

Annex A: Additional capital funding 2020-21

Process for allocation and bidding guidance

1. This document contains updated information and guidance for the submission of bids for additional capital funding in the financial year 2020-21, following our analysis of the responses to our consultation in OfS 2020.45.¹ Please read this document carefully before submitting a bid for additional capital funding 2020-21.
2. We will distribute the additional capital funding of up to £10 million that the government is providing for financial year 2020-21 through a bidding process to ensure the funding is targeted where it will add most value. The priorities for this funding are to support additional costs for providers that have increased student numbers in high-cost subject areas in 2020-21, in particular where these costs arise from the effects of the decision to revert to centre-assessed grades for A-levels and other Level 3 qualifications in summer 2020. The extra funds are to help providers with increased capacity and to ensure positive graduate outcomes.
3. The timetable for finalising the distribution of this funding is tight. We wish to determine allocations that prioritise providers with the largest increases in student numbers to courses in high-cost subjects (for which signed-off HESES20 will not be available until early February 2021) while also ensuring that funding is distributed to providers in a timely way and fully spent by them on eligible activities by the end of the financial year (31 March 2021).
4. In order to be eligible for a share of the extra £10 million in capital funding:
 - a. The provider must be registered with the OfS in the Approved (fee cap) category.² This is the category of provider that we are empowered to fund under section 39(1) of the Higher Education and Research Act 2017 (HERA).
 - b. The provider must have an overall increase in 2020-21 OfS-fundable full-time or part-time undergraduate FTEs in **at least one of the** price groups A to C1, compared with the equivalent FTEs that have informed our formula recurrent and capital grants for 2020-21. We will check the numerical information provided in the bid against our own

¹ The consultation (OfS 2020.45) is available at www.officeforstudents.org.uk/publications/additional-funding-for-2020-21-and-monitoring-of-medical-and-dental-intake-targets/.

² As stated in paragraph 27a of 'Terms and conditions of funding for 2020-21' (OfS 2020.22), a provider not registered in the Approved (fee cap) part of the OfS's Register at the time that the OfS agrees the allocations is not eligible.

calculations of growth based on the provider's HESES20 submission, so providers must ensure that the data in both submissions is consistent in the relevant areas. The additional £10 million funding has been provided by government to support additional student numbers in high-cost subject areas following the re-grading of A-levels and other Level 3 qualifications in summer 2020. We do not expect this to apply to postgraduate students, nor to undergraduates on sandwich years, and hence they are not counted in assessing whether a provider has the overall increase in OfS-fundable FTEs described in this paragraph.

- c. The provider must submit a bid for funding, which we must receive **by 1700 on 30 November 2020**. Providers wishing to bid should email additionalcapitalfunding2020-21@officeforstudents.org.uk to request access to an online bidding form for completion. Such bids must relate only to capital expenditure that meets the definition in paragraph 16. We will not accept more than one bid from any individual provider, nor will we accept collaborative bids. This is because we will prioritise funding to individual providers that are best able to demonstrate a need for capital investment to increase their higher education teaching capacity, particularly in high-cost subjects, arising from increased student numbers in 2020-21. We will not fund bids that we believe, through the information submitted, do not meet these requirements.
5. We will prioritise between bids according to:
- a. **Criterion 1:** The extent to which a provider is able to demonstrate increases in undergraduate full-time or part-time FTEs³ on courses in high-cost subjects, particularly where these are attributable to the effects of re-grading of Level 3 qualifications in summer 2020. This may include:
 - i. Applying weights to the growth in each price group so that we prioritise support for increased FTEs in high-cost subjects. Such an approach would involve giving highest weight to price group A, with weights then reducing to a minimum for price group C1. Growth in price groups C2 and D will not be counted (will have a zero weight) in such prioritisation.
 - ii. Adopting threshold criteria relating to growth, or growth weighted by price group, below which support will not be provided. This would mean that simply meeting the eligibility criterion relating to growth may be insufficient for a provider's bid to be accepted if many other providers are able to demonstrate significantly greater increases in FTEs.

³ We will assess growth for each provider in both absolute and percentage terms, so that the size of a provider does not unduly affect our assessment of any growth it has achieved. Although the bidding template asks only for growth in absolute terms, we will calculate the percentage increase that this represents with reference to the equivalent student numbers shown on the 2020-21 recurrent grant Table E (see footnote 4).

- b. **Criterion 2:** The strength of the case presented for the capital investment, particularly in supporting increased capacity and positive graduate outcomes in high-cost subjects. This could, for example, relate to the capital needs of courses that require use of expensive, specialist facilities and equipment, or to more general facilities that will be of wider benefit in the delivery of teaching to a larger group of students. This could also include expenditure to support adaptations to the delivery of teaching and assessment in response to the coronavirus pandemic.
6. In prioritising bids, we will give equal weight to the two criteria described in paragraphs 5a and 5b. Paragraphs 13 and 14 provide further information about how we will prioritise between bids according to the increases in undergraduate FTEs in high-cost subjects; paragraphs 15 and 16 provide further information about how we will prioritise between bids according to the strength of the case presented for capital investment.
7. To support a broad group of providers with sums that can have a material impact on the availability of facilities and equipment to support increased student numbers, we will cap the total that any provider can receive, and also apply a minimum threshold, below which no funding will be provided. Between these two limits, our approach to determining the cash sum that an eligible provider might receive is that this should be based on the capital expenditure plans, excluding any amounts to be met from other OfS capital grants and other home and EU public sources, set out in eligible providers' bids. In the event of the funds available being over-subscribed, this will involve scaling back allocations pro rata, subject to the cap and threshold criteria, to ensure funding for the bids to be supported comes within budget.
8. There will be a balance to be struck in determining how many bids we are able to support and the maximum threshold and intermediate levels of grant we are able to provide. For example, a large number of strong bids may result in lower levels of grant or more demanding threshold criteria for funding than if the number of strong bids is fewer. We are though unable to model this until we have assessed the bids received and reviewed the increases in student numbers in the year. There will likely be a number of options for us to consider when making final decisions. Bidders should be aware that in reaching final decisions, we will look to ensure we are able to offer an overall package of support across a broad group of providers that we consider best meets the priorities set out in paragraph 2 within the funding available.
9. For those considering bidding, and solely for illustrative purposes, providers may wish to plan on the basis that the maximum allocation might be in the range £250,000 to £400,000 and the minimum threshold might be no less than the £10,000 that applies in our existing formula capital allocations for 2020-21. These are not put forward as firm proposals or predictions. They illustrate what might be needed if the £10 million available were to be spread across several dozen providers that were able to make good cases for support in light of their increased student numbers in 2020-21.

Criterion 1: Supporting undergraduate FTE growth in high-cost subjects

10. In completing the bidding template, providers should include the change in OfS-fundable undergraduate FTEs for each price group A to C1, separately for full-time and part-time students, compared with the numbers that have informed the distribution of OfS formula capital grants for 2020-21 (as announced in OfS 2020.17⁴). This should include both negative as well as positive changes. Students on a sandwich year out should be excluded. Providers should also include a description of how the numbers in their 2020-21 entry cohort have been affected by the arrangements for grading Level 3 exams in summer 2020, including the approach to recruitment which has been adopted in response.
11. We will check the information on student numbers against providers' submissions to the HESES20 survey, including once the latter is formally signed off by early February 2021.⁵ We may refuse to support bids, or reclaim or recalculate funding, if we subsequently find that discrepancies compared with HESES20 data materially weaken the strength of a provider's case for additional capital funding under this initiative. Those writing bids should liaise with their colleagues responsible for HESES20 data, to ensure consistency.
12. Funding has been provided to support increased capacity following the re-grading of A-levels and other Level 3 qualifications in summer 2020. While postgraduate students and students on sandwich years out may benefit from the capital expenditure, they are not a priority in determining the distribution of funding.
13. In prioritising between bids to reflect increases in FTEs in high-cost subjects (as outlined in paragraph 5a), we will determine a score for each bid through a formulaic approach reflecting how providers are able to demonstrate increases in undergraduate FTEs in both absolute and percentage terms in different price groups and modes of study, and

⁴ The student numbers that have informed the 2020-21 formula capital grants announced in OfS 2020.17 (available at www.officeforstudents.org.uk/publications/formula-capital-funding-for-2020-21/) are the same as those that have informed the 2020-21 recurrent grant allocations. The calculation of growth, separately for each price group and mode, should therefore be:

- the OfS-fundable undergraduate FTEs that providers expect to confirm in HESES20 Table 1, Column 4 (for full-time) or Table 3, Column 4a (for part-time); minus
- the full-time (not sandwich year out) and part-time undergraduates in each price group shown on their 2020-21 recurrent grant Table E, under the column headed 'Total FTEs for 2020-21 other high-cost targeted allocations' (column K in the worksheet).

⁵ We expect consistency between the increased student numbers that providers report in their bids, with those evident from their HESES20 submissions. Collecting this summary data as part of providers' bids will enable us to make quicker progress in assessing providers' eligibility for funding and prioritising between bids, given that many providers will not submit HESES20 until 10 December 2020. We may ask providers about any material differences in the student number growth they report as part of the HESES20 data verification process. This data collection process is intended to facilitate making provisional capital allocation decisions early in the new year, albeit that these will be subject to confirmation once HESES20 is signed off in early February 2021. Publication of HESES20 data is subject to the protocols that apply to official statistics.

with priority (increasing weighting) given to the highest cost subject areas. While eligibility to bid requires growth in at least one of the price groups A to C1 in either full-time or part-time FTEs, our scoring of this aspect of the bid will take account of all OfS-fundable undergraduate FTE changes (both positive and negative) in these price groups. The score for the bid for supporting undergraduate FTE growth in high-cost subjects will be the higher of the score calculated on the basis of full-time growth and that calculated on the basis of part-time growth. This will ensure that, where part-time numbers have declined, this does not serve to reduce the growth that we recognise in full-time undergraduate FTEs at a provider, and vice versa.

14. Scores for this aspect of a bid will be in the range 0 to 16, but we do not expect to use each intermediate integer. The maximum score is the same as the maximum available for the strength of the case for capital investment (see paragraph 15), reflecting that these two aspects are evenly weighted. The numerical thresholds that inform those scores cannot be specified at this time, because they will depend on the growth reported across the group of providers that choose to submit bids. However, a score of 0 will be given in (separately) scoring full-time and part-time growth where there is no or very little evidence of growth in the bid, or in the provider’s HESES20 survey, compared to the OfS-fundable FTEs that informed its formula capital funding for 2020-21. A score of 0 for both full-time and part-time growth will mean that the bid will not be supported.

Criterion 2: The strength of the case for capital investment

15. OfS staff will assess the strength of the case for capital investment made in each bid (as outlined in paragraph 5b), by scoring a number of assessment factors individually, from which an overall score will be determined. Bidders should ensure that each factor is fully addressed in the template. The factors against which we will assess the criterion relating to the strength of the case for capital investment are set out in paragraph 16 of this annex. The initial scoring will attach scores from 0 to 4 against each factor in paragraphs 16a to 16d. A score of 0 for any of them will mean the bid will not be supported at all. The descriptors of the scores are shown in Table 1.

Table 1

Score		Description
4	Excellent	Fully evidenced. Clearly and comprehensively meets all requirements. No significant weakness apparent.
3	Very Good	Some clear evidence and detail provided which clearly meets requirements. However, some minor weaknesses may be apparent.
2	Satisfactory	Acceptable but basic evidence provided which could have been expanded upon to provide more detail. Some essential information may be unclear.
1	Poor	Only partially acceptable with clear deficiencies apparent. Information falls well short of providing full confidence, as described.
0	No score	No or only very limited evidence provided. Bidder failed to address the specific criterion.

16. In completing the bidding template, providers should address the following factors against which we will assess the strength of the case for capital funding:

a. Confirmation the request is for eligible capital expenditure in financial year 2020-21 not met by other OfS, UK or EU public funds

- i. The bid should include a clear description of the capital items that any OfS funding will support and the objective of the investment. Capital expenditure means money used to acquire, adapt or refurbish fixed assets, such as land, buildings and equipment, and which is normally capitalised in the provider's audited annual accounts. Capital expenditure must be on assets that will support the delivery of higher education courses to students. Funds used to acquire, adapt, or refurbish the assets below qualify as eligible capital expenditure for the purpose of this funding:
 - Land, buildings, and equipment, but excluding assets relating to student or staff residences or catering services
 - Smaller items of equipment such as computers and laptops, chairs, tables
 - Specialist equipment.
- ii. The following do not qualify as capital expenditure for the purpose of this funding, because they are revenue costs:
 - Wages or costs for hiring additional staff
 - Expenditure on rent or operating leases
 - Expenditure on maintenance of equipment.
- iii. Higher scoring bids (scores of 3 or 4) will provide details of focused projects or investments that are needed as a result of increased growth. This could include details for specific, higher cost subjects which require support. Lower scoring bids (of 1 or 2) may provide more generic or limited information on the investment required, which may reflect a lack of planning or certainty in how the funds are to be used. Bids which focus on revenue expenditure, rather than capital, or which we consider have missed the purpose of the initiative in some other way, will be discounted (zero score) and will not receive funding.

b. Supporting high-cost subjects

- i. Proposals that clearly prioritise higher education teaching of laboratory-based subjects (science, technology, and engineering) and health disciplines (medicine, dentistry, nursing, midwifery and allied health professions, veterinary science) in price groups A and B, and intermediate cost subjects in price group C1 (such as computing, performing and creative arts, media studies) will receive a higher score (of 3 or 4).
- ii. Bids that are less focused on the above subjects, such as on facilities or assets that provide wider benefits for higher education teaching in subjects in price

groups C2 and D (such as business, social sciences, humanities) or for further education teaching or for research, will receive lower scores (of 1 or 2) as these are not the priorities for the additional funding.⁶

c. Funding

- i. Bids must set out the total eligible capital expenditure the provider expects to incur on the items described in the bid within the 2020-21 financial year (that is, from 1 April 2020 to 31 March 2021 and in line with the priorities). All funds must be spent by the end of March 2021.
- ii. The contribution towards this expenditure that will be met from existing OfS capital grants (including as announced in 'Formula capital funding for 2020-21', OfS 2020.17) and grants from any other UK or EU public source. We will not allocate funding that duplicates grant from such sources. We will, however, provide funding towards expenditure on larger capital projects that is not being met by other public sources and which addresses the priorities of this additional OfS funding.
- iii. We will consider if the funding requested looks justified in the context of the information provided, including the number of students to be supported.
- iv. The funding figures should be clear and accurate.
- v. Higher scoring bids (of 3 or 4) will set out clearly how projects and investments are being managed, with information on issues such as risk, reporting and procurement; will make a strong case that the funding sought is justified in the context of the additional high-cost teaching activity at the provider; and include assurance that all funds will be spent by 31 March 2021. Lower scoring bids (of 0 to 2) will be awarded where there is a lack of clarity, affecting our ability to assess the information; where the sums requested appear disproportionate to the extra high-cost teaching activity at the provider; and where there is a lack of assurance that funding will be spent in full by 31 March 2021.

d. A description of how the capital expenditure will support positive graduate outcomes

- i. We do not want to be too prescriptive in our guidance for bidders on this criterion, because each provider will have a different approach to positive graduate outcomes depending on their individual circumstances and the type of

⁶ We recognise that it may be neither feasible nor desirable to create ring-fenced boundaries between higher and further education, or teaching and research facilities. For example, equipment purchased using OfS capital funds may be used by both higher and further education students or for both teaching and research purposes. However, for this initiative, the primary purpose of the capital expenditure must be on assets that will provide increased capacity for students on taught higher education courses and bids will be scored more highly the greater that focus is on taught higher education courses in high-cost subjects.

investments that they are making for their students. The capital investment should, though, enhance the provider's ability to secure positive graduate outcomes for all students involved.

- ii. Information on positive graduate outcomes could include these points:
- How any investment will contribute to students' successful outcomes for their particular course of study. This could include supporting progression into further study or helping to lead to highly skilled employment.
 - How the investment aligns with the provider's access and participation plan.
 - How the investment helps the provider to deliver and achieve its wider access and participation ambitions and targets.
 - How the investment will help students to develop the skills needed by local or national employers, perhaps supported by reference to or evidence of employer involvement or consultation.

This is not an exhaustive list but provides some guidance on how to approach this factor. Higher scoring bids (of 3 or 4) will set out the positive benefits for students and graduates of the investment, which will be clearly identifiable in the narrative. We are not looking for information on how the provider itself will benefit from the proposed investment.

Determining and finalising allocations

17. The scoring of the two criteria described in paragraph 5a and 5b will be used to determine an initial prioritisation of bids, which will then be balanced against the approach to offering an overall package of support across a broad group of providers, as described in paragraph 8. If, because of the limitations of the funding available, we need to make decisions in choosing between bids that are otherwise closely scored, then we may prioritise a bid that is better able to demonstrate that growth is attributable to the consequences of Level 3 qualification re-grading above one that is not (see paragraph 10 for the information requested in the bidding template about this). This approach will determine the provisional awards to be notified in January.
18. If a provider does not wish to receive the provisional allocation notified in January (for example, because it will not be able to use the funding for the purposes intended by 31 March 2021), or if we subsequently find that information included in the bid was materially inaccurate such that the bid should not have been supported,⁷ then the provisional award will be withdrawn. In this circumstance we will look to reallocate the funding to other providers. This may be by increasing the rate of funding for providers

⁷ For example because the FTE growth reported in the bid is materially inconsistent with the provider's signed-off HESES20 data.

that have been successful, or by supporting the next bid in our priority order that was not previously successful.

19. The process and timetable for the distribution of capital funding is:

- **1700 on 30 November 2020:** deadline for submission of bids for capital funding. Providers wishing to bid should email additionalcapitalfunding2020-21@officeforstudents.org.uk to request access to an online bidding form for completion
- **December 2020:** assessment of bids by OfS staff to determine recommendations for support
- **January 2021:** provisional decisions on the distribution of capital funding notified to providers
- **February 2021:** confirmation and payment of funding allocations subject to signed-off HESES20 data substantiating the FTE increases set out in providers' bids and confirmation by the provider that it is able to use the allocation in full towards eligible expenditure by the end of the financial year.

20. The additional capital funding will be subject to the terms and conditions that apply to formula capital funding for 2020-21 set out in OfS 2020.22.⁸ In addition, the grant must be used towards the expenditure identified in a provider's submission (or such part of it as we may specify) and subject to any further conditions that we may specify when we award the funds. Any capital funding for 2020-21 that remains unspent by 31 March 2021 will be recovered. We expect to monitor use of the funding after the end of the financial year, alongside any monitoring of the formula capital funding allocated for the year. This will minimise the reporting burden on providers.

⁸ See www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2020-21/.