Annex B: Analysis of consultation responses on capital funding and monitoring of medical and dental intake targets and summary of OfS decisions

1. 'Additional recurrent and capital funding for 2020-21 and monitoring of medical and dental intake targets: Consultation and invitation to bid for capital funding' (OfS 2020.45)[1] set out our proposed method to distribute additional recurrent and capital funding provided by the government to support increased student numbers in 2020-21. It also sought views on proposed changes to monitoring arrangements for medical and dental intake targets. These developments were in response to the implications for recruitment arising from the re-grading of A-levels and other Level 3 qualifications in summer 2020. We requested responses to the consultation by 9 November 2020.

2. This annex provides an overview of the responses that we received, specifically in relation to the approaches to allocating additional capital funding and monitoring of medical and dental intake targets, and the decisions we have taken as a result. We will publish further detailed analysis of the responses relating to the recurrent element of this additional funding at a later date, once data from the 2020 Higher Education Students Early Statistics survey (HESES20) is available.

Summary of consultation responses and OfS decisions

Additional capital funding for 2020-21

3. **Comments:** Whilst the majority of respondents agreed with the proposed approach to distributing capital funding, many providers noted they currently require additional capital funding to accommodate the space constraints imposed by social distancing and for investment in IT infrastructure to support all of their students. In this context, some questioned the adequacy of the overall sum available. Some also emphasised the costs they face relating to postgraduate teaching.

4. **OfS response**: The amount of additional funding available to us is £10 million and has been provided in the context of increases in student numbers arising from the regrading of A-levels and other Level 3 qualifications in summer 2020 and with a specific focus on supporting high-cost subjects (rather than necessarily addressing wider circumstances arising from the pandemic). Given this background, we will continue to prioritise bids that increase capacity to support growth in undergraduates in high-cost price groups A, B and C1.

[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/.

5. **Comments:** Some respondents argued that we should recognise and support growth within individual subject areas, even if overall growth across price groups A, B and C1 as a whole was not evident. There were also arguments for prioritising medical, nursing and other healthcare courses above others.

6. **OfS response**: We have accepted this argument in part. We recognise the action that providers took to accept additional students in particular disciplines following the decision to use centre-assessed grades for Level 3 qualifications in summer 2020 and that this may give rise to additional costs, even if a provider does not have an overall increase across price groups A to C1 as a whole. We are therefore amending the relevant eligibility criterion to bid, such that providers must have an increase in OfS-fundable full-time or part-time undergraduates in **at least one of the** price groups A to C1, instead of across all three combined. We expect this will increase the number of providers eligible to bid for capital funding. We believe it remains appropriate to require growth within a price group, as these combine subjects that attract the same rate of grant within our high-cost subject funding method. We recognise medicine, nursing and allied health professions as particular priority areas and have already allocated additional funding for 2020-21 to recognise increases that arise from government health education reforms.[2] However, we do not accept that other high-cost disciplines should be excluded in distributing the additional funding.

7. **Comments:** Some respondents expressed concern that small providers might be disadvantaged in the competition for capital funding if we assessed student number growth only in absolute terms.

8. **OfS response**: We accept this argument, but also recognise that to assess growth only in percentage terms would favour small providers. We therefore confirm that we will consider growth in full-time or part-time undergraduate FTEs in **both** absolute and percentage terms for each provider. We cannot yet provide details about precise thresholds that we may use to distinguish the growth achieved by different providers, because we do not yet have the student data for 2020-21. However, we have provided further information about our general approach to assessing and prioritising bids in Annex A.

9. **Comments:** Respondents to our consultation expressed concern about the compressed timetable, which results in confirmation of allocations close to the end of the financial year. Some also argued that the approach was burdensome and that we should allocate all the funding as recurrent funding. Respondents were otherwise in broad agreement with the proposed terms and conditions and monitoring arrangements for the capital funding.

10. **OfS response**: We recognise the concern about the compressed timetable, and have tried to adopt a process that will allow us to notify providers of allocations as quickly as

[2] These are increases to medical intake targets from 2018-19 and the transfer of funding responsibility with successive entry cohorts from 2017-18 for nursing, midwifery and allied health professions.

possible. We confirm that the capital funding must be used to support expenditure in the 2020-21 financial year (1 April 2020 to 31 March 2021) and bids must relate to capital expenditure in this period. We are not permitted to distribute capital funding as recurrent grant.

11. We will notify providers of provisional decisions on the distribution of capital funding in January 2021. Final confirmation and payment of funding allocations will be in February 2021, 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 by the end of the financial year.

12. The additional capital grant will be subject to the terms and conditions that apply to capital funding for 2020-21.[3] 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 grant.

Monitoring of medical and dental intake targets

13. Courses that lead to a first qualification that enables registration as a medical doctor or dentist are subject to intake targets. However, in a letter to providers in August 2020, the Minister of State for Universities confirmed that the cap on domestic medical and dental intakes had been lifted for 2020-21.

14. We currently monitor over-recruitment to pre-registration medical and dental degrees across a rolling five-year period; if in total there has been over-recruitment across the most recent five-year period, we deduct the excess from the numbers we count for funding in the following year. Respondents to our consultation expressed strong support for our proposal that, on the assumption that a cap on intakes is reinstated from 2021-22, we will continue this monitoring approach in future, but will disregard intake figures for 2020-21 where it falls within the relevant five-year period. This means we will adjust the numbers we count for funding if there is over-recruitment in total across the other four years. We also confirm that we will not make any such deductions to the numbers we count for funding for academic year 2021-22 arising from over-recruitment in the five-year period up to 2020-21.[4]

[3] Terms and conditions of funding for 2020-21 are available at www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2020-21/.

[4] We have already made adjustments to the student numbers we count for funding for 2020-21 to reflect any over-recruitment across the five-year period up to 2019-20. Recruitment in 2019-20 reflected the initial intakes reported in the 2019 Medical and Dental Students (MDS) survey. We will as usual recalculate these adjustments to reflect the 2019-20 intakes that are confirmed in the 2020 MDS survey.

Further details on the responses received to the consultation

15. We received 39 responses to the consultation. Of these:

    - 29 were from providers registered with the OfS in the Approved (fee cap) category
    - seven were from sector representative bodies and mission groups
    - three were from anonymous individuals.

16. Respondents were asked for their views on ten specific questions through an online form but were also able to respond by email or letter. Respondents may have commented on similar topics in different questions. Where this has happened, we have summarised all such concerns in one place.

Question 3: To what extent do you agree with the proposed approach to prioritising bids for additional capital funding?

17. If using the online form, respondents were required to provide a Likert-type response to this question. Of the 39 respondents providing such a response:

    - 27 (69 per cent) agreed (strongly agreed or agreed) with our proposed approach
    - eight (21 per cent) disagreed (strongly disagreed or disagreed) with our proposed approach
    - four (10 per cent) were neutral (did not know or preferred not to say).

18. Of the 39 respondents to the question, 31 provided further comments, which were generally supportive of our proposed approach to how we should prioritise bids when allocating this additional capital funding. Many agreed with the proposed approach to prioritise funding to support additional student numbers across high-cost subject areas, with a significant number arguing that medical and dental students, as well as those undertaking nursing, midwifery and allied health courses, should be the primary focus. Comments included:

    a. “Prioritising providers with increases in FTE in high-cost subjects seems sensible as these cost most to deliver and accommodate. Applying weights based on price group seems reasonable as more funding will then be prioritised for the more expensive courses.”

    b. “Inviting bids and assessing them against a set criteria seems a fair way to identify and address need.”

    c. “The proposed method to prioritising bids for capital funding will ensure support for the expansion of FTEs in high-cost subject areas. We agree with the emphasis on supporting expansion of capacity and graduate outcomes.”

    d. “We agree with the proposed approach to prioritising bids for additional capital

funding, requiring eligible provider institutions to demonstrate additional need arising directly from increased student numbers in high cost subjects (price groups A to C1) due to the changed policy on A-level results."

19. While remaining in overall agreement with the proposed approach, some respondents expressed concerns about a number of factors relating to growth within the sector and how they are able to respond to the pandemic. Comments included:

    a. That weighting applied to student numbers in prioritising bids should recognise current national need in particular with respect to the provision of courses in medicine, nursing and social care.

    b. That the criteria used to assess the strength of case for funding should not be based just on the absolute increase in student numbers but considered in the context of the size and specialist nature of the provider to ensure that smaller specialist institutions have a fair chance of accessing the funds.

    c. That whilst the proposed approach appears fair in response to the re-grading of A-levels and other Level 3 qualifications, providers are also responding to the impact of the pandemic. In particular respondents indicated that it would be helpful to provide further capital funding to accommodate the space constraints imposed by social distancing and to support investment in IT infrastructure. In this context, the sum available for the sector was inadequate.

20. Of those who disagreed with the proposed approach there was concern that we should instead be adopting a subject-based approach to the thresholds for growth in student numbers – that is, we should recognise growth in particular subject areas, even if overall growth across high-cost subjects as a whole is not evident.

Question 4: To what extent do you agree with the overall proposed approach to determining levels of funding for providers that bid successfully for capital funding?

21. If using the online form, respondents were required to provide a Likert-type response to this question. Of the 39 respondents providing such a response:

    - 27 (69 per cent) agreed (strongly agreed or agreed) with our proposed approach
    - seven (18 per cent) disagreed (strongly disagreed or disagreed) with our proposed approach
    - five (13 per cent) were neutral (did not know or preferred not to say).

22. Of the 39 respondents, 30 provided further comments, which were generally supportive of our proposed approach to how we should determine levels of funding for the additional capital funding. Comments included:

    a. "It seems fair and proportionate."

b. “We agree with the approach and the application of minimum thresholds and an overall cap on the level of capital funding.”

c. “The idea of a maximum threshold should ensure reasonable ‘allocations’ for institutions and possible pro rata would seem fair if oversubscribed. Marking bids against set criteria sounds like the most practical and fair way to do this.”

d. “Assessment of bids in relation to the strength of case is an appropriate means to provide support to a wider pool of providers but also offer material impact, as are the use of caps and thresholds on the sums supported.”

23. Some respondents expressed concerns about the adequacy of the additional capital funding available, given the need across the sector, and in particular for the delivery of high-cost subjects. Comments included:

    a. Questioning whether our illustrative maximum allocation of £250,000 to £400,000 is too low to have a material impact at some larger providers and also whether a £10,000 minimum threshold is too low to have impact across the providers likely to have need for additional resource to support high-cost subjects.

    b. Concerns regarding the level of funding required to support additional student numbers in medicine, dentistry and veterinary science, in particular to enable them to purchase expensive specialist equipment to train in these key professions in COVID-safe conditions.

    c. “All providers will require additional capital investment to accommodate the physical and digital transformations required to teach additional students in a safe and effective way. This might include significant unplanned investment in digital infrastructure, or the rapid acceleration of planned investments. The physical requirements of increased cohorts might not be fully realised for several months as restrictions are eased and a full return to campus is feasible. While it is fair that limited funding should be allocated where the need is greatest and to those with additional student numbers in high-cost subjects, the funding available is not sufficient to meet the needs of the sector.”

24. A number of respondents noted their significant capital expenditure on capacity for postgraduate students in areas that are generally considered government priorities (for example, medical or teacher training courses).

Question 5: To what extent do you agree with the proposed terms and conditions that should apply to the recurrent grant and capital grant?

25. If using the online form, respondents were required to provide a Likert-type response to this question. Of the 39 respondents providing such a response:

    - 26 (67 per cent) agreed (strongly agreed or agreed) with our proposed approach

- six (15 per cent) disagreed (strongly disagreed or disagreed) with our proposed approach

- seven (18 per cent) were neutral (did not know or preferred not to say).

26. Of the 39 respondents, 29 provided further comments, which were generally supportive of the proposed terms and conditions attached to the additional recurrent and capital funding. Comments included:

    a. "We agree that the terms and conditions applied to ongoing recurrent and capital funding should be extended to any additional funding."

    b. "We agree with the proposed approach for the recurrent grant which is consistent with the current terms and conditions. We agree with the proposed approach for the capital grant but would be concerned that any delays in notification of the grant will impact the ability of providers to have spent the grant by 31 March 2021."

    c. "We recognise the need to have clear terms and conditions attached to the capital funding. The timescales for the bidding process are tight, particularly between notification of successful outcome and the deadline for spending. This is acceptable given the nature of the issues facing the sector but does again tend to favour larger institutions who may be able to underwrite the necessary investment in advance. It would be helpful to make it clear that bids for already committed expenditure are also acceptable as many institutions will have already had to respond to the issues being faced by over-recruitment."

27. The timescales and deadline for spending the additional capital funding was raised by a number of respondents. There was concern that the deadline to have spent the money by 31 March 2021 was unrealistic.

28. Some respondents requested additional guidance to make explicit what capital expenditure was suitable for such a bid, and further information on what detail should be included to make a successful bid. As part of this, the assessment criteria to be used by OfS staff when assessing bids should also be included.

Question 6: To what extent do you agree with the proposed changes to how we monitor medical and dental intakes to reflect the (one-off) lifting of the cap for 2020-21?

29. If using the online form, respondents were required to provide a Likert-type response to this question. Of the 39 respondents providing such a response:

    - 20 (51 per cent) agreed (strongly agreed or agreed) with our proposed approach

    - one (3 per cent) disagreed (strongly disagreed or disagreed) with our proposed approach

- 18 (46 per cent) were neutral (did not know or preferred not to say). Many respondents noted that this was not applicable to their institution, because they do not offer the courses concerned.

30. Eighteen respondents provided further comments, which were generally supportive of the proposal to disregard intakes in 2020-21 in our future monitoring over a rolling five-year period of recruitment to medicine and dentistry. Comments included:

    a. “Seems reasonable as 2020-21 recruitment is an anomaly year.”

    b. “It seems reasonable to treat 2020-21 as an exceptional year and to exclude that year’s data when looking at a rolling five-year period and considering recruitment against intake targets.”

    c. “These changes are eminently sensible to provide stability and equity going forwards as a result of the changed policy on A-level results this year.”

    d. “Penalising providers in any way for exceeding their intake in 2020-21 would be very unjust, given the circumstances.”

31. Many of the comments did also raise concern regarding deferrals of applicants for 2020-21 into 2021-22, noting that whilst the lifting of the cap for 2020-21 was a one-off, there will be implications for 2021-22 intakes (and therefore the issue of student numbers will impact for a further year at least). Respondents expressed the view that it would be helpful to deploy transitional arrangements, particularly with regards to medical places, to ensure that the 2021-22 applicants are not disadvantaged. Comments included:

    a. “We strongly agree that the 2021-22 cohort should not be reduced due to 2020-21 approved over-recruitment, and agree that 2020-21 data should be excluded from the five-year rolling number cap. We would also support extending the exclusion to 2021-22 too. With some 2020 applicants taking the autumn series of exams, and 2021 applicants being allowed to hold an offer whilst applying elsewhere, 2021 is set to be an exceptional year in terms of number management again, and a recognition that this is a continued impact from the pandemic would be appreciated. We strongly support that decision being made early, so the sector doesn’t have to be as reactive to changing number controls as for this year.”

    b. “The Minister has already indicated that funding will also be provided for students who have been required to defer to 2021-22 and to those successful in the October re-sits. If one includes 167 involuntary deferrals and if all re-sits achieve the required grade then this would represent 865 students over and above the cap in 2021-22. The proposed system of excluding 2020-21 from the five-year running total would have to be extended to include 2021-22.“

c. “The proposal to disregard the expanded 2020-21 intake is welcome. However, the impact of the additional students as a result of the problems associated with A-levels and the subsequent CAGs [centre-assessed grades], will extend beyond being a ‘one-off’ event for 2020-21. The impacts have not yet been fully realised but will extend at least to the 2021 entry.”

d. “Our understanding is that there will be funding, nationally, for medical students who have deferred their admission to 2021, due to COVID. Nationally, this will impact a number of medical schools, and bring the total number of students some way above the cap in 2021 as well. Therefore, we would strongly support extending the system of excluding 2020-21 from the five-year running total, to cover 2021-22 as well.”

32. Respondents sought clarity over intake targets for 2021-22 as a matter of urgency given that providers are currently needing to make offer decisions on applications submitted by the UCAS deadline of 15 October 2020.

Question 7: Do you have any comments about the potential impact of these proposals on individuals on the basis of their protected characteristics?

33. This question was completed by nine respondents who provided further comments. In particular it was noted that there needed to be recognition and understanding of the needs of students from a widening participation background, with particular mention given to the needs of supporting disabled students. Comments (some of which relate more to recurrent than capital funding) included:

a. “Given the profile of the institutions likely to benefit most from these proposals there is a risk that students from a widening participation background will be disadvantaged.”

b. “The proposals do not recognise the additional costs providers are incurring to support the increased numbers of students – especially those with declared disabilities. The focus is largely on ‘teaching’ in funding allocation, but we would suggest that consideration is given to some increase in the student premium to recognise the specific needs of certain student groups.”

c. “We reiterate that the increased organisational load will not be solely a factor of subject and that the Office for Students should consider additional provision for institutions supporting a widening participation community many of whom fall within the protected characteristic population.”

d. “We are concerned that the funding proposals do not account for potential student premium costs for disabled students.”

34. As had been noted in response to earlier questions, it was reiterated that there was potential for smaller institutions to be disadvantaged by the process where absolute FTE student number growth is the key determinate of funding.

Question 8: Do you have any comments about any unintended consequences of these proposals, for example, for particular types of provider or for particular types of student?

35. This question was completed by 20 respondents who provided further comments. A variety of comments were included here, many very specific to individual providers. Types of concerns and issues raised include:

    a. Ensuring that the proposals do not adversely disadvantage students from a widening participation background.

    b. Ensuring support for small and specialist providers, including to ensure that increased growth and associated costs for the delivery of postgraduate taught study is met.

    c. The increased costs associated with the teaching of students in health and medical subjects.

    d. That the proposed approach to prioritising bids for capital funding and allocation of recurrent grants could favour higher tariff providers.

    e. Taking account of the increased cost of delivering provision in London.

    f. The additional burden for staff involved in this process, many of whom are likely to be drafting capital bids alongside collating HESES and HESA or ILR data.

Question 9: Are there aspects of the proposals you found unclear?

36. This question was completed by 10 respondents who provided further comments. A variety of comments were included here, many very specific to individual providers. Those responding sought greater clarity on:

    a. The level of funding that might be available per provider.

    b. The prioritisation or ringfencing of additional recurrent funding for increased intakes to medicine and dentistry, given expectations at the time that providers were responding to the effects of re-grading of Level 3 qualifications during the summer. In particular it was unclear whether the eligibility criterion relating to overall growth that applies [we meant only] to the additional funding for 2020-21 also applied in determining whether the additional intakes would be funded as they continued their studies into later years.

    c. The types of capital projects most likely to be favoured, including clear assessment criteria and how the different elements of the bid will be weighted when assessed.

    d. What capital funding can be spent on, including clarity as to whether it can be used for already committed projects.

e. The monitoring process for capital funding, to assess whether a provider has spent the money by 31 March 2021 and on what.

f. The description of the calculation of additional recurrent grant (paragraph 17 of the consultation document), in particular to confirm whether the intention is to count each price group separately or use the aggregate total of them all.

Question 10: In your view, are there ways in which the funding and monitoring proposals set out in this consultation could be delivered more efficiently or effectively than proposed here?

37. This question was completed by 17 respondents who provided further comments. A variety of comments were included here, many very specific to individual providers. Types of concerns and issues raised include:

    a. Some agreed that this was a reasonable and measured approach, being 'light-touch', particularly given the level of funding available.

    b. There were some comments suggesting that the proposed approach on capital funding was burdensome and proposed allocating the total funding as a formulaic allocation.

    c. Many reiterated points relating to the importance of prioritising medical and health provision.