more certainty for planning purposes. Another said:

- ‘In the longer term, we would welcome consideration of a different approach to supporting world-leading SSIs [small specialist institutions] that avoids the uncertainty, and risk created by a periodic 5-year bidding process. This would provide welcome stability for the sector, relieve the pressure placed on our limited staff resources and provide the financial security we need to facilitate longer-term planning’.

183. Overall, a five-year eligibility period was the stronger preference for those that responded. However, some respondents generally wanted flexibility during the term of the funding, with a

mid-term review or other reporting process to check continuing eligibility for those in receipt of the funding and to consider any newly registered providers that may wish to apply for it. Respondents were also keen that OfS should consider ways to redistribute funding between eligible providers, should the need arise at any point before the eligibility period ends.

## OfS response and decisions

184. We welcome the broad support for our proposal that the eligibility period for funding for world-leading providers should be five years. We recognise there are a variety of views and arguments for having a shorter or a longer period. We do not accept that the duration of undergraduate degrees is relevant to the assessment of providers. The funding is not intended to support a particular entry cohort of undergraduate students through to completion of their course. It will contribute to the ongoing running costs of providers identified as world-leading, with a view to maintaining and, if possible, enhancing the distinctive role they play in meeting students' and employers' needs. That will benefit students in all years of study on courses of different durations.

185. Reflecting the views of most respondents, we confirm 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. This reflects our view, stated in our decisions under question 5, that an 'ongoing' reputation internationally of a provider as being among the finest in the world is something that would have some longevity to it, in both existing for some time and appearing likely to continue for some time into the future. In reaching this decision we have also been mindful of the burden on providers of the assessment process. We were not persuaded that the case for allowing earlier assessment for providers that might join the Approved (fee cap) category in the intervening period was stronger than that of other providers that might wish to be reassessed, having been unsuccessful in this exercise. 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.

186. Paragraph 37 sets out the enforcement powers available to the OfS in the event that we decide that a provider has breached one or more of its conditions of registration. For a provider in the Approved (fee cap) category they include (but are not limited to) the ability to suspend access to OfS public grant funding.

187. Our consultation explained (in paragraph 70) that, 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 a provider or its constituent parts should continue to receive funding. In making decisions on this, we do not accept a principle that funding should 'follow the student' in the event that students have to transfer from a world-leading specialist provider for any reason to complete their studies (as raised in paragraph 179.c). As we set out in our Guide to funding 2021-22, the OfS does not directly fund students; we fund the activities and facilities of eligible higher education providers.<sup>35</sup> In this particular case, we are providing funding to support the teaching and related activities of a specialist

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<sup>35</sup> See [www.officeforstudents.org.uk/publications/guide-to-funding-2021-22/](http://www.officeforstudents.org.uk/publications/guide-to-funding-2021-22/), paragraph 8.



provider that has been identified as world-leading, and the continuation of that funding is dependent on a provider meeting the initial eligibility criteria for it. This means, for example, that if a specialist provider were to be acquired by a large multi-faculty provider, any world-leading specialist provider funding would cease. This is consistent with our decision at paragraph 33 of this annex that we will not assess constituent parts of a provider against the eligibility criteria for specialist provider funding separately from the larger organisation that is the provider registered with us in the Approved (fee cap) category.

188. We note the request for transitional funding in the event that a provider currently in receipt of specialist provider funding is unsuccessful in its submission or otherwise has a significant reduction to its allocation. We have not yet made a decision about this. We will consider the case for any transitional funding once the panel process is complete. Providers should note that firm commitments they may have made to their students are a matter for them and should be honoured in line with the requirements of consumer protection law. We do not, however, accept they create any commitment for the OfS in how it distributes public funds, as that is something we would consider to be wholly inappropriate.

### **Question 12: To what extent do you agree with the proposed approach to the allocation of funding?**

189. In summary, our consultation proposed a funding method that would prioritise support for world-leading providers that have additional costs relating to their subject specialisms, but less scope to meet those costs through a diversity of income sources or efficiencies of scale. We proposed certain features of a funding formula to inform funding from 2022-23:

- a. Funding should be calculated to reflect numbers of OfS-fundable FTEs for the most recent year(s) available.
- b. Funding should be prioritised to providers of a small size, 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. Applying rates of grant per FTE that reduced according to a provider's overall size (in student number terms).
- c. Rates of funding should prioritise providers that specialise in higher cost subjects in price groups A, B and C1, and 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.

190. Of the 60 responses:

- 16 (27 per cent) strongly agreed
- 14 (23 per cent) tended to agree
- 10 (17 per cent) tended to disagree
- 5 (8 per cent) strongly disagreed
- 5 (8 per cent) neither agreed nor disagreed or preferred not to say

- 10 (17 per cent) did not select a response (their response was only partial or submitted by email).
191. Of those expressing a preference (the first four bullets above), 67 per cent strongly agreed or tended to agree with the proposed formula-based approach to the allocation of funding.
192. In total, we received 44 comments in response to this question. Responses can be grouped broadly into four principal themes:
- a. Support that funding should be calculated to reflect recent numbers of OfS-fundable FTEs, with arguments around whether data for a single year or an average of more than one year's data should be used.
  - b. Comments around funding being prioritised to providers of a small size, responding to our proposals on counting only a limited number of FTEs at any provider, and applying rates of grant per FTE that reduced according to a provider's overall size.
  - c. Comments around whether rates of funding should prioritise providers that specialise in higher cost subjects. A particular concern was that in prioritising the funding to high-cost and STEM provision, the OfS was failing to recognise the significance and importance of subjects such as the creative and performing arts.
  - d. Clear support for formula-based funding that is fixed and calculable in advance, as opposed to the uncertainty and burden of a competitive bidding exercise.
193. There was further strong support for our intention to prioritise the funding for world-leading providers that have additional costs relating to their subject specialisms, but less scope to meet those costs through a diversity of income sources or efficiencies of scale. Comments included:
- 'We agree with the proposals, that the additional funding should be allocated on the same basis as current funding - because its purpose is to help small specialist providers level-up where they cannot achieve economies of scale.'
  - 'We also strongly agree with the aim to secure value for money by prioritising support for world-leading providers that have additional costs relating to their subject specialisms, but less scope to meet those costs through a diversity of income sources or efficiencies of scale.'
  - 'Agree with the approach to allocation to funding.'
194. One respondent noted:
- 'We would also like to remind the OfS that all of the financial modelling and assumptions about small specialist providers is true, regardless of whether the provider is considered world leading.'
195. There was broad agreement that funding should be calculated to reflect numbers of OfS-fundable FTEs to ensure that allocations are based on a student population that reflects the OfS's funding responsibilities and priorities. As noted in the consultation, this will exclude, for example, students not subject to home fees (who are expected to be self-funding); students that are expected to be funded from another public source (such as research students and

those fundable by the ESFA); and students aiming for an equivalent or lower qualification (ELQ), unless subject to an OfS exemption to the ELQ policy. In total, 25 respondents provided positive comments, including:

- ‘Basing the allocation upon fundable student FTEs provides a clear and transparent process.’
- ‘Using publicly available data that is collected regularly seems to be a fair approach to the allocation of funding and is something organisations are familiar with.’
- ‘We find this approach helpful and are supportive of using the 2021-22 HESES return. We agree that only students who fall under the OfS’s funding responsibilities should be counted and only OfS fundable students whose overall qualification aim is at HE level should be counted.’
- ‘We agree with the proposal to calculate funding either on the HESES data provided for 2021-22, or alternatively by basing the calculation on a three-year average (i.e. 2021-22; 2020-21; 2019-20).’

196. However, of those responses, 13 respondents preferred that we use an average of more than one year’s data to ensure that allocations are not skewed by a single year outlier. A number of respondents proposed using an average of three years’ data. Comments included:

- ‘We would prefer to use the average of more than one year’s data rather than the data from 2021-22 to ensure that allocations are not skewed by a single year that could be an outlier. It should be noted that there has been a significant impact on student numbers at some institutions due to the Covid-19 pandemic so using this data as the basis for funding for the next five years is not appropriate and we would strongly argue against this. The allocation should not be based on data from a year that we already know is an outlier. Using an average of 3 years’ data as a minimum would be preferred, and the use of data from the intakes impacted by the pandemic should be treated with caution.’
- ‘we believe that a 3–4-year average of OfS-fundable students would overcome the risk of the funding being skewed by an anomalous year. In 21/22 there has been a Brexit related reduction in EU students, as well as a potential reduction following COVID-19, which has affected smaller providers of practical subjects more than large universities. An average assessment over a period would mitigate against the unique challenges of that year.’
- ‘With regard to the number of OFS-fundable FTEs to be counted in a formula, we would propose a three-year average.’
- ‘We have no strong view on whether to use a single year’s FTE data or to average over several years but modelling should be undertaken to ensure there is no anomalous impact of Covid-19 over the past two entry years.’

197. Following on from the proposal to average multiple years of data, there was a suggestion to use HESA data instead of HESES forecasts, to improve transparency of funding allocations.

198. A second theme to emerge came from our proposal that funding should be prioritised to providers of a small size. There was some overlap here with responses to questions 3 and 4.

199. There was broad support that funding should be prioritised to providers of a small size, counting a limited number of FTEs at each provider, with an acceptance that an upper limit is maintained at the existing 500 FTEs.<sup>36</sup> There was limited comment directly addressing applying rates of grant per FTE that reduce according to a provider's size, beyond a broad general acceptance. Comments included:

- 'We believe funding should be prioritised to providers of a small size, because they have less scope to achieve efficiencies of scale.'
- 'We believe that all providers identified as world-leading specialists should benefit from this funding, but agree that it should not overly benefit large providers.'
- 'We are in complete agreement with the proposal to prioritise providers of a small size for the reasons that you have identified in [Consultation] paragraph 66.'
- 'We agree that a limited number of FTEs should count for funding and would propose that the cap of 500 FTEs is maintained from the HEFCE methodology. We do not agree that if providers have more than this cap of OfS-fundable FTEs, then their allocation would be scaled back ([Consultation paragraph] 66 a.). The cap on funded FTEs should be sufficient to limit funding per institution without further penalising those with more OfS-fundable FTEs.'
- 'There may also be a case for scaling formula funding to ensure those with lower FTEs and income receive more support than for example those providers with more than 1500 FTE and/or income above £50m.'
- 'We support the proposal in [Consultation] paragraph 66b.'

200. As noted in responses to questions 3 and 4, there was concern from larger or multi-faculty providers about being excluded from this funding stream. Similarly, there was concern about the specific proposal that a formula would count only a limited number of FTEs at any provider, and apply rates of grant per FTE that reduced according to a provider's overall size. Suggestions included that funding should be allocated by a formula based on OfS-fundable FTEs of the world-leading subject specialism at a provider, or that OfS stipulate that the funding must be spent in support of students studying the world-leading specialism, targeting funding so that larger providers may qualify as world-leading in certain subjects. Comment included:

- 'In relation to the proposal to retain a threshold on the number of student FTEs eligible for funding, we support this in principle but would advocate a higher threshold than the current 500. We believe this would result in a more equitable distribution between all providers.'

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<sup>36</sup> Although our consultation proposed counting only a limited number of FTEs at any provider, we did not specify in our consultation what that limit should be. The reference to the existing limit of 500 FTEs is to the formula developed by HEFCE, which 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 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 the maximum allocation was £4 million. This method meant that funding was prioritised towards smaller providers.

Smaller institutions would still be advantaged as they would have a greater proportion of their students funded and would also benefit under the proposed scaling arrangements.'

- 'Large specialist providers must be included in this process; however we recognise and support that it is equitable and appropriate to allocate funding for smaller providers as outlined in the proposed approach.'
- 'Funding should not be weighted towards larger providers because of their size but by having a reduced FTE cap of 3,000 this in part resolves that problem.'
- Most notably, the setting of the cap on fundable numbers at 500 FTE was arbitrary and ill thought out. 500 fundable UG students is a typical size of English music conservatoires, but [Provider] provides world-leading specialist training for two art forms, music and dance which, together with our greater proportion of UK students, gives a larger cohort. A dual disciplinary base demands two specialist infrastructures tailored to the requirements of professional training in each art form plus facilities for collaborative working, all of which inflates the institutional cost base.'
- All specialist providers judged by the panel to be world-leaders should be entitled to the same share of funding per student FTE. For this reason, we also disagree with the proposal to apply rates of grant per FTE that reduces according to a provider's overall size.'
- 'With regards to the proposal to base the funding on student FTE at the registered entity this will disadvantage students at providers with multiple campus locations that are not within a single region..... The FTE students at each campus can vary wildly however each campus requires specialist equipment and staff. Although it could be argued that providers could cross-subsidise student fees from one campus location for equipment and resources at another campus the reality is that this means students at larger campuses will not be getting full value for money for their personal tuition fees as the money will be spent at a campus location they do not attend.'

201. There were some suggestions, from individual respondents, for additional or alternative factors that may be used in formula-based funding. One such suggestion was that any formula should take into account a provider's total income as a measure to assess the extent that a provider may achieve cross-flows of income and economies of scale:

- 'We would favour scaling funding rates according to total institutional income rather than fundable FTE. This would give a more accurate picture of an institution's 'scope to meet those (additional) costs through a diversity of income sources or efficiencies of scale' than student number which is less directly related to financial headroom. For example, a smaller fundable FTE may reflect an exceptionally high proportion of full fee-paying international students within a provider's student body rather than a fundamental difference in scale.'
- 'We do not think the method of size adjustment proposed in [Consultation] paragraph 66b is optimal and, whilst we understand that OfS has a different remit to HEFCE, and in particular that its remit excludes research, we would like to propose an alternative to 66b or an additional criterion, as follows: We believe the principle of reducing the allocation pro rata based on overall income is the best method to use as it addresses the increased opportunities for economies of scale and cross-subsidisation once a provider's activities overall are over a certain size. Other income-generating activities might include the

provision of clinical services, research contracts or commercial income, all of which will increase economies of scale and some of which will provide opportunities for cross-subsidisation. We propose a formula of funding at the full rate for providers with overall income of up to £40m, with that rate reducing pro rata in line with overall income down to zero if the provider has overall income of £100m or more. With income of £100m or more, we would argue that the provider is large, and that student provision will benefit from that even if the student body itself is small.'

202. Other suggestions included:

- '... combined with the smaller eligibility cap, a simple FTE-based funding formula with a cap on overall allocation of say £1m per provider per annum to ensure a larger number of deserving providers can access the funding. By allocating the available funds more widely the student interest will be better served than having a smaller number of students/providers benefit disproportionately.'
- '...for OFS to stipulate that a robust and ambitious access and participation plan will be a key requirement for institutions successfully securing this additional funding.'

203. In total, 22 respondents commented specifically on our proposal that rates of funding should prioritise providers that specialise in higher cost subjects in price groups A, B and C1, with the rates by price group to be scaled back for larger providers. Responses were clearly informed by the subject specialism of the respondent, with responses from providers that specialise in higher cost subjects in price groups A or B in favour of the proposal. In contrast, responses from 14 providers or representative bodies that specialise in subjects that fall in lower price groups commented that higher cost subjects already benefit from recurrent funding for high-cost courses. A number noted that high-cost courses are not a reflection or measure of whether a provider is world-leading and therefore cost should not be privileged in the allocation of funding.

204. Comments reflected a variety of views:

- 'We agree with the proposed approach of allocating funding based on OfS fundable FTE numbers and that funding should be prioritised to higher cost subject groups in A, B and C1.'
- 'We agree that there should be a priority for providers who offer subjects funded as price groups A, B and C1 as these are high-cost subjects to provide and particularly so for a small specialist HEI.'
- 'The additional nuancing that recognises higher costs for those providers in price groups A, B and C1 is also welcome.'
- 'We would welcome a methodology which provides tiered funding e.g. higher funding rates for price group A, than B, and than C1.....; supporting exactly the areas that the Government have deemed are strategically important and are of high societal benefit. Acknowledgement that these have differential costs, via tiered funding, is welcome.'
- 'For price groups A, B and C1 it is important that differential funding per FTE complements and does not exacerbate the discrepancy in funding received through the high-cost subject

funding stream. When we refer to this funding complementing the high-cost subject funding, we mean that subject C1 would receive a higher rate of world-leading specialist provider funding per FTE than subjects in A and B to compensate for the large differential received through the high-cost funding.'

- 'It will be important to ensure that formula funding levels continue to provide sufficient levels of funding to enable world-leading providers to compete on the world stage. There may be a case for differentiating formula funding levels in price group especially in relation to favouring world-leading specialist professional training in Price Group C1 where the UGT [undergraduate teaching] resource is close to the capped regulated fee level.'
- 'We consider that the funding should apply equally across price groups and student numbers, subject to a cap. We note that the current funding multiplier for creative arts courses is no longer a reflection of the additional costs of these courses, when compared to price group D.'
- 'With regards the high-cost element, we note that high-cost funding allocations are already made to support the additional cost of these courses. If this method is used to determine funding we would strongly resist the C1 price group being broken into two as with the teaching grant. The danger with allocating specialist provider funding by price groups is that it risks funding decisions being taken on subjects that are seen as strategically important by government rather than reflecting the true costs of running specialist provision within a subject area. We would favour the high-cost funding element only being distributed through current mechanisms in the teaching grant and specialist provider funding not being weighed by price group.'
- 'We are however concerned by the proposal to adopt rates of funding that 'complement the main high-cost funding method and other elements of OfS grant'. With the main high-cost funding method having already led to a considerable reduction in funding to price group C1 it is imperative that all providers meeting the specialist and world-leading criteria within price groups A, B and C1 (i.e. those price groups that the Office for Students acknowledge do incur additional costs in their delivery to students) are treated equally through the formula allocation, subject to any variation in the rate per student linked to the overall income for the provider and any cap in the number of students to be funded.'
- 'We strongly disagree with the proposal that rates of funding should prioritise providers that specialise in higher cost subjects in price groups A, B and C1. Providers specialising in these subject areas already benefit through the main high-cost subject funding method. All specialist providers judged by the panel to be world-leaders should be entitled to the same share of funding per student FTE.'

205. The consultation proposed a formula-based funding approach. However, we noted an alternative to a formula could be a bidding exercise, where providers make a submission for a specific amount of funding. We consider this alternative option would add complexity and uncertainty into financial planning, and introduce additional burden for providers. We also recognise (see question 10) that this funding stream is to contribute to the ongoing running costs of providers identified as world-leading, with a view to maintaining and enhancing the distinctive role they play. There was clear agreement that respondents would prefer a formula-based funding approach, including from those who disagreed/tended to disagree with aspects

of the proposed formulaic approach. No (zero) respondent was in favour of a bidding exercise. Comments included:

- ‘A bidding process would create uncertainty for providers and impact upon long term planning.’
- ‘We agree that funding should be determined using a formula approach, particularly due to the regulatory burden associated with a bidding exercise which would be particularly challenging for smaller providers.’
- ‘We support the proposal to use a formulaic approach as opposed to a bidding exercise. As we have asserted in recent consultations, bidding processes are unduly burdensome on smaller institutions.’
- ‘We do not believe that a bidding process is in the interest of specialist providers due to the substantial increase in burden and the dead-weight cost to a small and student-focused institution. In addition, a bidding process would require a provider to deliver a specific project in return for funding, and as outlined above it is essential for this funding to be used for core costs.’
- ‘We do not believe that a bidding process is in the interest of specialist providers due to the substantial increase in burden. We therefore agree that a formula approach should be developed in line with what is suggested.’

### **OfS response and decisions**

206. We welcome the broad support for our proposals over the features of a funding method for world-leading specialist providers, but recognise there was a variety of views over certain detailed aspects of implementation.

207. We confirm that funding for world-leading specialist providers will be calculated by formula informed by recent OfS-fundable 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 efficiencies of scale. We expect to achieve this prioritisation by capping how many OfS-fundable students we count in the formula and to apply reducing rates of grant per FTE as the size of providers increases.

208. We will consult further on aspects of the formula approach once the panel process is complete – we cannot finalise the parameters of a formula funding approach until we know which providers have been identified as world-leading and so are in principle eligible to be funded. As explained in paragraph 188, this also applies to any decisions over the availability of transitional funding to providers whose current specialist provider funding might be reduced or removed.

209. In the meantime, we have noted the views expressed on certain aspects of a formula funding method, but confirm that we will not make final decisions on them until that further consultation is concluded. This applies to decisions on rates of grant that might apply per FTE to reflect the different subject specialisms of providers. Nevertheless, our view remains that funding should be prioritised to providers that specialise in higher cost subjects in price



groups A to C1 (including both C1.1 and C1.2), but that rates of grant 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. By 'complement' we mean that we wish to avoid reflecting subject cost differences that are already addressed through the high-cost subject funding method.

210. We will similarly make decisions following further consultation on how size of provider might be reflected in the formula, including whether size might be judged based on provider income as well as, or instead of, the total FTEs of a provider; and, if using FTEs, what cap might be used. This also applies to decisions on whether the formula might ensure that providers above a certain size receive no funding, or some minimum amount.

**Question 13: Should we adopt an approach where funding is fixed across the proposed five-year eligibility period, or should we re-run our formula (as proposed in paragraphs 65 to 67 of the consultation) annually using the latest available student data?**

211. Our consultation explained that maintaining the level of funding a provider received throughout the five-year period would provide certainty for providers and enable them to plan effectively. However, if a provider's student numbers changed during this period this would not be reflected in their funding allocation. Alternatively, if we adopted an annual recalculation of funding, this would involve re-running our formula using the latest available student data. If the total funding available was fixed, this would result in a redistribution between the eligible providers. Whichever approach was taken, the level of funding would be subject to affordability depending on the overall teaching funding made available to the OfS from government.

212. Of the 60 responses:

- 27 (45 per cent) stated that funding should be fixed for the five-year period
- 17 (28 per cent) stated that funding should be calculated afresh each year
- 6 (10 per cent) neither agreed nor disagreed or preferred not to say
- 10 (17 per cent) did not select a response (their response was only partial or submitted by email).

213. Of those expressing a clear preference (the first two bullets above), 61 per cent preferred funding to be fixed for the five-year period.

214. We received 44 comments in response to this question. Reflecting the split in responses, a number of respondents noted there was benefit to both a fixed five-year period, and to formula funding which was calculated afresh each year, with much depending on a provider's size, specialism and strategy. One respondent (that neither agreed nor disagreed with the proposal) commented:

- 'We think there are pros and cons of either approach. On the one hand it is useful for a provider to know its funding allocation in advance to aid planning, on the other there will be changes made to the curriculum and student numbers as the years progress. Providers are also used to receiving an annually calculated allocation for other OfS funding streams and would technically be able to model any financial changes in advance once they know the unit cost per head.'

215. Of the 27 responses that supported the proposal that funding should be fixed for the five-year period, two issues were prominent:
- a. Eighteen respondents commented on the importance of providing certainty over the five-year funding period, which was of particular importance to smaller providers.
  - b. A parallel concern was the possibility of short-term fluctuations, or outlier years, that annual allocations derived from HESES forecast data may bring.
216. Comments included:
- ‘We believe the funding should stay fixed for the five-year period to allow providers to plan with certainty.’
  - ‘We are supportive of the funding being fixed for the five-year period to provide certainty and allow planning. Recalculating the funding afresh each year would lead to increased burden for the institution and OfS.’
  - ‘If funding is agreed for 5 years, that would enable providers to plan for sustainability and managed growth if that is their strategy. Annual changes based on student data would introduce an element of uncertainty, particularly for very small providers where a very small change in student registrations can have a huge impact. Such uncertainty increases the level of risk that a small provider would have the capacity to manage.’
  - ‘On balance, the benefit of stability for all funded institutions outweighs the advantage of greater sensitivity to student number changes, which could also incentivise growth to the detriment of quality. Were an institution to reduce their fundable numbers materially, however, there should be scope for the Office for Students to intervene to protect the public interest in the use of government funding – maybe a percentage lower tolerance band could be incorporated.’
217. Of the 17 responses that supported re-running our formula annually, 14 provided comment around the general issue of ‘fairness’, such that funding allocations that are linked to student numbers should be updated to reflect the most recent data available. They felt that, in order to allow for changes made to the curriculum and student numbers as the years progress, formula-based funding should be calculated afresh each year. Comments included:
- ‘This would seem a fair, reasonable and pragmatic approach.’
  - ‘...the formula should be run annually to reflect the natural changes in providers’ recruitment. It is perfectly possible for providers to plan for this.’
  - ‘We believe the funding should be recalculated each year to reflect the increase or decrease in OfS fundable student numbers to ensure growth of specialist providers [is] appropriately funded.’
218. A number of providers were in favour of annual updates to funding based on student number data, but raised a concern over managing significant year-to-year change. Comments included:

- ‘Circumstances change annually and it is right that, as provider situations change, so should their funding - although perhaps within relatively narrow margins of, say, +/- 10% of the previous annual allocation.’
- ‘On balance we agree that it could be appropriate to adjust allocations annually to reflect changes in provision at each provider. Capping the level of change in a single year would help to prevent potentially destabilising changes for institutions.’

219. A number of respondents also noted fixed funding would not recognise a growth strategy. Comments included:

- ‘Uncertainty increases the risk management for small organisations and annual changes would mean it would be harder to plan sustainably. If a growth strategy is in place, could this be reflected in the funding across the period?’

220. A number of respondents took the opportunity to further address the issue raised in consultation question 11 regarding the proposal for the eligibility period for funding to be five years, with concern that providers would be unable to access the funding stream for at least five years:

- ‘Annually is too frequent to develop the evidence for impact and “World Leading-ness”, as well as being onerous for small institutions to complete. However, 5 years, creates significant funding shortfalls for institutions that lose the funding and can’t reapply for 5 years. This would put vulnerable small providers at risk. I wonder why 3 years has not been considered as it would be more effective.’
- ‘[Provider] does not endorse calculating the funding afresh each year due to the potential implications for providers in outlier years. However, there should be provision set aside for new providers.’

### OfS response and decisions

221. We have noted the views expressed in response to this question. We have not made a decision yet on what our approach should be on the two options presented and will consider this as part of further consultation once the panel process is complete (see the OfS response under question 12).

222. As explained in our consultation, with either option, a provider judged to be world-leading will need to remain as 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.

### **Question 14: To what extent do you agree with the proposed approach to prioritising the distribution between providers of the remaining £5 million available for the 2021-22 academic year?**

223. Our consultation explained that the 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 may need to scale allocations back pro rata if the result sums to more than the £5 million available. 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.

224. Of the 60 responses:

- 16 (27 per cent) strongly agreed
- 24 (40 per cent) tended to agree
- 2 (3 per cent) tended to disagree
- 1 (2 per cent) strongly disagreed
- 7 (12 per cent) neither agreed nor disagreed or preferred not to say
- 10 (17 per cent) did not select a response (their response was only partial or submitted by email).

225. Of those expressing a preference (the first four bullets above), 93 per cent strongly agreed or tended to agree.

226. We received 36 comments in response to this question with clear approval for the proposal described in consultation question 14.

227. A total of 27 respondents expressed agreement with the first OfS priority to distribute the £5 million available for 2021-22 to world-leading specialist providers that are not in receipt of a share of the £48 million already allocated, using the same formula approach as proposed for 2022-23. Comments included:

- ‘This appears to be a sensible prioritisation for this additional funding.’
- ‘We agree that the remaining £5m funding should be prioritised to any newly eligible providers.’
- ‘We agree that the first priority for this funding should be to support those providers identified as world-leading and meeting the definition of specialist not already in receipt of a share of the £48m already allocated. While we would suggest that it might be more equitable to apply the current rules in place from the last review to inform formula allocations to those providers we accept that the tight timescales involved in allocating the £5m might make that problematic for the OfS.’
- ‘We strongly agree that the priority for the distribution of the £5 million available should be to world-leading specialist providers that are not in receipt of a share of the £48m allocated.’
- ‘We welcome the proposal to distribute any funds remaining in 2021/22 to other existing providers with world-leading status. In this regard, we note that such providers may have lost an element of C1 and London Weighting allowances in year and such additional funding could recompense for this and provide an inflationary uplift to same level of cash funding awarded since 2016.’

228. A small number of respondents noted this proposal is consistent with the terms and conditions of grant placed on us in the Secretary of State's statutory guidance letter of 25 March 2021.<sup>37</sup> Comments included:

- 'It is difficult to see what else the Office for Students can do here, given the instructions received from the Secretary of State.'

229. There was particular support that the funding should be distributed to providers that have been identified as world-leading by the panel. Comments included:

- 'We support in principle the proposed approach to prioritising the distribution of the remaining £5 million specialist provider funding available for the 2021-22 academic year on the basis that funding is allocated only to those institutions that meet the world-leading criteria for specialist provider funding from 2022 onwards through the formal panel assessment process.'
- 'We agree with the proposal that all funding should be limited to providers who have been approved by the panel as being world-leading.'
- 'A process that subjects eligible providers to the same rigour as existing recipients and distributes funding on the same basis is the appropriate approach.'

230. In contrast however, a small number of respondents raised concern over the distribution of the £5 million to proven world-leading providers. They suggested that funding should be distributed to current providers with established or emerging world-leading status, that are not yet funded. Comments included:

- 'Seeing as the consultation is taking place in-year and the majority of the funding has already been allocated to providers who have not yet been adjudged to be world-leading the fairest solution is to distribute the remaining £5M amongst the other providers in [Consultation] annex B who also have not yet been adjudged to be world-leading. This will allow all providers to go through the assessment exercise in-year with allocations based on the forthcoming assessment exercise distributed for the 2022-23 academic year.'

231. Similarly, a small number of specialist providers raised specific points, linked to their individual funding circumstances. Comments included:

- '..... we would urge another priority to be inserted – to allocate funding to proven and consistent world-leading providers who will not receive further funding on a technicality – namely the size of the registered HEI they have had to partner with.'
- 'For example, in this consultation we feel strongly that in 2021-22 priority and special consideration should be given to those institutions who were already deemed world-leading and who were excluded from specialist funding in 2019-20 and 2020-21 as a result of becoming an independent HE provider in line with Government priorities but suffered a delay to the expected review of specialist funding.'

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<sup>37</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/).

232. Although generally agreeing with the proposal, a small number of providers raised concern over the burden of an exercise to demonstrate 'world-leading' status for the remaining 2021-22 funding, suggesting a simplified application for 2021-22 and a full submission for funding for 2022-23 onwards. Comments included:

- 'A simplified version of an application process for this relatively small allocation feels appropriate. Then a more robust and full process could learn from this 'pilot' and would roll out for 2022/23 onward. Providers should have to prove eligibility as they would for all future funding and should be world leading and I would suggest in need of additional investment.'
- 'The amount of additional funding which remains to be distributed for 2021/22 is a relatively small amount and whilst the eligibility level for a provider should be as proposed, a more streamlined submission could be requested for this funding, with a full submission required for 2022/23 onwards.'
- 'The use of the new criteria for 22/23 onwards for the remaining allocation of £5m seems fair. However, given the timeframe and the relatively small funding pot the process could be tailored accordingly, working within the same broad principles.'
- 'It is not clear how this assessment might work without providing a disproportionate burden.'

233. The consultation proposed that if any funding remains once the first priority (as discussed above) has been met, we will distribute it among other specialist providers identified as world-leading by the panel. We will prioritise those providers that may have an increase to their allocation from 2022-23. There was broad agreement with the proposal as a whole, but limited specific comment on this part of the proposal. Comments included:

- 'Should any funding remain, we believe it should be allocated to providers currently in receipt of specialist provider funding who meet the world-leading criteria to retain this funding from 2022/23 onwards on a fair, transparent and robust formulaic basis.'

234. Respondents noted in this, and other questions, the reduction in funding to price group C1 and the removal of the targeted allocation for students attending courses in London had significantly affected a number of specialist providers. To this end, a small number of respondents made additional comments, broadly suggesting that any remaining funding should be prioritised to providers currently identified as world-leading (under the previous HEFCE review). Comments included:

- 'Any balance of funding remaining after allocation to newly qualifying institutions should be prioritised for those world-leading institutions with a lower unit of funding in 2021-22.'
- 'We would however argue that any remaining funds should be allocated among currently funded providers pro-rata to their existing funding.'

## OfS response and decisions

235. We welcome the broad support given to our proposals on how to prioritise the distribution of the remaining £5 million available for 2021-22 and confirm that we will implement those priorities.

236. We were not persuaded about arguments for having a lighter touch process to inform the distribution of funding for 2021-22, separate from the full review used to determine eligibility for world-leading specialist provider funding from 2022-23. Our view is that any separate process for 2021-22 adds to the burden of providers and the OfS, and there would be a risk that a lighter touch review would result in less robust results.

237. We do not accept that eligibility for the 2021-22 funding should be extended to providers that have not been assessed as world-leading for reasons set out in paragraph 32, nor to constituent parts of a larger provider for reasons set out in paragraph 33. We also believe that specialist providers newly identified as world-leading by the panel should be treated on a consistent basis in our approach to funding, irrespective of their historical circumstances. We will return to this question when we consult further on the approach to funding for providers assessed as world-leading.

238. We recognise that many providers' funding for 2021-22 was adversely affected by the reduction to funding for price group C1.2 subjects and the removal of London weighting, following terms and conditions placed by the government on the OfS's grant.<sup>38</sup> Some of these providers have nevertheless had an overall increase in OfS grant for 2021-22 because of the 11 per cent increase already provided to their specialist provider funding. The conditions placed on us limit our ability to prioritise funding to providers to counterbalance reductions they have experienced relating to London weighting and high-cost subject funding for price group C1.2, even if we considered that an appropriate approach to take. Our view remains that, if any funding remains after prioritising providers newly identified as world-leading, we will distribute it among other specialist providers identified as world-leading by the panel, prioritising those that will have an increase to their allocation from 2022-23.

## Question 15: Do you have any other comments on the proposals in this document?

239. This question invited only comments, rather than also a selection of preferences. We received 27 comments, many of which reiterated views expressed in response to earlier questions.

240. Ten respondents made comments in support of the OfS providing transitional funding to help providers manage any decreases in funding following the review. After the review of specialist funding carried out by HEFCE in 2015-16, providers whose funding was reduced or removed may (subject to criteria) have received transitional funding, to phase in a reduction in

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<sup>38</sup> See the government guidance letter of 19 July 2021, 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/).

funding. The aim was to prevent sudden harm to providers or students, and to allow providers to make appropriate adjustments to their financial planning. Respondents commented:

- ‘The consultation does not provide any information about what would happen if a provider loses its specialist funding, or has its allocation dramatically decreased. This would have an immediate negative impact on current students and we think the OfS should devise a one-year transitional arrangement in line with the previous approach.’
- ‘Previous rounds of specialist funding reviews had ‘transitional’ arrangements built into the review. In order to protect continuing students and the short-term financial viability of providers, we believe that the OfS should set a limit on the volume of reduction that any existing provider might face in any one year as a direct consequence of this review and publish how transitional arrangements will work as part of the outcome of this consultation.’

241. Three respondents argued for the introduction of an appeals process in this review of specialist funding. They argued that the lack of an appeals process went against the rest of the OfS’ regulatory activity which is based on cooperation with the sector.

- ‘We think it is critical to have a fair opportunity to have any submission decision reviewed with transparency in terms of the decisions taken.’
- It is ‘disappointing to find that no appeals process is being considered under these proposals.’

242. Three respondents highlighted that providers currently in receipt of specialist provider funding should not be unduly advantaged in this review process. One of these argued that the focus on providers having an ‘enduring reputation’ favours those already funded, and disadvantages newer providers which consider themselves world-leading due to their forward-thinking or innovative pedagogy. Another stated that this review of specialist funding felt like it was designed to sustain the funding of those who have received it since the last review, rather than a genuine attempt to review how best to fund specialist providers. The third commented:

- ‘Care must be taken that current and historical recipients of this specialist funding are not unduly advantaged through the process precisely because as a result of their additional and significant funding over many years they are better placed to demonstrate their ‘world leading’ status and bring referees and evidence to the discussion that other excellent providers have not had opportunity to accumulate.’

243. Four respondents argued that work on access and participation, or equality, diversity, and inclusion should be considered either as a criterion, or add positive value when the panel decides on funding allocations. They argued that improving access and diversity in specialist education is key to creating accessible and representative specialist employment sectors. Comments included:

- ‘Although OfS state they have had regard to general duties of the Equality Act, there is no question on impact of these proposals on individuals on the basis of protected characteristics. One way to address this would be including a criterion which is based on demonstrating how an institution supports an EDI agenda. Alternatively, we would suggest that performing well in APP or on widening access, participation and success metrics, should be a criteria for funding, especially [as] these have been important in other bidding



exercises e.g. for extra Medicine students. ... OfS (and the sector) shouldn't be able to think of institutions as excellent, let alone world leading, if they are not also actively dismantling barriers.'

- 'Small and specialist have the same responsibility to widen participation and access to underrepresented groups as larger organisations and often can be the drivers of innovations in this area.'

244. Two respondents commented that efforts should be made to ensure that funding is spread across different regions, linking this to the government's levelling up programme. They highlighted that the current list of providers are largely from the South East and London, which, they argue, works against access and participation goals on a national level. One commented:

- 'With student choice of study option, and by implication choice of study destination, being an important driver in the Government's levelling-up agenda and critical for the global reputation of the UK Higher Education Sector as a whole, we would like to emphasise the need for the review process to recognise and embrace world-leading provision in the performing arts wherever this exists in the country to mitigate the risk of opportunity for students being restricted to London and the South East.'

245. Two respondents stated that in assessing providers' world-leading status, the contribution of students, graduates, and teaching practitioners should be considered separately. They wrote:

- 'The contributions made by teaching practitioners and students and graduates are both important but we would welcome a separation that allows for the teaching practitioners impact to be presented separately from that of students and graduates. It allows for a more refined understanding of the contribution of each group.'
- 'It is important to ensure that the achievements of graduates are not conflated with the standing of teacher practitioners in their field. These should be seen as two different and distinct criteria as they provide two different evidence bases.'

246. A small number of comments were made on the timeline of the review process, and on the consultation process itself. Four respondents asked for clarity on timelines for this review process, and for providers to be given ample time to prepare submissions given the high importance of this funding to them, and the challenges of producing thorough submissions with small staff teams. Comments included:

- 'We would welcome more certainty as soon as possible please about the timetable dates when final criteria will be confirmed and the final submission date and decision making. We ask that given the importance of this submission and the need to ensure it is as high quality as possible a substantial period of time is given for submissions to be prepared between the criteria and the submission date. This is particularly important given most institutions are making in year adjustments to provision and activities in the light of emerging Covid information.'
- 'This proposed process will be time consuming for both institutions and OfS (with very short turnaround). It will disadvantage institutions who do not necessarily have staff qualified to

drive such applications, and these may then be forced to seek assistance from external consultants, which is not in line with VfM [value for money].’

- ‘Providers must set forward Budgets ahead of the new academic year. This work commences in April. Funding decisions announced after May which result in any significant reductions in funding will cause planning and financial sustainability issues for providers.’

247. Two respondents requested clarity on the timing of the next review of specialist funding, so that providers know when to expect the review and can make appropriate financial plans. One wrote:

- ‘It would be helpful to understand earlier in the five-year cycle about the potential for continuation funding, since for small and specialist providers it impacts the entire business model.’

248. One respondent stated that they would have valued a longer timeframe to respond to the consultation itself, given the small staff that small specialists operate with, and that a presentation or briefing on the consultation would have been valued.

249. One respondent stated: ‘There should be an equality impact assessment conducted on proposals as is normally the case for OfS consultations.’

250. One respondent reiterated their concern, discussed previously, that: ‘should funding levels be reduced as a consequence of being spread more thinly, it would have a devastating impact on what existing providers could continue to deliver.’

251. One respondent reiterated their belief that small specialist providers need financial support regardless of world-leading status. They wrote:

- ‘These providers are at the very least regionally significant in ensuring that those across the country and those in rural and coastal areas have access to high quality specialist HE. These institutions also host specialist technical equipment which is of benefit to the local region and the businesses within it - helping the levelling up agenda through KE and skills training. Small HEIs are routinely penalised in funding competitions - and very few have received any funding for innovations in the student experience which is disproportionate to the number of small providers on the OfS register.’

252. Respondents affected by specific and unique concerns over eligibility, discussed under question 1 (see paragraph 28), reiterated their concerns.

## **OfS response and decisions**

253. The comments made by respondents to question 15 largely reiterated comments previously raised in response to earlier questions. OfS decisions on those earlier questions are set out above.

254. Paragraph 188 notes that we will consider the case for any transitional funding once the panel process is complete.

255. Paragraph 165 confirms that we will not have an appeals process and paragraph 151 sets out the circumstances under which the panel may invite representations from a provider.
256. We have responded under question 5 (paragraphs 102 to 108) to comments about the proposed criteria for assessing a provider as world-leading, in particular over the reference to an 'enduring reputation'.
257. Paragraph 125 explains that we have introduced a new category of evidence that providers may wish to submit, which is to cover the environment in which teaching is provided. We are using 'environment' in a broad sense and are confident that all providers that aspire to be world-leading will have evidence to submit under this category. It will be for the panel to decide how persuasive a case this and all other evidence make to its assessment of whether the provider is world-leading.
258. Paragraph 35 confirms that the government's levelling up agenda is not a purpose of our funding for world-leading specialist providers nor a criterion in the assessment of providers.
259. There is already separation between graduates, students and teaching practitioners in the categories of evidence required to demonstrate how a provider meets the third criterion for assessment as world-leading ('the provider's students, graduates and teaching practitioners contribute to the development of their particular specialisms in a way that is recognised internationally or create the new industries, techniques or art forms of the future'). We expect providers to draw out these different contributions in their submissions.
260. We acknowledge the points made by respondents relating to uncertainty over the timescale for the review process and the burden on providers of making submissions to the OfS. We have outlined in this document the expected timetable for the current review. We are not at this point in a position to set out a timeline for the next one. In settling on a five-year gap between reviews, we have recognised the burden on providers of making submissions and desirability of providers being able to plan in the medium term. We believe this burden is appropriate given the significant public funding that we expect to distribute on the basis of the review over the coming years.



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