



OfS consultations on recurrent and capital funding

Briefing Paper – April 2021

The OfS is consulting on proposals related to recurrent and capital funding following the Government's proposals for changes in the way that this funding is allocated. The two separate consultations are:

- [Consultation on distribution of capital funding for financial year 2021-22](#) which closes on **23 April 2021**
- [Consultation on recurrent funding for 2021-22](#) which has a deadline of **6 May 2021**

The Council intends to respond to these consultations but only in so far as they relate directly to healthcare education. We invite members to discuss these proposals and submit comments, individually or by region, to fleur.nielsen@cod-health.ac.uk or through the lead member of council staff for your region.

This briefing paper provides an overview of key points in both consultations and highlights the questions members will want to focus on.

Consultation on distribution of capital funding for financial year 2021-22

What you need to know

Capital funding has previously been allocated largely via a formula, which offers flexibility in the way it is used by HEIs. The OfS says this has made it difficult to assess value for money. It is proposing to change to allocate capital funding through a 'strategically targeted bidding process'. The OfS is inviting comments on the way this could be implemented, but is also inviting respondents to say if they would prefer a different allocation method, including formulaic funding.

In 2021-22 the OfS proposes prioritising capital investment in facilities for high-cost STM subjects, healthcare disciplines and other technical subjects that are designed to meet the specialist skills needs of industry and employers. It would also have regard to facilities that will support the development of flexible provision and modes of deliver, including for part-time study, e-learning and blended learning.

If the OfS continues to use a formulaic approach, it proposes adapting the formula to ensure funding is prioritised towards high-cost subjects in STEM and healthcare. It would do this by counting in the formula only students in price groups A, B and computing and nursing groups within price group C1 (note the link to the proposals in the recurrent funding proposals). It would also remove the London weighting, raise the minimum threshold for allocation and apply greater restrictions on how the capital funding could be used.

If using a competitive bidding process, eligible projects would be expected to address one or more of three priority categories: 1) high-cost subjects of strategic importance; 2) enhancement of graduate employability and skills needs; and 3) part-time and other forms of flexible provision. Funding would be for use in 2021-22. The OfS would be looking for bids that will demonstrate value for money.

The first category is of particular interest to Council members. The OfS states that bids could relate to the acquisition or use of expensive, specialist facilities and equipment for high-cost subjects of strategic importance. It would not be a requirement for student numbers to increase overtime but significant recent or planned increases in student numbers would score more highly. Category three bids to support part-time and flexible forms of provision will also be of interest to some Council members. Proposals here would include the use of IT and simulation to deliver teaching in new ways, particularly where this can enhance and increase part-time and flexible modes of delivery.

Note that whether funding allocation remains formulaic or moves to competitive bids, healthcare courses are being prioritised for capital investment.

The OfS intends to publicise its decision in May 2021.

Questions for members for the Council's response

- Would you prefer capital funding to be allocated through a revised formula or through a competitive bidding process? This is the main question we intend to respond to.
- Do you have any other comments on the proposed approach to assessing competitive bids (paragraphs 12 to 35) or on the proposed approach to prioritising between bids (paragraph 36-49)?

Consultation on recurrent funding for 2021-22

What you need to know

This consultation follows a statutory guidance letter from the Government to the OfS, which set out the funds available for 2021-22 and the related funding policies and priorities that it wants the OfS to implement.

As student numbers have grown and with further growth expected in 2021-22, there will be a reduction to the average funding provided by the OfS per full-time equivalent (FTE) student. The average unit of OfS funding for providers is projected to be over 19% lower in 2021/22 compared to 2018/19. This is not subject to consultation.

In the context of this financial situation, **the Council intends to welcome the OfS' intention to protect, and if possible enhance, the rate of grant per FTE provided through the main high-cost subject funding method and the nursing, midwifery and allied health supplement.** This would increase total high-cost subject funding by 12% and increase the nursing, midwifery and allied health supplement total spend by

16% to reflect increased student numbers. The high-cost subject rates per FTE would be estimated to rise by 4% for our subjects. The OfS writes:

“Provision in STEM and healthcare subjects is of importance for the delivery of vital public services, and maintaining the UK’s position as a leader in science and innovation. In particular, many healthcare subjects serve as a direct supply of staff for the NHS workforce. Many of these subjects are particularly high-cost to deliver, and thus very reliant on OfS grant funding. Maintaining the rates of funding for these subjects is therefore a priority, and we propose to reflect this in our proposals, as one element of our proposed approach to the distribution of recurrent grant.”

The OfS intends to increase spending on the nursing, midwifery and allied health supplement from £23m in 2020-21 to £23. Under these proposals, in 2021/22:

“All of these subjects will benefit from the increased rates of grant that we propose to provide through the high-cost subject funding method...we consider it would be undesirable to counterbalance that for these subject areas by reducing the rate of funding provided through this supplement, particularly when the latest UCAS data shows a 27 per cent increase in applications to subjects allied to medicine.”

In line with Government proposals, the OfS intends to reduce the funding available to high-cost subjects deemed to be less strategically important and to withdraw the additional funding currently received by HEIs in London. The Council recognises that these decisions will have important institution-wide implications but as a body representing healthcare education it does not intend to respond specifically to these proposals.

Funding for Uni Connect will be reduced by a third. An additional £5m will be allocated for student hardship targeted towards disadvantaged students and allocated through the existing student premium methods. The OfS intends to allocate a further £15m to support students transitioning into higher education, including measures to support good mental health. £12m of this would be allocated on a per student basis.

Because the total funding available for 2021/22 is fixed, if some elements of the OfS budget proposals are changed following this consultation there will be repercussions for other parts of the proposals. It is unlikely that any such change would result in improved funding directed at healthcare disciplines relative to the current proposals.

For more information contact:

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