

Office for  
Students

The logo for the Office for Students, featuring a dark blue square with a yellow square in the top right corner containing the letters 'ofs' in white.

ofs

# Annual report and accounts 2020-21

June 2021

HC 156

# **The Office for Students**

## **Annual report and accounts 2020-21**

Presented to Parliament pursuant to schedule 1, paragraph 13 of the Higher  
Education and Research Act 2017

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# The Office for Students

## Annual report and accounts 2020-21

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# Performance report



# Performance report

This section is an overview of the Office for Students (OfS) setting out our work, our purpose, the key risks to the achievement of our objectives, and how we performed during this exceptionally challenging operating year.

## Chief executive's statement

Throughout this extraordinary year our focus at the Office for Students has been on understanding and responding to the impact of the pandemic on students. The pandemic affected them in many ways. Many of the 2020-21 intake experienced a sudden end to their Year 13 studies and uncertainty around their exam results and admission to higher education courses, and this year's cohort of prospective students have had their learning disrupted amid uncertainties around their assessment and future study.



Students further along their higher education journey also faced disruption and uncertainty. Public health imperatives meant they had very limited opportunities for face-to-face learning and teaching, spent much time in their accommodation, and faced personal and financial pressures. They showed real resilience in dealing with these challenges.

Student wellbeing and mental health have always been an OfS priority. During the pandemic this work has become even more critical. In one survey, over a third of respondents reported dissatisfaction with their academic experience and almost two-thirds that their well-being and mental health had worsened since the start of the 2020 autumn term.<sup>1</sup> Responding to need, we funded innovative projects involving partnerships between universities and colleges and the NHS and sponsored the development of a new online support platform, Student Space.

The pandemic has also placed extraordinary demands on university and college staff. They have played a vital role in responding to the pandemic – not only in supporting students but also in medical research, the education of health and social care professionals, and the sharing of resources and facilities. Recognising this, we adjusted our regulatory approach to help them manage these demands, balancing this with our responsibility to protect the interests of students. We were particularly aware that existing inequalities were exacerbated by the pandemic.<sup>2</sup> We suspended some regulatory requirements, while continuing our risk-based monitoring activity and discussion with providers on a range of issues – the quality of learning and teaching, financial sustainability, and support for the most vulnerable students. Although largely confidential and therefore unseen, this is a crucial part of our regulatory activity.

Oversight of the sector's finances, and close engagement with universities and colleges where there has been more risk, has been a particular priority over the course of this year. We are aware that although currently the sector overall is in reasonable financial shape, there remain considerable financial uncertainties over the coming years.

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<sup>1</sup> See

[www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandhighereducationstudents/12marchto22march2021](https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandhighereducationstudents/12marchto22march2021).

<sup>2</sup> See [www.ifs.org.uk/publications/15241](https://www.ifs.org.uk/publications/15241).

Throughout the year we made clear our expectations that universities and colleges should make all reasonable efforts to provide teaching and support for students that was broadly equivalent to their usual arrangements, and to maintain the quality of courses and the credibility of their qualifications. We also expected them to be clear with incoming students about how courses would be delivered in the 2020-21 academic year, seeking assurances from individual providers about the quality of their online and blended offers and requiring them to report to us any significant changes of provision.

We recognise the hard work of many universities and colleges to develop innovative and good-quality digital provision for their students, and this work will shape approaches to digital learning and teaching beyond the pandemic. However, we also know that for many students the learning experience was difficult. Sir Michael Barber's review highlighted not only the opportunities that digital teaching can offer, but also the serious impact of digital poverty.<sup>3</sup> Polling conducted for the review suggests that a fifth of students struggled to access a computer, and half felt that their learning was impacted by slow or unreliable connectivity.

During 2020, the Black Lives Matter movement drew attention to the inequalities faced by black people in Britain. Our work to improve equality of opportunity in higher education aims to close the persistent gaps in degree attainment and progression into work and further study for black, Asian and minority ethnic students. We are also working to improve access for those from disadvantaged neighbourhoods across the country. We discussed with universities and colleges how to get their access and participation plans back on track despite the impact of the pandemic, so that they could continue to make progress towards the targets and commitments we have agreed with them for the period to 2025.

Fair admissions featured prominently in public debate this year. The summer 2020 news cycle reported concerns about the fairness of exam results and admissions to higher education, which focused on the least advantaged students in schools where few students go on to attend the most selective universities. We are currently analysing the consequences of the cancellation of A-levels and other exams on admissions. We will also be monitoring the longer-term impact on the attainment gap in schools on entry to higher education, and in particular the gap in entry rates to the most selective universities. We will continue to make the case for universities identifying potential among the most disadvantaged students by understanding the context in which they have achieved their grades, while ensuring that these students are properly supported.

We are now reiterating the message that providers must be upfront about what kind of experience students should expect in the 2021-22 academic year. A record 42 per cent of UK 18-year-olds have applied for higher education this autumn, and it is vital that universities and colleges prepare well to ensure that all students receive a high-quality experience.

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<sup>3</sup> See [www.officeforstudents.org.uk/publications/gravity-assist-propelling-higher-education-towards-a-brighter-future/](http://www.officeforstudents.org.uk/publications/gravity-assist-propelling-higher-education-towards-a-brighter-future/).



As the regulator for students, it is important that students help to shape our priorities and work.<sup>4</sup> This year we improved the way in which student unions and students can raise concerns with us about the quality of their teaching and support from their university or college. Our Student Panel has made a significant contribution to our work on a range of issues, and particularly on the effects that the pandemic is having on students.

### **Looking forward**

I hope that 2021-22 will allow a return to some degree of normality for the English higher education sector. We are planning a phased resumption of our regulatory requirements, although we do not intend to reinstate them exactly as before. We want to rearticulate the purpose of our regulation, in particular reflecting the commitments we made this year to raise the bar on quality and standards and reduce regulatory burden for those universities and colleges that do not pose increased risk. To this end, we are consulting on our approach to quality and standards which will underpin the future approach to the Teaching Excellence and Student Outcomes Framework (TEF). We will also be responding to and engaging fully with developments in skills and lifelong learning policy, the ongoing debate about post-qualification admissions, and the government's policy paper on free speech and academic freedom. These and other issues will be reflected in our strategy for 2022 to 2025, to be published early next year.

I recognise the strain the pandemic placed on OfS staff and their families. Some were ill or bereaved. Many felt the pressure of combining home schooling and caring responsibilities with work. I thank them for their hard work throughout this difficult year. I am also grateful to the members of the OfS board, committees, Student Panel and other advisory panels for their commitment. In particular, I thank our outgoing chair, Sir Michael Barber, for his outstanding leadership in the OfS's first three years of operation. I look forward to working with our new chair, Lord Wharton, building on our experience, including our learning from this tumultuous year.



Nicola Dandridge CBE

Chief Executive

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<sup>4</sup> Available at [www.officeforstudents.org.uk/publications/students-experts-in-their-own-experience/](http://www.officeforstudents.org.uk/publications/students-experts-in-their-own-experience/).

## About us

The Office for Students is the independent regulator of higher education in England. We regulate higher education providers in the interests of students. Our aim is to ensure that every student, whatever their background, has a fulfilling experience of higher education that enriches their lives and careers. The OfS was established by the Higher Education and Research Act 2017 (HERA). As an independent public body, we report to Parliament through the Department for Education (DfE).

Higher education may take place in universities, colleges or in a wide range of other settings such as business or theatre schools. Many further education colleges offer some higher education level qualifications, and so are higher education providers.

While the OfS regulates all registered English providers, not every provider of higher education in England is registered by the OfS. Under the 2017 Higher Education and Research Act (HERA), a higher education provider in England is required to register with the OfS if it wishes to:

- access public grant funding (such as funding to support teaching), and/or student support funding (such as enabling students at a provider to access student finance)
- apply to the Home Office for a student sponsor licence to recruit international students, or to maintain an existing licence.
- apply for degree awarding powers in order to award their own degrees, and/or university title.

Providers can choose to apply to register in one of two categories: Approved (fee cap) and Approved.

Our regulatory activities are predominately funded by provider registration fees, and we also receive grant-in-aid from the Department for Education to provide additional grant funding for to our registered Approved (fee cap) providers. In academic year 2020-21 we expect to distribute recurrent funding of £1,427 million, and £150 million in capital funds.

HERA 2017 makes provision for the OfS to work with two designated bodies: the Quality Assurance Agency for Higher Education (QAA), as the designated quality body performing the assessment functions in relation to quality and standards in English higher education; and the Higher Education Statistics Agency (HESA), as the designated data body that compiles and publishes data on English higher education.

Consistent with our role as an independent regulator, we worked closely this year with the DfE and other government agencies to respond to the coronavirus pandemic.

We also engaged with student and sector organisations, UK Research and Innovation (UKRI), the devolved administrations and a range of other stakeholders.

## Our strategy and five objectives

Our strategy for 2018 to 2021 sets out how we will achieve our objectives.<sup>5</sup>

We have four regulatory objectives and a fifth objective covering corporate efficiency and effectiveness. These objectives are underpinned by 13 strategic outcomes, which describe in more detail what we are seeking to achieve.

### Strategic objectives

Participation	Experience	Outcomes	Value for money	Efficiency and effectiveness
<b>Regulatory objective 1:</b>  All students, from all backgrounds, with the ability and desire to undertake higher education, are supported to access, succeed in, and progress from higher education.	<b>Regulatory objective 2:</b>  All students, from all backgrounds, receive a high-quality academic experience, and their interests are protected while they study or in the event of provider, campus, or course closure.	<b>Regulatory objective 3:</b>  All students, from all backgrounds, are able to progress into employment, further study, and fulfilling lives, and their qualifications hold their value over time.	<b>Regulatory objective 4:</b>  All students, from all backgrounds, receive value for money.	<b>Overarching strategic objective</b>  The OfS is an efficient and effective regulator.

### Strategic outcomes

Participation	Experience	Outcomes	Value for money	Efficiency and effectiveness
P1: Access, success and progression are not limited by background and identity, and gaps are significantly reduced.	E1: Students are able to choose from a diverse range of high-quality higher education provision, which is responsive to the preferences and needs of students from all backgrounds	O1: Graduates and postgraduates leave with the knowledge and skills that will contribute to their national and local economies, and drive productivity.	V1: Higher education delivers value for students, graduates, taxpayers and employers, especially in the form of positive student outcomes.	EF1: The OfS is a well-managed and appropriately structured organisation, which supports and develops its staff to enable delivery of its objectives.

<sup>5</sup> See [www.officeforstudents.org.uk/publications/office-for-students-strategy-2018-to-2021/](http://www.officeforstudents.org.uk/publications/office-for-students-strategy-2018-to-2021/).

	and to the shifting national and global environment.			
P2: All access and participation activity is underpinned by evidence and 'what works'.	E2: Students have a positive experience of higher education and are highly satisfied with the quality of teaching, learning, wider experience and outcomes.	O2: Students' lives are improved and enriched by their time in higher education.		EF2: The OfS has the right systems and process, infrastructure and resources to support delivery of its objectives.
	E3: Students' knowledge and skills are improved during their higher education experience.	O3: Qualifications hold their value over time and students are able to use them long after leaving higher education.		EF3: Regulatory burden for providers is minimised.
	E4: Students' interests are protected when events have a material negative impact on their ability to continue to study on a course, at a campus, or with a provider.			

Each strategic outcome is supported by key performance measures (KPMs), which help us to demonstrate progress against that outcome, and our strategy and business plan. There are 26 KPMs in total.<sup>6</sup> The following table identifies those KPMs discussed in this report.

<sup>6</sup> See [www.officeforstudents.org.uk/about/measures-of-our-success/](http://www.officeforstudents.org.uk/about/measures-of-our-success/).

## Key Performance Measures

Participation	Experience	Outcomes	Value for money	Efficiency and effectiveness
Gap in participation between most and least represented groups.	Diversity of provision.	Employers consider that graduates are equipped with the right skills and knowledge.	Students achieving 1sts.	OfS staff survey results on the extent to which staff understand and feel they contribute towards the OfS's strategic objectives.
Gap in participation at higher-tariff providers between the most and least represented groups.	Geographical changes in the availability of particular types of higher education provision.	Graduate wellbeing.	Student perceptions of value for money.	OfS staff survey results on employee engagement.
Gap in degree outcomes (1sts or 2:1s) between white students and black students.	Students responding positively to the National Student Survey question on overall satisfaction.	The impact on students of course, campus or provider closure.		
Gap in degree outcomes (1sts or 2:1s) between disabled students and non-disabled students.	The impact on students of course, campus or provider closure.			

For the KPMs that relate to the performance of higher education providers, the timeframes for measuring progress look beyond the period of our current strategy. Many of our KPMs are lagging indicators, reporting to a greater or lesser extent on what has happened in past academic years.

## How we regulate

The OfS is predominantly a principles-based regulator. We regulate through a set of conditions which focus on the outcomes we want to see for students. These conditions, described in our regulatory framework, set out the minimum levels, or 'baselines', that a higher education provider must achieve and demonstrate to be registered with the OfS.<sup>7</sup> Our two main areas of regulation are reflected in conditions for academic quality and standards and for access and participation. They are supported and underpinned by conditions relating to student protection, financial sustainability, governance and information.

We adopt a risk-based approach, targeting our monitoring work where it is most needed – on those providers most at risk of breaching our conditions.

At sector level, we regulate to create the conditions for competition, continuous improvement and informed choice.

## Measuring and reporting our progress

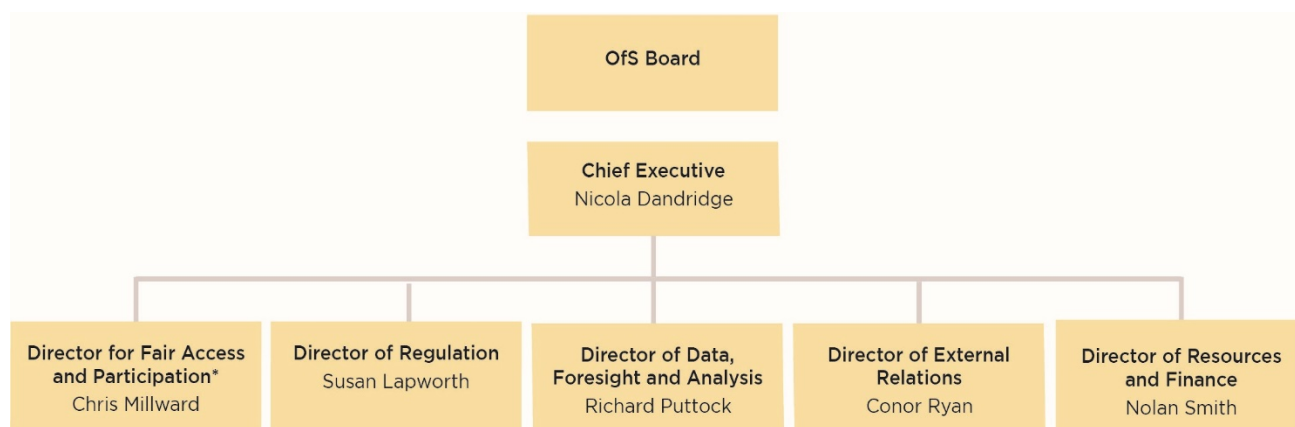
In 2020-21 we measured progress against our objectives in several ways:

- We tracked our performance against our KPMs.
- We undertook frequent reviews of our 2020-21 business plan in response to the rapidly changing situation and the pressures on the sector, and to take account of reduced staff capacity. Our senior team closely monitored progress in delivery and the associated risks.
- We maintained our cycle of quarterly in-depth reviews of progress in relation to the business plan, and monthly tracking of milestones.
- The OfS board and the Risk and Audit Committee received updates and reviewed performance and risks to delivery, and the frequency of risk reporting to the committee was increased.
- We reported to the DfE on progress.

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<sup>7</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/the-regulatory-framework-for-higher-education-in-england/). The framework sets out a number of conditions providers wishing to register with the OfS will need to satisfy. Registration means a provider can apply for government funding for research and teaching, and that its students can apply for government tuition fee and maintenance loans and visas to study in the UK if they need them (OfS regulatory framework, pp28-30).

## How we are organised



\* As with the Chief Executive, the Director for Fair Access and Participation is an executive member of the OfS board and is a public appointment as set out in HERA.

More detail on how the OfS board is structured can be found in the Corporate governance report.

## Our values

Four organisational values guide our behaviours, shaping the way we work with students and the higher education sector.



## Our approach to risk management

Effective risk management is fundamental to the delivery of our strategy and business plan.<sup>8</sup> Risks are identified, assessed, managed, reviewed and recorded in line with our risk management policy and approach, outlined in more detail in our governance statement, which involves:

- identifying and managing risks at the strategic, corporate and operational levels
- aligning risk with planning and project management at corporate and directorate levels
- systematic use of risk appetite in determining the risk response, and to help us take the measured risks we need to succeed
- integrating assurance and internal control review
- working towards an organisation-wide culture which builds increasing risk maturity.

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<sup>8</sup> A summary of the strategic risks we faced during the operating year is on page 59. Our detailed approach to managing risk is described on page 90 in the Accountability report.



# Performance summary

This performance summary reports on our progress in delivering against our objectives and the commitments in our business plan.

## Regulating in uncertain times

**Strategic outcome O2: Students' lives are improved and enriched by their time in higher education.**

**Strategic outcome E4: Students' interests are protected when events have a material negative impact on their ability to continue to study on a course, at a campus, or with a provider.**

The pandemic was highly disruptive for English higher education, requiring huge changes to teaching, and to how universities and colleges are managed. While our strategic outcome, O2, is that students' lives are improved and enriched by their time in higher education, inevitably much work during 2020-21 was directed at mitigating the impact of the pandemic on students.

We sought to reduce regulatory burden, while maintaining appropriate regulatory oversight, so that universities and colleges could focus on supporting their students. We undertook financial modelling and prepared to respond to potential provider financial failure arising from the pandemic, including requiring providers at risk to plan for exiting the market as appropriate. As a gauge of the impact on students, we have a key performance measure of the number of registered providers exiting the market. During this operating year there were no market exits.

Following the first national lockdown, we used student polling to better understand students' experience of teaching and assessment and to inform our monitoring and oversight of the quality of courses. Our work on the impact of the pandemic on teaching and learning, and exams and assessments, had a particular focus on disadvantaged and vulnerable students.

The table below gives an overview of our regulatory response during this year.

<b>Reportable events</b>
Early in the pandemic we revised our requirements for reportable events to minimise the regulatory burden on providers. <sup>9</sup> We advised providers that the requirements for reportable events until further notice were narrowed to focus primarily on two events, one relating to short-term financial risk, and the second to the cessation or suspension of the delivery of higher education, including the inability to award qualifications or credit.
<b>Notifications</b>
<p>Students, staff or members of the public who feel that a provider is not meeting the OfS's regulatory requirements – for example, on teaching quality or academic support – can alert us to their concerns via our notifications process. The intelligence gathered informs our monitoring of providers' compliance with the ongoing conditions of registration. This operating year we considered 316 notifications compared with 262 in the previous year.</p> <p>We worked with students and students' unions on a student guide and social media campaign to help raise awareness of the notifications process and the circumstances in which it would be appropriate for them to notify us.<sup>10</sup> We also published advice for providers about our treatment of notifications from third parties.<sup>11</sup></p> <p>Although we do not have a direct role in dealing with individual complaints or disputes between students and their providers, we have a role ensuring that universities and colleges that are registered with us have a clear, effective process for resolution of student complaints. If a student is not satisfied with the outcome of their complaint, they can contact the Office of the Independent Adjudicator for Higher Education or seek redress by taking legal action for breach of contract, or under consumer protection law. Our guidance advises providers that during the pandemic they need to continue to consider their broader legal obligations beyond OfS regulation.<sup>12</sup></p>

<sup>9</sup> The OfS's regulatory framework defines a reportable event as any event or circumstance that, in the judgement of the OfS, materially affects or could materially affect the provider's legal form or business model, and/or its willingness or ability to comply with its conditions of registration. See [www.officeforstudents.org.uk/publications/guidance-on-reportable-events-during-the-coronavirus-pandemic/](http://www.officeforstudents.org.uk/publications/guidance-on-reportable-events-during-the-coronavirus-pandemic/).

<sup>10</sup> See [www.officeforstudents.org.uk/publications/office-for-students-notifications/](http://www.officeforstudents.org.uk/publications/office-for-students-notifications/).

<sup>11</sup> See [www.officeforstudents.org.uk/publications/regulatory-advice-18-notifications-about-providers-from-third-parties/](http://www.officeforstudents.org.uk/publications/regulatory-advice-18-notifications-about-providers-from-third-parties/).

<sup>12</sup> See [www.officeforstudents.org.uk/publications/guidance-for-providers-about-student-and-consumer-protection-during-the-pandemic/](http://www.officeforstudents.org.uk/publications/guidance-for-providers-about-student-and-consumer-protection-during-the-pandemic/).

## Quality and standards

We set out our approach to the regulation of quality and standards during the period of disruption.<sup>13</sup> We made it clear that we expected universities and colleges to ensure that quality of provision was maintained, to make all reasonable efforts to provide alternative teaching and support that was broadly equivalent to their usual arrangements, and to do all they could to maintain the quality of courses and the credibility of their qualifications.

We followed up in autumn 2020, setting out how we would seek to understand the actions of a provider that had had to make significant changes to its approach to teaching.<sup>14</sup> We also sought assurances in autumn 2020 from individual universities and colleges about the quality of their online and blended offers.<sup>15</sup>

In November 2020 we began a two-phase consultation on teaching quality and standards.<sup>16</sup> In January 2021, in response to the further lockdown, we published limited revisions to our guidance on protecting quality and standards, including on the approach to exams and assessments and the appropriate measures degree awarding bodies should take when considering mitigating or exceptional circumstances.<sup>17</sup> This included consulting at an early stage with students about assessment and awarding plans and considering the needs of different students, including those with characteristics protected under the Equality Act 2010.

## Student and consumer protection

In June 2020 we published guidance on student and consumer protection.<sup>18</sup> This guidance was updated in January 2021 to meet the circumstances of the third national lockdown.<sup>19</sup> It reminded providers that consumer law continues to apply despite the difficult environment, and that condition C1 of the regulatory framework requires providers to continue to have regard to relevant guidance about how to comply with the law.

<sup>13</sup> See [www.officeforstudents.org.uk/publications/guidance-on-quality-and-standards-during-coronavirus-pandemic/](http://www.officeforstudents.org.uk/publications/guidance-on-quality-and-standards-during-coronavirus-pandemic/).

<sup>14</sup> See [www.officeforstudents.org.uk/publications/letter-to-accountable-officers-coronavirus-outbreaks/](http://www.officeforstudents.org.uk/publications/letter-to-accountable-officers-coronavirus-outbreaks/).

<sup>15</sup> See [www.officeforstudents.org.uk/publications/letter-to-accountable-officers-coronavirus-outbreaks/ulator-monitoring-digital-teaching-quality-at-universities/](http://www.officeforstudents.org.uk/publications/letter-to-accountable-officers-coronavirus-outbreaks/ulator-monitoring-digital-teaching-quality-at-universities/).

<sup>16</sup> See [www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/](http://www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/).

<sup>17</sup> See [www.officeforstudents.org.uk/publications/letter-to-aos-regulation-during-current-phase-of-pandemic/](http://www.officeforstudents.org.uk/publications/letter-to-aos-regulation-during-current-phase-of-pandemic/).

<sup>18</sup> [www.officeforstudents.org.uk/publications/guidance-for-providers-about-student-and-consumer-protection-during-the-pandemic/](http://www.officeforstudents.org.uk/publications/guidance-for-providers-about-student-and-consumer-protection-during-the-pandemic/) (10 June 2020).

<sup>19</sup> See [www.officeforstudents.org.uk/publications/letter-to-aos-regulation-during-current-phase-of-pandemic/](http://www.officeforstudents.org.uk/publications/letter-to-aos-regulation-during-current-phase-of-pandemic/).

We advised that during the pandemic, we did not intend to take regulatory action unless we became aware of practices that appeared to us to constitute a significant disregard for Competition and Markets Authority guidance (and a significant breach of consumer protection law that was not a result of actions that were necessary to implement public health advice), or where we considered that reasonable efforts had not been made to fulfil contracts with students or protect their interests.

We required universities and colleges to give prospective students clear information about how courses would be delivered in 2020-21, including the delivery of teaching and assessment, the circumstances in which changes might be made, and what those changes might entail. We asked providers to assess the extent to which they had met their commitments to new and continuing students about the delivery of teaching and assessment in academic year 2020-21, to review whether they had been complying with consumer protection law in their communications with their students and to provide assurance to their governing body of ongoing compliance with ongoing condition C1 (guidance on consumer protection law).<sup>20</sup>

### **University and college admissions**

In January 2020, we had published a consultation on university and college admissions but paused this in March 2020 to work with government, providers, UCAS and other bodies to stabilise the admissions system for 2020-21 entry. We were mindful of the interests and needs of vulnerable and underrepresented students and wanted to ensure students were not being pressured to accept offers which may not be in their best interests.<sup>21</sup> We followed this by introducing a temporary condition of registration, which regulates the use of unconditional offers, particularly where a prospective or existing student had to make a provider their first or only choice, and prevents the use of misleading advertising practices with serious negative consequences for students. The condition remains in place until 30 September 2021 to help regulate the 2021-22 admissions cycle.<sup>22</sup>

The admissions debate continued through the autumn, with both UCAS and Universities UK putting forward proposals for post-qualification admissions.<sup>23</sup> In January 2021 the government published a consultation on whether to move to a system of post-

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<sup>20</sup> See [www.officeforstudents.org.uk/publications/letter-to-aos-regulation-during-current-phase-of-pandemic/](http://www.officeforstudents.org.uk/publications/letter-to-aos-regulation-during-current-phase-of-pandemic/).

<sup>21</sup> See [www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/](http://www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/).

<sup>22</sup> See [www.officeforstudents.org.uk/publications/regulatory-notice-5-condition-z3-temporaryprovisions-for-sector-stability-and-integrity/](http://www.officeforstudents.org.uk/publications/regulatory-notice-5-condition-z3-temporaryprovisions-for-sector-stability-and-integrity/).

<sup>23</sup> See [www.ucas.com/corporate/news-and-key-documents/news/ucas-maps-reforms-higher-education-](http://www.ucas.com/corporate/news-and-key-documents/news/ucas-maps-reforms-higher-education-); <https://universitiesuk.ac.uk/policy-and-analysis/reports/Pages/fair-admissions-review.aspx>.

qualification admissions.<sup>24</sup> We continue to work with UCAS, Universities UK and the DfE on this agenda, considering the impact of the emerging proposals on different groups of students and helping the DfE to develop an evidence base and options.

Looking ahead to the 2021-22 admissions cycle, in the light of significant applicant demand we have advised universities and colleges to plan wisely to ensure students have a high-quality experience, and that the quality of their provision is not compromised by over-recruitment.<sup>25</sup> We welcome the update by Universities UK to its agreement on fair admissions, which will help guide universities and colleges in the 2021-22 admissions cycle.<sup>26</sup>

### **Access and participation**

Early in the pandemic we paused some of our regulatory requirements related to access and participation and data reporting, enabling providers to focus their efforts on supporting underrepresented and vulnerable students.<sup>27</sup> We allowed universities and colleges some flexibility in how they used funding they had committed to access and participation activity that could not happen because of the closure of schools, including addressing hardship and mental health needs of students, but we were clear that providers needed to honour, in full, the financial commitments they had made to their students. See page 27 for more detail.

We worked with the projects we fund to give specified flexibility for use of funds and updated them at a number of points on our expectations for delivery during the pandemic.<sup>28</sup> (See page 30). We funded Student Space, an online platform offering wellbeing resources and advice to students, to complement the existing services available to students through their universities and colleges. (See page 40).

### **Preparing in the event of course, campus or the full closure of a provider (market exit)**

We engaged closely with universities and colleges to identify those that may experience difficulties, scrutinising approximately 250 provider financial returns to ensure they met the

<sup>24</sup> [www.gov.uk/government/consultations/post-qualification-admissions-in-higher-education-proposed-changes](http://www.gov.uk/government/consultations/post-qualification-admissions-in-higher-education-proposed-changes).

<sup>25</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/be-sensible-with-admissions-to-secure-quality-ofs-warns/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/be-sensible-with-admissions-to-secure-quality-ofs-warns/).

<sup>26</sup> See [www.universitiesuk.ac.uk/covid19/admissions/Pages/Fair-Admissions-Agreement.aspx](http://www.universitiesuk.ac.uk/covid19/admissions/Pages/Fair-Admissions-Agreement.aspx).

<sup>27</sup> See [www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/](http://www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/).

<sup>28</sup> See [www.officeforstudents.org.uk/publications/uni-connect-programme-an-update-from-the-office-for-students/](http://www.officeforstudents.org.uk/publications/uni-connect-programme-an-update-from-the-office-for-students/) This refers to previous communication in March and June 2020.

ongoing condition of registration for financial viability and sustainability.<sup>29</sup> Because of uncertainties around admissions and fee income, there was an additional requirement for most providers to make an interim financial return in October 2020, to allow us to identify any short-term financial risks that could result in market exit.

We advised the DfE on its scheme to support to providers in exceptional financial difficulties, while also exercising our powers independently from government, taking forward the requirement for individual providers to plan for market exit in the usual way.

### **Student protection direction**

The escalation of the risk of university or college closure led to the introduction of a new ongoing condition of registration that would require compliance with student protection directions where the OfS reasonably considered that a provider was at material risk of exiting the market. Previously we had to rely on our power to impose specific conditions of registration, which requires a consultation period of at least 28 days. This reduced our ability to intervene quickly in a scenario where the risks to students might be imminent. Following consultation, we made a number of changes to the proposals. The main concern identified by respondents was that the proposals would undermine institutional autonomy. In response, we clarified the exceptional circumstances that would justify intervention. The condition took effect from 1 April 2021.

### **Registration and degree awarding powers applications**

While continuing to deal with some ongoing applications, early in the pandemic we temporarily suspended acceptance of new applications. The registration process is robust and comprehensive; we need to assure ourselves (and give confidence to students and taxpayers) that applicants meet our conditions of registration. Our judgement was that it would have been difficult to make a reliable assessment of a provider's financial viability and sustainability at a time when the impact of the pandemic on the 2020-21 student recruitment cycle was unknown. In addition, we could not provide sufficient resource for the level of scrutiny required while also implementing our response to the pandemic. In December 2020, we resumed assessment of paused applications and accepted new applications.

We use quality and standards reviews as part of the registration process and for degree awarding powers, and in monitoring of registered providers where we have concerns about aspects of quality and standards. They are carried out for us by the designated quality body, the Quality Assurance Agency for Higher Education, and form part of the

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<sup>29</sup> The principal financial regulator of further education corporations and sixth form colleges providing higher education courses is the Education and Skills Funding Agency (ESFA). These providers are required to make their financial returns to ESFA rather than the OfS. See [www.officeforstudents.org.uk/publications/guidance-for-providers-for-financial-monitoring-returns/](http://www.officeforstudents.org.uk/publications/guidance-for-providers-for-financial-monitoring-returns/).

evidence we use in our regulatory decision making.<sup>30</sup> However, due to the pandemic, the QAA was unable to carry out in-place reviews this year.

### **The Prevent duty**

The requirements of the Counter-Terrorism and Security Act (2015) remained in place and all providers were required to continue to report material changes and serious incidents relating to the Prevent duty. We continued to require compliance with the Prevent duty for both individual providers and the sector, but prioritised regulatory activity and engagement where we had significant compliance concerns and with providers newly subject to the Prevent duty.<sup>31</sup>

### **Preventing and addressing harassment and sexual misconduct**

In January 2020 we launched a consultation which set out proposals for the OfS regulation of harassment and sexual misconduct affecting students in higher education providers. The consultation sought views on a proposed statement of expectations relating to providers' processes, policies and systems to prevent and respond to harassment and sexual misconduct. The consultation also proposed an approach to using elements of the proposed statement of expectations in assessing compliance with existing ongoing conditions of registration, where there was evidence that registered providers had not effectively addressed reports or disclosures of incidents of harassment and sexual misconduct. We paused the consultation early in the pandemic to reduce burden and help providers support their students.

In light of the quality and standards consultation and the expected update to our regulatory requirements that relate to consumer protection law, we fast-tracked the publication of the statement of expectations to provide clarity about our expectations in this important area and give providers the opportunity to review and renew their systems, policies and processes before the beginning of the next academic year.<sup>32</sup> We will return to the regulatory aspects of the consultation at a suitable point.

### **Student transfer**

Each year a fairly low but stable proportion of students end their course at one provider, subsequently returning to higher education at another. We refer to this as 'student transfer'. Under section 38 of HERA 2017, we are required to monitor the availability of student transfer schemes and arrangements. To support this, condition F2 of the

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<sup>30</sup> The QAA is the designated quality body under paragraph 3 of Schedule 4 to HERA as the designated assessment body to perform the assessment functions in relation to quality and standards in English higher education.

<sup>31</sup> [See www.officeforstudents.org.uk/publications/prevent-monitoring-requirements-during-the-coronavirus-covid-19-pandemic/](http://www.officeforstudents.org.uk/publications/prevent-monitoring-requirements-during-the-coronavirus-covid-19-pandemic/)

<sup>32</sup> [www.officeforstudents.org.uk/advice-and-guidance/student-wellbeing-and-protection/prevent-and-address-harassment-and-sexual-misconduct/statement-of-expectations/](http://www.officeforstudents.org.uk/advice-and-guidance/student-wellbeing-and-protection/prevent-and-address-harassment-and-sexual-misconduct/statement-of-expectations/)

regulatory framework requires all registered providers to publish information about their student transfer arrangements. To reduce the regulatory burden on providers we reviewed the requirements for student transfer arrangements, concluding that annual monitoring would be an unnecessary burden. We produced an analysis of student transfers that suggested there were challenges for students looking to transfer credit for their previous study, particularly students from disadvantaged groups.<sup>33</sup> We continue to monitor sector-level trends.

## A new phase of regulation

In July 2020 we announced a phased resumption of our regulatory requirements. We decided not to reinstate arrangements as before, but to target our activity where it would be most needed, reflecting our commitment that providers that do not pose specific increased risk should experience less regulatory burden.<sup>34</sup> As one aspect of this we committed to reducing our use of enhanced monitoring.<sup>35</sup> In December 2020, we published revised guidance on our approach to monitoring and intervention.<sup>36</sup> Our approach to minimising burden is discussed in more detail on page 58.

In November 2020 we began a two-phase consultation on teaching quality and standards.<sup>37</sup> Our proposals are designed to ensure that our approach to the regulation of quality and standards maintains and strengthens the English higher education sector and its international reputation. They set out clearer definitions in relation to baseline requirements and clarify our approach to intervention. They also aim to allow us better to anticipate risks to quality and standards, for individual providers and for the sector. They reflect our experience to date of the provider registration and monitoring process, and our experience of operating during the pandemic.

In 2020-21 we also consulted on three core areas of regulation:

- our definition of a 'reportable event', including revised guidance on the events or matters providers are required to report
- our proposed approach to calculating monetary penalties

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<sup>33</sup> See [www.officeforstudents.org.uk/publications/student-transfers/](http://www.officeforstudents.org.uk/publications/student-transfers/).

<sup>34</sup> See [www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/](http://www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/).

<sup>35</sup> Enhanced monitoring is where we actively monitor a provider's progress against action plans or targets.

<sup>36</sup> See [www.officeforstudents.org.uk/publications/regulatory-advice-15-monitoring-and-intervention](http://www.officeforstudents.org.uk/publications/regulatory-advice-15-monitoring-and-intervention).

<sup>37</sup> See [www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/](http://www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/).



- our proposed approach to the publication of information about individual providers.

These consultations are ongoing and will inform our future approach to regulation.

## **The Teaching Excellence and Student Outcomes Framework**

Following the publication of the Independent review of the TEF, the government's response, and our own findings from the subject-level pilot report, we are now developing the future TEF exercise.<sup>38</sup> We are doing this in tandem with the emerging approach to regulating quality and standards.

As set out in our November 2020 consultation on regulating quality and standards in higher education, our intention is to ensure that our approach to the minimum baselines contained in the 'B' (quality and standards) conditions in the regulatory framework and the above-baseline assessment undertaken for the TEF combine to produce a coherent approach to quality that delivers our regulatory objectives.<sup>39</sup>

### **A data-led regulator**

Our data strategy emphasises the importance of comprehensive and timely data to allow us more quickly to identify changes in student recruitment and retention patterns.<sup>40</sup> We gather a range of data from registered higher education providers, both directly and through HESA (the designated data body) and others.<sup>41</sup> This data informs our regulatory decisions.

During this operating year we undertook detailed work on how student characteristics interrelate, which will inform our proposals in future phases of the quality and standards consultation and a consultation on the TEF.

### **Data Futures**

Supported by the OfS and the other UK higher education funding and regulatory bodies, HESA, working with Jisc, is leading a major data collection and processing transformation programme, Data Futures.<sup>42</sup> It is aiming to develop a revised data model that better reflects the diversity of providers and is able to deliver data in a way that supports the OfS's and other bodies' regulatory requirements.

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<sup>38</sup> See [www.gov.uk/government/publications/independent-review-of-tef-report](http://www.gov.uk/government/publications/independent-review-of-tef-report); [www.gov.uk/government/publications/government-response-to-the-independent-review-of-tef](http://www.gov.uk/government/publications/government-response-to-the-independent-review-of-tef); [www.officeforstudents.org.uk/publications/tef-findings-from-the-second-subject-level-pilot-2018-19](http://www.officeforstudents.org.uk/publications/tef-findings-from-the-second-subject-level-pilot-2018-19).

<sup>39</sup> [www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/](http://www.officeforstudents.org.uk/publications/consultation-on-regulating-quality-and-standards-in-higher-education/)

<sup>40</sup> See [www.officeforstudents.org.uk/publications/office-for-students-data-strategy-2018-to-2021/](http://www.officeforstudents.org.uk/publications/office-for-students-data-strategy-2018-to-2021/).

<sup>41</sup> Other data partners include the ESFA, the Student Loans Company and UCAS.

<sup>42</sup> See [www.hesa.ac.uk/innovation/data-futures](http://www.hesa.ac.uk/innovation/data-futures). Our Corporate governance statement discusses the approach taken to oversight and funding of this programme (see page 97).

As part of its drive to reduce regulatory burden, the government asked us to review the proportionality and efficiency of the current intention through Data Futures to collect individualised student data from English providers at three points in a year.<sup>43</sup> We plan to take this work forward alongside the development of our wider data strategy later in 2021.

## Participation

**All students, from all backgrounds, with the ability and desire to undertake higher education, are supported to access, succeed in, and progress from higher education**

**Strategic outcome P1:** Access, success and progression are not limited by background and identity, and gaps are significantly reduced.

This year, noting the challenges of the pandemic, we continued to work towards achieving the ambitious targets we have set for ourselves to achieve a step change in equality of opportunity in higher education.<sup>44</sup>

### Measuring our progress on equality of opportunity through the KPMs

Each strategic objective has KPMs that help us assess our influence and progress. We know that some groups of students are underrepresented in higher education or do less well if they do go to university or college. Reducing these gaps is a strategic priority, made more pressing by evidence that the pandemic is widening inequalities.

The most recent academic year for which data is available for the participation KPMs is 2019-20. KPM 1 shows that in the 2019-20 academic year, there was a gap of 28.9 percentage points between participation of the most and least represented groups.<sup>45</sup> This gap reduced steadily in recent years, but the 2019-20 gap remains close to that in the 2018-19 academic year.

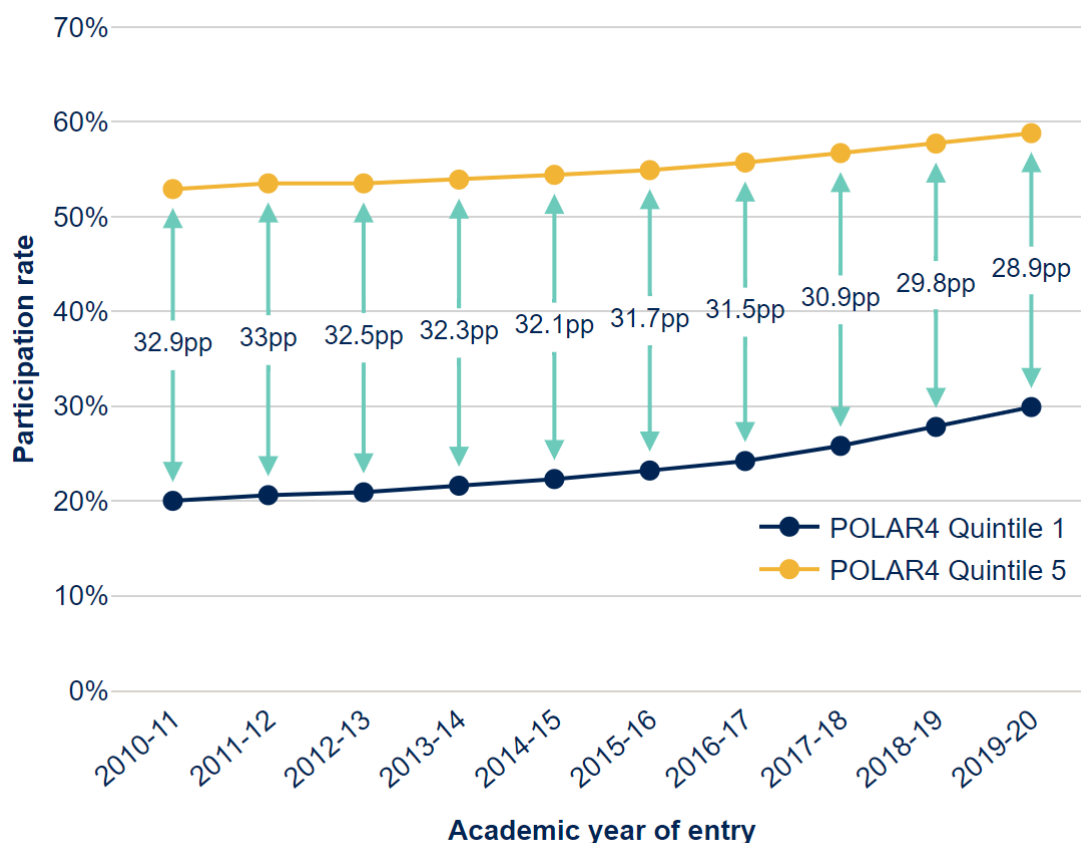
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<sup>43</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

<sup>44</sup> See [www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/](http://www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/).

<sup>45</sup> This measure shows the proportion of 18 to 30 year olds entering higher education according to the area they live in according to the Participation of Local Areas (POLAR) classification. POLAR groups areas based on the proportion of 18 and 19 year olds in each area entering higher education. Detail about the methodology is found at [www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-participation-between-most-and-least-represented-groups/](http://www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-participation-between-most-and-least-represented-groups/).

## KPM 1: Gap in participation between most and least represented groups



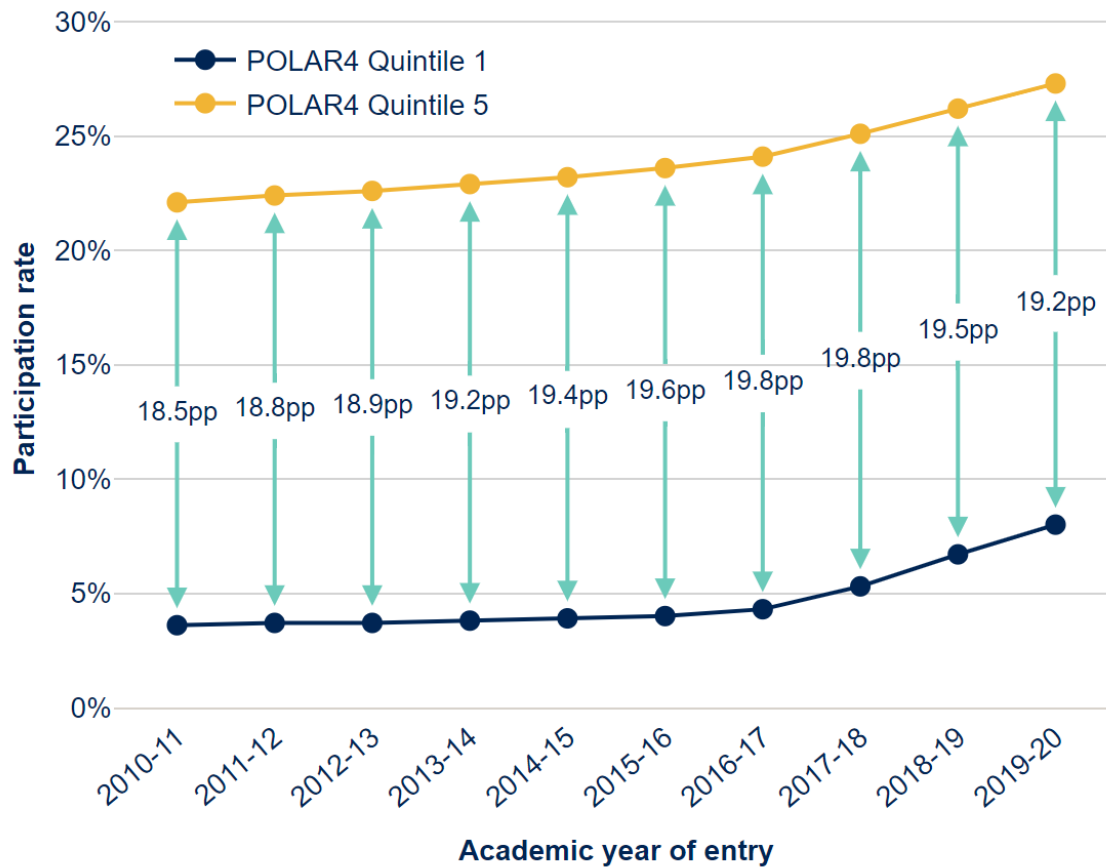
Source: individual student data HESA, individualised learner record (ILR)<sup>46</sup>, POLAR classification of postcodes

KPM 2 focuses on the gaps in entry rates at the most selective providers between the most and least represented groups.<sup>47</sup> In the 2019-20 academic year, the most represented students were 3.39 times more likely to go to a high-tariff university or college than the least represented (a gap of 19.2 percentage points, reducing slightly from the gap of 19.5 percentage points in the 2018-19 academic year.) While we welcome this narrowing of the gap, the most selective group of universities has some distance to travel to ensure equality of opportunity for all prospective students, whatever their background.

<sup>46</sup> The individualised learner record is an ongoing collection of data about learners from training providers in the Further Education and Skills sector in England.

<sup>47</sup> This measure shows the proportion of 18 to 30 year olds entering higher education according to the area they live in according to the Participation of Local Areas (POLAR) classification. POLAR groups areas based on the proportion of 18 and 19 year olds in each area entering higher education. Detail about the methodology is found at [www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-participation-between-most-and-least-represented-groups/](http://www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-participation-between-most-and-least-represented-groups/).

**KPM 2: Gap in participation at higher-tariff providers between the most and least represented groups**

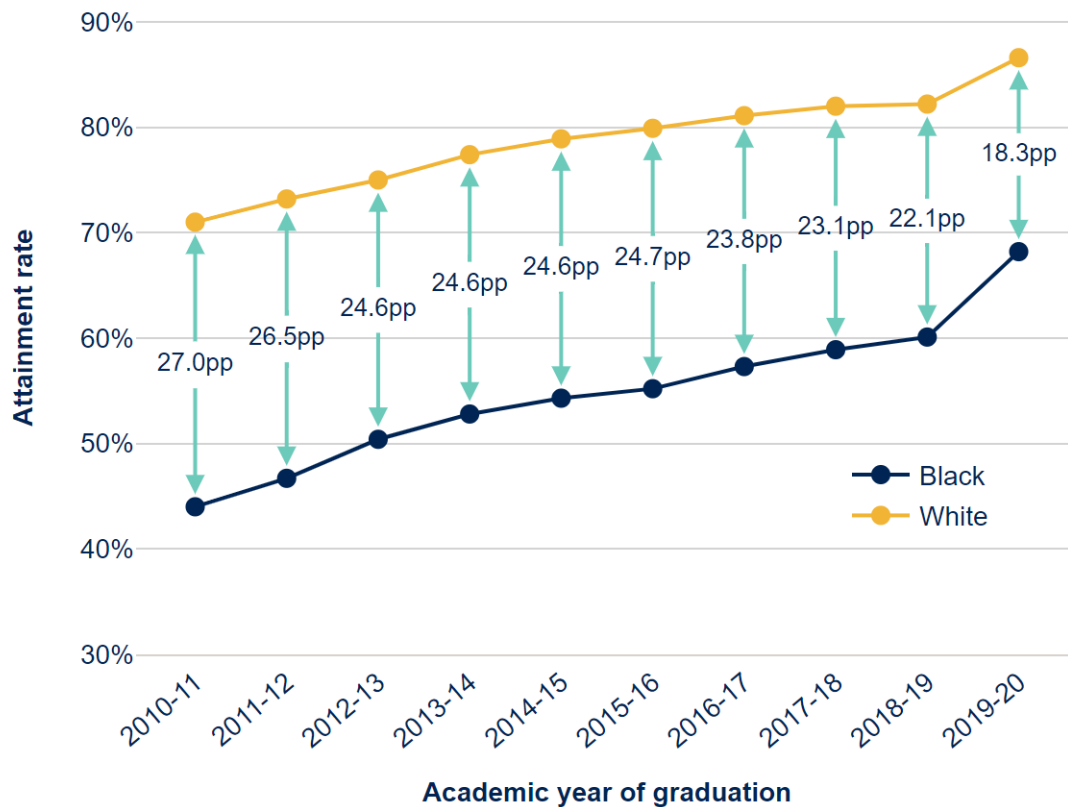


Source: individual student data HESA, ILR, POLAR classification of postcodes

We also want to make progress in eliminating the unexplained gap in degree outcomes between white and black students. Our aim is to eliminate the absolute gap (caused by both structural and unexplained factors) by 2030-31. KPM 4 measures the percentage point gap between the proportions of white and black students receiving a 1st or a 2:1 over time. This gap in degree outcomes continued to narrow by 3.8 percentage points between 2018-19 and 2019-20, but the gap remains large at 18.3 percentage points.<sup>48</sup>

<sup>48</sup> In response to the pandemic, providers made changes to assessment and classification arrangements in 2019-20 to ensure students were not disadvantaged in assessment. See [www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-degree-outcomes-1sts-or-21s-between-white-students-and-black-students](http://www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-degree-outcomes-1sts-or-21s-between-white-students-and-black-students) for consideration of the potential impact on KPM 4.

**KPM 4: Gap in degree outcomes (1sts or 2:1s) between white students and black students**



Source: Individual student data, HESA, ILR

Note: y-axis does not start from 0

**Addressing the barriers to further study for black, Asian and minority ethnic students**

A first or 2:1 undergraduate degree is often a prerequisite for entry to postgraduate research study. In 2020-21 we worked with Research England to identify the barriers to further study for black, Asian and minority ethnic students, and in October 2020 we launched a joint £8 million funding competition to support improved access and participation. The deadline for submission of bids was extended to take account of pandemic-related disruption, and funded projects will be announced in September 2021.

## Access and participation plans

Universities and colleges wishing to charge higher tuition fees must have an access and participation plan approved by the OfS's Director for Fair Access and Participation. These plans are our key regulatory tool in driving equality of opportunity. Universities and colleges must set out how they are going to achieve equality of opportunity for all their students, from admission to and completion of a course through to employment or further study.

Completing the assessment and approval process this year, we published the access and participation plans of over 270 universities and colleges, covering the five-year period from 2020-21 to 2024-25.<sup>49</sup> These longer-term, strategic plans are part of our wider set of reforms to the access and participation process in 2019. They detail the commitments providers are making to support their underrepresented students to succeed, and the work they are undertaking to achieve their own targets, as well as the contribution they will make to those we have set for ourselves and the sector through our key performance measures.

Since spring 2020 we have been gathering evidence on the disruption the pandemic has caused to universities' and colleges' plans. While we made clear that financial commitments to students must be honoured, we allowed flexibility so that planned investment could be diverted from activities that could not happen, such as direct engagement with schools, to respond to immediate student concerns about hardship and wellbeing.<sup>50</sup> We know that students from underrepresented groups or with specific needs are being more adversely impacted by the pandemic, in terms of mental health and wellbeing during lockdown, financial challenges and unequal access to computers and connectivity.<sup>51</sup>

In April 2021, we received reports from universities and colleges on the activity and financial support they delivered to students through their access and participation plans during the 2019-20 academic year, and how the plans we agreed with them from 2020-21 onwards have been affected by the pandemic. Recognising the changing context, any changes to approved plans are negotiated individually with universities and colleges. We have indicated that these must be 'something for something' discussions, maintaining the current levels of ambition and credibility while tackling new imperatives such as greater calls on hardship funding and increased demand locally and from adult learners, and considering the impact of developments in digital teaching and learning on the offer to students.<sup>52</sup>

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<sup>49</sup> See [www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#!/AccessPlans/](http://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#!/AccessPlans/).

<sup>50</sup> See [www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/](http://www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/).

<sup>51</sup> See [www.officeforstudents.org.uk/publications/coronavirus-briefing-note-supporting-student-mental-health/](http://www.officeforstudents.org.uk/publications/coronavirus-briefing-note-supporting-student-mental-health/); [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/digital-poverty-risks-leaving-students-behind/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/digital-poverty-risks-leaving-students-behind/).

<sup>52</sup> See [www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/](http://www.officeforstudents.org.uk/publications/regulatory-requirements-during-the-coronavirus-covid-19-pandemic/).

## **The impact of our access and participation reforms**

In March 2021 we published an independent evaluation of the impact of our access and participation plan reforms.<sup>1</sup> It concluded that the reforms had been instrumental in securing a step change in the level of ambition in access and participation plans. In particular, it noted the positive effects of the longer timescales for delivery, the transparency of the data dashboard and the link to OfS registration, which had served to engage governing bodies and senior management. The evaluation also highlighted a number of challenges providers had experienced with the process, including the pressure to set stretching targets, the alignment between national and local evidence, the complexity for smaller providers to manage, and the time needed to effectively engage students in plan development.

## **Improving understanding of the student population**

To help providers understand their own performance in respect of achieving equality of opportunity we publish an annual access and participation dataset, which provides a picture of patterns in access and participation across the student lifecycle at both sector and provider levels.<sup>53</sup> For example, at sector level, there is a greater rate of non-continuation (dropping out) for the least represented groups of students, and we see that the difference of 4.5 percentage points between the non-continuation rates of the most and the least represented groups has changed very little since 2014-15.<sup>54</sup>

This data also helps us to monitor the progress of universities and colleges towards delivering their plans and commitments. We encourage providers to focus on both individual characteristics and intersections between characteristics, and in 2020-21 we developed a new measure to help identify how a combination of factors such as race, poverty and place, together with other important variables such as gender, affect the likelihood of progression into higher education.<sup>55</sup> Using this measure, we found that 90 per cent of students in the lowest-participation quintile are white British, and have either received free school meals or grown up in a low-participation neighbourhood. During 2021, we will further develop this analysis to help our understanding of how to improve support for these groups.

Our report on patterns of access and continuation rates in English higher education highlighted differences between – and often also within – student groups that universities and colleges should look to understand and address, including differences between ethnic

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<sup>53</sup> See [www.officeforstudents.org.uk/data-and-analysis/access-and-participation-data-dashboard/](http://www.officeforstudents.org.uk/data-and-analysis/access-and-participation-data-dashboard/).

<sup>54</sup> See KPM 3, [www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/](http://www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/).

<sup>55</sup> See [www.officeforstudents.org.uk/data-and-analysis/associations-between-characteristics-of-students/](http://www.officeforstudents.org.uk/data-and-analysis/associations-between-characteristics-of-students/).

groups, types of provider and subject areas.<sup>56</sup> This is true for patterns of continuation for black students who do not attend the most selective universities, and for patterns of access for white students from the most disadvantaged neighbourhoods, which are mostly in post-industrial and coastal towns and parts of cities across the north and midlands.

### **The 2020-21 and 2021-22 admissions cycles**

The question of who is able to go to university or college and which one they go to is hugely important for individual students and for the higher education sector as a whole. The pandemic significantly affected how grades were awarded, whether places at universities and colleges were granted, and whether prospective students could access information and guidance about higher education given the closure of schools and limited access to advisers.

Following a difficult admissions cycle, more UK-domiciled students were accepted by universities and colleges on courses in England in autumn 2020 than in the previous year. This was supported by government decisions to remove student number controls, increase funding available for high-cost subjects, and expand placement capacity.

**408,705 full-time undergraduate UK-domiciled students were accepted on higher education courses in England in 2020, compared with 393,200 in 2019**

Source: UCAS end of cycle data

Analysis of UCAS data shows a 22 per cent increase in the number of students from the most underrepresented communities placed at the most selective universities in academic year 2020-21. This represents more than 1,000 extra students from some of the most disadvantaged parts of the country – the biggest increase in a single year for at least a decade. At the same time, the expansion of places at the more selective universities also benefited the most advantaged students, and the overall gap between the groups of students most and least likely to take up higher education (which had been reducing steadily in recent years) widened again in the 2020-21 admissions cycle.

Early indications for the 2021-22 admissions cycle are of strong demand, both overall and from among the lowest participation groups. The growing level of demand, together with lost learning and assessment by teachers, adds complexity to admissions decisions. Despite the efforts of teachers, parents and pupils, it seems likely that the recent progress on narrowing the attainment gap in schools between the most and least advantaged students has reversed.<sup>57</sup>

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<sup>56</sup> See [www.officeforstudents.org.uk/publications/access-and-continuation-data-by-ethnicity-tariff-and-subject/](http://www.officeforstudents.org.uk/publications/access-and-continuation-data-by-ethnicity-tariff-and-subject/).

<sup>57</sup> See [epi.org.uk/publications-and-research/analysis-a-level-results-2020/](http://epi.org.uk/publications-and-research/analysis-a-level-results-2020/).



We are clear that promoting equality of opportunity to access higher education cannot be the responsibility of schools and colleges alone. To deliver on their access and participation commitments, universities will need to support the effort to improve attainment in schools through their outreach work, and recognise that the context in which grades have been achieved can signal the potential of students applying from a low-participation school or community.

## **Addressing underrepresentation of students in higher education through the Uni Connect programme**

Issues underpinning inequalities in accessing higher education – such as geographical disparities in school attainment – are tackled most effectively through a joint effort between universities, colleges, schools, local authorities and third sector organisations. Our funding of £60 million for the 2020-21 academic year supports 29 local Uni Connect partnerships of universities, colleges and local partners across England to work with young learners in Years 9 to 13 from groups who are underrepresented in higher education. The partnerships help these learners to explore their education and training options and equip them with the information and experiences they need to make informed choices about their futures.<sup>58</sup>

Learners engage with the programme through their school or college, often over a period of years, and participate in a range of different outreach activities – visits to universities, taking part in lectures, meeting students they can relate to and learning about the range of routes into and through higher education. Over the past year, most of this activity has necessarily taken place online.

In response to the demands of the pandemic, we asked the partnerships to support a broader range of underrepresented students in their local areas (not just those in their target schools and wards). We also asked them to focus on supporting the needs of particular student cohorts: those applying to higher education in the 2020-21 academic year, those applying to early recruiters for 2021-22 and those in transition years (Years 9, 11 and 13). The partnerships responded by developing digital and other remote information, advice and guidance and outreach activities, and by continuing to engage with as many Uni Connect and other underrepresented learners as possible during this time. In July 2020 we published a briefing note on emerging practice on digital outreach from the programme, including case studies.<sup>59</sup>

As phase 2 of the Uni Connect programme is due to end in July 2021, in December 2020 we consulted on proposals for its future direction.<sup>60</sup> This included consideration of the approach to targeting underrepresented learners, including a greater focus on progression from further education and expanding outreach to adult learners. Following the consultation, we

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<sup>58</sup> Expenditure on the Uni Connect programme in the 2020-21 financial year was £51,245,00.

<sup>59</sup> See [www.officeforstudents.org.uk/publications/coronavirus-briefing-note-higher-education-outreach/](http://www.officeforstudents.org.uk/publications/coronavirus-briefing-note-higher-education-outreach/).

<sup>60</sup> See [www.officeforstudents.org.uk/publications/consultation-on-new-approach-to-uni-connect/](http://www.officeforstudents.org.uk/publications/consultation-on-new-approach-to-uni-connect/).

confirmed our commitment to funding a third phase of the programme, aligned with the current cycle for most access and participation plans to 2024-25.<sup>61</sup>

An independent evaluation of the Uni Connect programme found that focused and sustained engagement with the same group of students is improving their self-efficacy, academic confidence and motivation, and the evidence behind their choices about post-18 education. A separate evaluation looking at school and college engagement with Uni Connect partnerships found evidence of positive, collaborative relationships. It also highlighted the quality and relevance of Uni Connect outreach for schools and colleges.<sup>62</sup>

### OfS funding to improve access and support successful student outcomes

Funding is a core part of the OfS's work. It helps us to meet our regulatory objectives by driving improvements in student access, experience and outcomes. Student premium funding contributes towards the aims and objectives set out in providers' access and participation plans (or statements).

Elements of grant funding for student access and success	Total (£ million)	Related to nursing, midwifery and allied health (£ million)
	<b>316</b>	<b>16</b>
Of which:		
Premium to support successful student outcomes: full-time	150	12
Premium to support successful student outcomes: part-time	66	1
Disabled students' premium	40	2
Uni Connect	60	

The financial consequences of the pandemic, including greatly reduced opportunities for part-time work, which many rely on to help support their studies, have added to the difficulties faced by students this year. In December 2020 we distributed to providers additional government funding of £20 million for student hardship, and in February 2021 distributed a further government allocation of £50 million, £40 million of which was

<sup>61</sup> See [www.officeforstudents.org.uk/publications/a-new-approach-to-the-uni-connect-programme-from-2021-22-to-2024-25/](http://www.officeforstudents.org.uk/publications/a-new-approach-to-the-uni-connect-programme-from-2021-22-to-2024-25/).

<sup>62</sup> See [www.officeforstudents.org.uk/publications/formative-evaluation-of-uni-connect-phase-two-survey-of-school-and-college-staff/](http://www.officeforstudents.org.uk/publications/formative-evaluation-of-uni-connect-phase-two-survey-of-school-and-college-staff/).

earmarked to support students for rent-related hardship.<sup>63</sup> The funding was targeted to providers supporting high numbers of disadvantaged students.<sup>64</sup>

In March 2021 we launched a consultation on our approach to recurrent funding in the next operating period.

**Strategic outcome P2:** all access and participation activity is underpinned by evidence and ‘what works’.

## Evidence and evaluation in access and participation

We have consistently emphasised the importance of evidence and evaluation in understanding the impact of access and participation interventions and informing the targeted use of resources for maximum benefit to students.<sup>65</sup> All access and participation plans are required to include an explanation of how providers intend to monitor and evaluate their outreach and other support activity, and we are working to strengthen and improve provider evaluation practice in a number of ways:

- We provide evaluation toolkits and guidance documents.<sup>66</sup> In 2020-21 we continued to build our online effective practice resource for providers. We produce topic briefings on the best available evidence to support underrepresented and disadvantaged students to succeed.<sup>67</sup>
- We fund an independent affiliate ‘what works’ centre, the Centre for Transforming Access and Students Outcomes in Higher Education (TASO), to evaluate the impact of providers’ widening access and participation interventions.<sup>68</sup> TASO is also working to support the sector to develop expertise and sustainable evaluation approaches. In 2020-21 it undertook a programme of sector engagement to facilitate knowledge sharing and best-practice research methods.

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<sup>63</sup> [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/)

<sup>64</sup> The funding was required to be spent by the end of the financial year. £68.3 million was spent and £1.7 million of the distributed funds were returned to the DfE.

<sup>65</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation/).

<sup>66</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation/).

<sup>67</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/effective-practice/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/effective-practice/) Briefings include those on care experienced students, estranged students, students from military families, black, Asian and minority ethnic students, white British males from low socioeconomic backgrounds and Gypsy, Roma and Traveller communities.

<sup>68</sup> Established in 2019, TASO is a consortium involving King’s College London, Nottingham Trent University and the Behavioural Insights Team. It will be fully self-funding by 2022.

- We published findings of independent evaluations of the outcomes to date of the Uni Connect programme (see page 31) and of the ‘Addressing barriers to student success’ programme, which began under our predecessor body.<sup>69</sup>

## Value for money

**All students, from all backgrounds, receive value for money.**

**Strategic outcome V1:** Higher education delivers value for students, graduates, taxpayers and employers, especially in the form of positive student outcomes

The OfS has a statutory duty to have regard to the need to promote value for money in the provision of higher education. Ensuring value for money – for students, taxpayers and the economy – underpins our work to improve access and participation, ensure a high-quality student experience, and achieve successful student outcomes.<sup>70</sup>

Our value for money strategy sets out our principles for addressing value for money:

- We set a minimum level of protection for students through our registration process, which ensures a baseline for value for money on which students and taxpayers can rely.
- We foster competition through our regulation, which encourages providers to respond to student needs.
- We help students to make the right choices about what and where to study.
- We make sure providers do not charge fees exceeding the maximum levels allowed.<sup>71</sup> (These limits are set by the government, which also decides the terms of the student finance system.)

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<sup>69</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/addressing-barriers-to-student-success-programme/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/addressing-barriers-to-student-success-programme/).

<sup>70</sup> See [www.officeforstudents.org.uk/publications/value-for-money-strategy/](http://www.officeforstudents.org.uk/publications/value-for-money-strategy/).

<sup>71</sup> See [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/access-and-participation-plans/fee-limits/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/access-and-participation-plans/fee-limits/).

- We focus on the outcomes we expect of providers rather than prescribing how these should be achieved. This means providers, as autonomous bodies, are free to define their own missions, strategies and approaches.
- We improve transparency so that providers are open about value for money for students and taxpayers.
- We use our Participation KPMs to check whether particular groups of students, such as those from low-participation areas, are not receiving the value for money secured by their peers, and act to close gaps.
- We protect taxpayers by monitoring employment outcomes to check that students are leaving with the skills and knowledge employers need, and that contribute to national and local economies. We use our KPM 16 to explore the extent to which employers are satisfied with the skills and knowledge of graduates.
- We also make sure that public investment in higher education leads to public benefits that cannot be achieved solely by providers responding to student choice – for example, by providing funding to protect specialist provision.
- We use the funding we distribute as a regulatory tool to support social and economic priorities.

Our view is that value for money has no fixed definition – it means different things to different people and may well shift over time. We measure our performance against our value for money objective by asking students and graduates about their views. This allows us to monitor progress without imposing our own definition on students. We know from our own and from other surveys that many students feel they do not receive value for money for their higher education, and that their perceptions of value for money differ from those of their university or college.

### **Whether students think university provides good value for money**

KPM19 measures whether students think that the costs and benefits of university or college provide good value for money.<sup>72</sup> It uses student polling data commissioned by the OfS and gathered between January to March 2020.<sup>73</sup>

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<sup>72</sup> See [www.officeforstudents.org.uk/about/measures-of-our-success/value-for-money-performance-measures/](http://www.officeforstudents.org.uk/about/measures-of-our-success/value-for-money-performance-measures/).

<sup>73</sup> Our polling contractor asked 2,097 people in the period January to March 2020, 'Considering the costs and benefits of university, do you think it offers good value for money?' The measure is expressed as respondents in the population who answered yes, given as a percentage of the respondents in the population who answered the question, including those who answered 'don't know'.

## **‘Considering the costs and benefits of university, do you think it offers good value for money?’**

### **Undergraduate students answering ‘Yes’: 37.5 per cent**

#### **KPM 19**

These concerning results were broadly consistent with the findings on value for money from the Advance HE and Higher Education Policy Institute Student Academic Experience Survey.<sup>74</sup> Polling for this survey took place a little later than our polling, in April 2020. The survey found that perceptions of poor value were largely related to costs such as tuition fees and the cost of living, although tuition time was also selected more frequently by students rating value poorly than it was by those who perceived good value. Furthermore, the value perceptions of students at English providers fell in 2020 compared with the previous year – although on a relatively small scale. Staff industrial action and the beginning of the coronavirus crisis were identified as factors impacting on student perceptions of their experience.

#### **Patterns and trends in sector financial viability and sustainability**

In December 2020 we published an analysis of the aggregate position of the English higher education sector based on unaudited data returned to the OfS in October 2020. Financial monitoring data was required from all registered higher education providers in England, excluding further education colleges offering higher education provision, that submit financial data to the Education and Skills Funding Agency (ESFA).<sup>75</sup>

Universities and colleges forecast their financial performance and position in the financial years ending in 2020 (2019-20) and 2021 (2020-21), relative to the complete year prior to the coronavirus pandemic (2018-19).<sup>76</sup> The return provided the first opportunity to analyse the impact of the pandemic on English higher education. Our analysis suggests that strong cash balances, increased but sustainable borrowing including through government-backed loans, and a lower fall in income than feared from international students’ fees, have combined to leave the sector in a reasonably stable financial position.

The analysis concludes that, although there is currently a low chance of a significant number of unplanned closures of universities, colleges or other providers, there remain considerable uncertainties which will continue to affect finances.

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<sup>74</sup> See [www.hepi.ac.uk/2020/06/11/the-student-academic-experience-survey-2020](http://www.hepi.ac.uk/2020/06/11/the-student-academic-experience-survey-2020).

<sup>75</sup> See [www.officeforstudents.org.uk/publications/guidance-for-providers-for-financial-monitoring-returns/](http://www.officeforstudents.org.uk/publications/guidance-for-providers-for-financial-monitoring-returns/).

<sup>76</sup> See [www.officeforstudents.org.uk/publications/financial-sustainability-of-higher-education-providers-in-england-update/](http://www.officeforstudents.org.uk/publications/financial-sustainability-of-higher-education-providers-in-england-update/).

## Experience

**All students, from all backgrounds, receive a high-quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure.**

**Strategic outcome E1:** Students are able to choose from a diverse range of high-quality higher education provision, which is responsive to the preferences and needs of students from all backgrounds and to the shifting national and global environment.

### Helping students make informed choices about higher education during the pandemic

We want every student, whatever their background and circumstances, to be supported to make the higher education choice that is right for them. This requires a coherent, responsive approach to providing clear, accurate information, advice and guidance (IAG) focused on individual needs and preferences.

We know that even in normal times many students, particularly those from disadvantaged backgrounds, part-time, and mature students, experience an ‘information gap’ – that is, they do not have the information and support they need to make an informed choice about higher education. The pandemic was likely to further widen this gap, as providers were barred by social distancing and other public health measures from holding open days and other activities, making IAG for students all the more crucial. Providers also needed to ensure that prospective students had a clear understanding of what their student experience, and in particular arrangements for teaching and learning, were likely to be.

#### Coronavirus briefing note on information, advice and guidance

In June 2020 we published a briefing note looking at how universities and colleges were responding to the challenges of delivering high-quality IAG to prospective students through different channels, especially in the context of imminent decision deadlines. It highlighted the practical steps universities, colleges and others were taking to ensure that prospective students were as well equipped as possible in the circumstances to make the best decisions for them.<sup>77</sup>

<sup>77</sup> See [www.officeforstudents.org.uk/publications/coronavirus-briefing-note-information-advice-and-guidance-for-prospective-students/](http://www.officeforstudents.org.uk/publications/coronavirus-briefing-note-information-advice-and-guidance-for-prospective-students/).

With the other UK higher education funding and regulatory bodies, we provide a website, Discover Uni, to help students with their decision-making journey towards higher education.<sup>78</sup> This year further functionality was added to the website. We provided practical, up-to-date information on pandemic-related developments in key areas like school exams, the admissions process and student finance, as well as signposting to other official and trustworthy sources of information.<sup>7</sup> We also produced downloadable resources for applicants and their teachers and advisers, including tips on researching options for higher education while awaiting exam results, and advice on deciding whether to withdraw from or defer a course.



We continued to work with the Competition and Markets Authority, the Office of the Independent Adjudicator for Higher Education and the Advertising Standards Authority to ensure that providers understand and comply with consumer protection law in their contacts with prospective students.

### **National Student Survey**

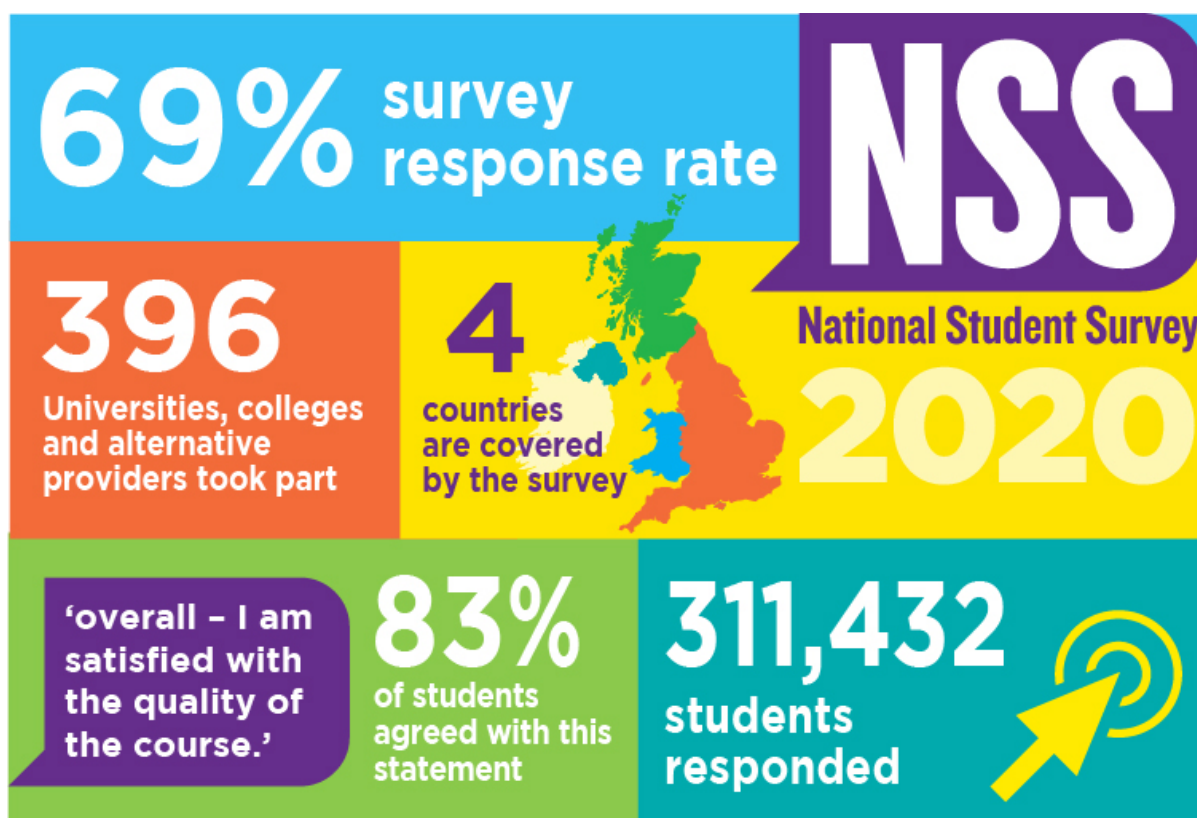
The National Student Survey (NSS) has played an important role in communicating the voices of students for 15 years. Over 300,000 final year students respond each year, giving their views on their academic experience. The results are used to inform prospective students' choices of what and where to study and to help universities and colleges to improve their students' experience. We manage the survey on behalf of the four UK nations. The latest set of results, published in July 2020, show continuing high levels of student satisfaction overall, but a slight reduction compared to last year.<sup>79</sup> The 2020 survey ran from early January to the end of April, and so included the period of the first UK lockdown.

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<sup>78</sup> See <https://discoveruni.gov.uk/>.

<sup>79</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/student-satisfaction-stable-as-data-continues-to-highlight-need-for-clear-communication/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/student-satisfaction-stable-as-data-continues-to-highlight-need-for-clear-communication/).





Satisfaction levels vary significantly between different courses and universities, with some English universities and colleges seeing far lower scores than the headline student satisfaction figure of 82 per cent for England (compared with Scotland at 85 per cent, Wales at 84 per cent and Northern Ireland at 83 per cent). For England the range in responses to a question on satisfaction with the quality of the course is 71 to 89 per cent.<sup>80</sup>

Through analysis, we created benchmarks based on factors which are most closely correlated with different responses to the NSS.<sup>81</sup> This allows us to highlight where the percentage of respondents who agree are different, in terms of statistical significance, from the calculated benchmarks, and enables exploration of any differences in the experiences of groups such as part-time students, disabled students, and students from minority ethnic backgrounds.

### NSS review

Following a request by the Minister of State for Universities in September 2020, we undertook a UK-wide review of the NSS, liaising with the devolved administrations, to

<sup>80</sup> This relates to question 27 of the NSS, which asks respondents to agree or disagree on a scale with the statement, ‘Overall, I am satisfied with the quality of the course.’

<sup>81</sup> See [www.officeforstudents.org.uk/publications/the-national-student-survey-consistency-controversy-and-change/](http://www.officeforstudents.org.uk/publications/the-national-student-survey-consistency-controversy-and-change/).

address the government's concerns about how the survey may be creating burden and impacting on standards and provider behaviour.<sup>82</sup>

The first stage of the review gathered views from a wide range of stakeholders and made a number of recommendations about how the NSS can be fit for purpose for the future and support improvements in quality and standards.<sup>83</sup> The second stage will look more widely at the role of the survey, including how it can best support regulation and student information across all four nations.

## Diverse provision

In December 2020 we published new key performance measures showing diversity of university and college choice within subjects (KPM 8) and diversity of subject choice by region (KPM 9).<sup>84</sup> The analysis shows that there is greater subject choice in full-time than part-time study options. London has the greatest diversity of subject choice compared with other English regions.

**Strategic outcome E2:** Students have a positive experience of higher education and are highly satisfied with the quality of teaching, learning, wider experience and outcomes.

**Strategic outcome E3:** Students' knowledge and skills are improved during their higher education experience.

The 'Regulating in uncertain times' section (see page 14) sets out our regulatory oversight activity, which means that students should be confident that providers offer good-quality courses, are well managed and are financially viable. This section focuses on our work to support students to have a positive experience of higher education under difficult circumstances this year, with a particular focus on disadvantaged and vulnerable students.

Working with universities, colleges and other stakeholders we produced a series of briefing notes on providers' support for their students during the pandemic. The purpose of the notes was to share ideas and responses, and to signpost to further information. They covered a range of topics, such as student accommodation needs, outreach, and mental health, and focused on particular student groups, including



<sup>82</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

<sup>83</sup> See [www.officeforstudents.org.uk/publications/nss-review-phase-one-report/](http://www.officeforstudents.org.uk/publications/nss-review-phase-one-report/).

<sup>84</sup> See [www.officeforstudents.org.uk/about/asures-of-our-success/experience-performance-measures/](http://www.officeforstudents.org.uk/about/asures-of-our-success/experience-performance-measures/).

international students, disabled students, students without family support, and postgraduate research students.

The briefing notes reached a wide audience. The note on accommodation issues was viewed over 19,000 times, and the note on mental health 7,000 times.

## Mental health and wellbeing

The mental health of students has been a longstanding concern in the higher education sector. Universities and colleges are responsible for developing their own mental health policies and procedures and the OfS's role is to incentivise providers through our regulation, collaboration and funding to find solutions to tackle poor mental health among students. We are working on a number of fronts to support students with mental health issues:

- Our access and participation guidance sets out our expectation that higher education providers will develop a detailed understanding of where gaps in outcomes for students with a declared mental health condition as a disability exist and why, and take effective steps to eliminate them, reporting through their monitoring impact reports.
- This year, the Department of Health and Social Care made available a grant of £1 million for a second phase of investment, focused on student groups who are identified as being at greater risk of developing poor mental health, or who may experience barriers to accessing support.<sup>85</sup> The competition for this funding closed in December 2020 and the successful projects will be announced in summer 2021.
- With the Higher Education Funding Council for Wales, we funded the charity Student Minds to develop an online platform, Student Space.<sup>86</sup> The OfS is supporting this project with up to £3 million in funding. The platform, which was developed to respond to additional pressures caused by the pandemic, is designed to complement the mental health support already in place through universities, colleges and NHS services in England and Wales. It provides signposting to mental health resources in universities and colleges across England and Wales, as well as educational resources to help students through the challenges of the pandemic. Support services such as phone, email and text support are also available. Over 133,000 people accessed the Student Space platform's resources from its launch in August 2020 to the end of March 2021.<sup>87</sup>

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<sup>85</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/new-funding-competition-to-support-student-mental-health/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/new-funding-competition-to-support-student-mental-health/).

<sup>86</sup> See [Studentspace.org.uk](http://Studentspace.org.uk). The OfS funding contribution for Student Space in this financial year for England was £1,517,327. Funding under the contract for provision for both England and Wales continues for the remainder of the 2020-21 academic year.

<sup>87</sup> This figure relates to people accessing the platform in both England and Wales.

### **The impact of the pandemic on OfS mental health challenge projects**

A £6 million investment in 10 projects across three financial years is generating new approaches to support student mental health and wellbeing.<sup>88</sup> In spring 2020, as part of our programme-level evaluation, the evaluators explored the impact of the pandemic on project delivery with the aim of sharing learning to date to shape ongoing practice.<sup>89</sup>

In response to the pandemic, the projects had replaced planned face-to-face activity with video and telephone services. They reported challenges regarding how to ensure video platforms met secure access and data protection compliance standards. The report encouraged universities and colleges to consider electronic messaging to enable students to access support where there are privacy concerns. It also recommended a comprehensive review to understand what online interventions have been effective, for who and why, and to retain a 'mixed-method' approach where the evidence supported continuation of a particular intervention.

Some of the projects raised concerns about the difficulties of engaging students in meaningful co-production in a remote environment. More positively, projects found in some cases that delivering partnership work through video conferencing increased the engagement of public health partners.

### **Making a difference for disabled students**

We know that disabled students are less likely to continue their degrees, be satisfied with how their course is managed, graduate with a good degree, and progress onto a highly skilled job or further study compared with their peers. While the longer-term impact of the pandemic on disabled students is not yet known, student polling in the summer of 2020 about the experience of students during the first national lockdown found that in 10 of 16 questions, disabled students reported being significantly more dissatisfied or affected than non-disabled students.

### **Gap in degree outcomes (1sts or 2:1s) between disabled and non-disabled students**

Persistent gaps continue between disabled students and their peers. KPM 5 measures progress towards closing the gap in degree outcomes (1sts or 2:1s) between disabled students and non-disabled students by 2024-25. Our KPM 5 shows that the gap has reduced

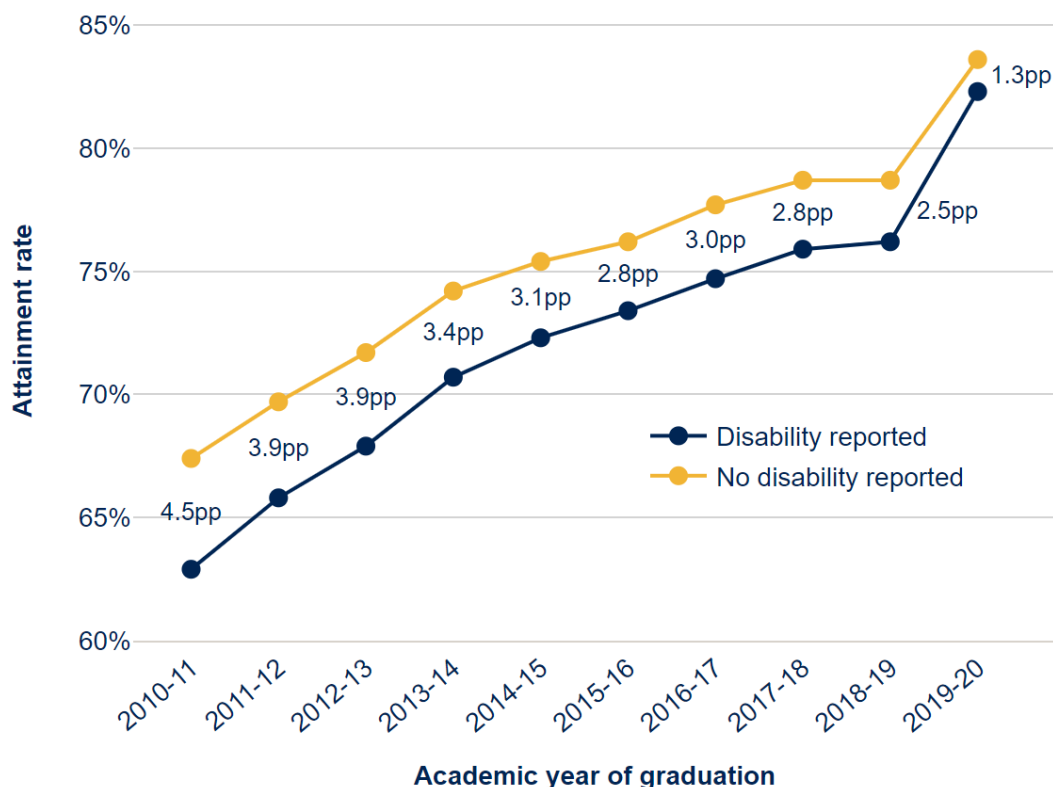
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<sup>88</sup> The projects were initially to run until December 2021, although we have agreed extensions for some. Expenditure on the projects during this financial year was £2,115,000.

<sup>89</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/impact-of-coronavirus-on-projects-supporting-student-mental-health/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/impact-of-coronavirus-on-projects-supporting-student-mental-health/).

every year since the 2016-17 academic year, and in the 2019-20 academic year it had narrowed to 1.3 percentage points.<sup>90</sup>

**KPM 5: Gap in degree outcomes (1sts or 2:1s) between disabled students and non-disabled students**



Source: Individual student data, HESA, ILR

Note: y-axis does not start from 0.

Our access and participation plan guidance set out our expectations that universities and colleges must consider different kinds of disabilities separately, to more fully understand the extent of any underrepresentation across the student lifecycle. Providers must also align their equality, diversity and inclusion strategies with their access and participation plans, discussing a range of targeted activity to support student wellbeing and issues of mental ill health, such as inclusive curriculum, digital solutions and building design. We know that there are also gaps in continuation and attainment rates for groups of disabled students. For example, 90.2 per cent of full-time undergraduate students who did not report a disability continued their studies into 2019-20, compared with 87.0 per cent of full-time undergraduate students with a declared mental health condition.

<sup>90</sup> In response to the pandemic, providers made changes to assessment and classification arrangements in 2019-20 to ensure students were not disadvantaged in assessment. See [www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-degree-outcomes-1sts-or-21s-between-disabled-students-and-non-disabled-students-hesa/](http://www.officeforstudents.org.uk/about/measures-of-our-success/participation-performance-measures/gap-in-degree-outcomes-1sts-or-21s-between-disabled-students-and-non-disabled-students-hesa/) for consideration of the potential impact on KPM 5.

Our disabled students premium funding aims to contribute to a social and inclusive model of support through the allocation to providers of £40 million in the current academic year 2020-21, using a formula which looked at how many students each had who either had self-declared disabilities or received Disabled Students' Allowance. Currently, disabled students premium funding supports the costs of activities that will promote inclusion and remove barriers to participation and success for disabled students. We will pay close attention to how the pandemic may impact on disabled students in the current year and beyond.

In 2019 we appointed commissioners for the Disabled Students' Commission, which is committed to ensuring that disabled students have a positive and successful experience of higher education. Last year the commission worked with students, practitioners and sector leaders to investigate the specific issues the pandemic posed for disabled students. Its findings, published in a booklet entitled 'Three months to make a difference', challenged the sector to make urgent changes in seven key areas, including support and guidance for disabled students in the clearing process, facilitating their participation in social activities, ensuring that blended learning is delivered inclusively, and embedding accessibility across learning platforms and technologies.

The booklet highlighted that providers are now delivering learning in a format that many disabled students have been requesting, but there also some tangible challenges, and that time pressures impacted the building-in of inclusivity for disabled students. We continue to work with the commission to look at how providers respond to this challenge, and to understand the longer-term impacts of the pandemic on disabled students.

## **Digital teaching and learning**

In June 2020 the Secretary of State for Education commissioned the then OfS chair, Sir Michael Barber, to conduct a review of digital teaching and learning since the start of the coronavirus pandemic. The review report, published in February 2021, grouped recommendations for the medium and longer terms around a model of six core components of effective digital teaching and learning:

- Digital teaching must start with appropriately designed pedagogy, curriculum and assessment.
- Students must have access to the right digital infrastructure.
- Good access enables staff and students to build the digital skills necessary to engage.
- Technology can then be harnessed strategically, rather than in a piecemeal or reactive way, to drive educational experience and outcomes.
- Inclusion for different student groups must be embedded from the outset.
- All the elements need to be underpinned by a consistent strategy.

The report documented numerous examples of positive and innovative practice. It also identified significant barriers during a year when many students were in family homes or shared accommodation doing their courses remotely. Student polling commissioned by the review found that significant numbers reported problems finding a quiet space to study, dealing with a slow or unreliable internet connection, and accessing a computer, laptop or tablet. These problems exemplify wider issues of 'digital poverty': the report concludes that addressing them effectively will require systemic and long-term solutions.

## Outcomes

**All students, from all backgrounds, are able to progress into employment, further study, and fulfilling lives, and their qualifications hold their value over time.**

**Strategic outcome O1:** Graduates and postgraduates leave with knowledge and skills that will contribute to their national and local economies, and drive productivity.

## Skills and lifelong learning

The global economic downturn and disruption brought about by the pandemic, together with the UK's exit from the European Union, have led to an increased emphasis on the need for the upskilling and re-skilling of the UK's population. The pandemic has seriously affected many industries and local economies, while generating increased skills needs in sectors such as healthcare. Higher education has a key role in addressing these challenges. For example, a wealth of evidence points to growing demand for skills at Level 6 and above in a number of sectors, including health and artificial intelligence.<sup>91</sup> The government's 'Skills for jobs' white paper emphasises the importance of adult skills, including higher technical reforms and retraining initiatives, healthcare provision expansion, the impact of the pandemic on particular disadvantaged groups, and the 'levelling up' agenda.<sup>92</sup>

Mature students are more likely than 18-year-olds entering higher education to have caring or work responsibilities. They are also more likely to come from lower socioeconomic backgrounds, to be disabled, or to be from black or minority ethnic groups. Full-time mature students are more likely to enter higher education with non-traditional qualifications, drop out of their courses and have lower attainment rates than younger students.<sup>93</sup> Academic

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<sup>91</sup> See [www.gov.uk/government/publications/labour-market-and-skills-projections-2017-to-2027](https://www.gov.uk/government/publications/labour-market-and-skills-projections-2017-to-2027).

<sup>92</sup> See [www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth](https://www.gov.uk/government/publications/skills-for-jobs-lifelong-learning-for-opportunity-and-growth).

<sup>93</sup> In 2017-18, 84 per cent of mature students on full-time or apprenticeship courses continued with their courses, compared with 92.1 per cent of younger students. The continuation rate for mature part-



timetables may not offer the flexibility they need. This suggests a need for universities and colleges to offer more flexible study opportunities and greater strategic support to mature students, to move towards greater equality in outcomes.

In engaging with providers on their access and participation plans, we consider the support they offer to mature students and their progression through local routes such as further education colleges. Our analysis of access and participation plans shows that mature students have not been prioritised by many providers despite the significant decline in the overall numbers of mature learners entering higher education over the past decade.<sup>94</sup> To improve opportunities for mature students, we have asked Uni Connect partnerships to work with local employers and communities to support mature student participation, including a stronger role for further education colleges. Through the partnerships and the Discover Uni website, we will encourage a focus on more and better information, advice and guidance for this group.

Additionally, the focus on a range of routes through and into higher education, including technical pathways and more flexible routes, raises important issues in relation to regulatory systems, incentives and measures, and how we balance choice for students alongside the benefits of collaboration. These are issues we will address in our strategy for 2022 to 2025.

## **The health workforce**

To deliver the trainees needed by the health workforce, and in response to pandemic-related disruption of exam results in 2020, the government removed the control on medical and dental intakes in 2020-21 and advised providers to offer places to students who met the terms of their offer, where clinical placements were available. These changes to intake arrangements have implications for the future, and we are working with the Department for Health and Social Care, the DfE and Health Education England to manage the effects of the turbulence in medical intakes this year and ensure that future health education intakes deliver the workforce needed by the health service.

## **Interventions**

We make selective interventions to address the skills needs of employers where we think this needs to happen more quickly or on a scale beyond what will happen through providers working alone. A funding competition in the 2018-19 financial year sought to improve outcomes for graduates who chose to study and seek employment in their home region. This involved a programme of £5.6 million for 16 projects from May 2019 through to September 2022. Working with local employers, the projects are addressing one or more of the following priorities:

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time students was also lower than that for young students (64.5 per cent and 74.8 per cent respectively).

<sup>94</sup> There was a notable increase in full-time mature students in 2020, driven by a rise in acceptances to nursing courses.



- improving employment outcomes of students from disadvantaged backgrounds, particularly black, Asian and minority ethnic students and those with disabilities
- improving graduate outcomes for mature students or part-time students who plan to remain in their local area for study and post-study work
- addressing place-based skills gaps by ensuring graduates are well prepared to succeed in local industries.

Through a range of initiatives, including curriculum interventions and internships, these projects are helping to support the transition of students into local graduate employment. This year we worked with the projects to identify and share effective practice.<sup>95</sup>

In April 2020, following investment from the Department for Digital, Culture, Media and Sport, we announced £13 million funding through to March 2023 to support 18 projects to develop postgraduate conversion courses in artificial intelligence and data science. £10 million of this funding will provide 1,000 scholarships worth £10,000 each to students from groups traditionally underrepresented on these courses, with a particular focus on black students, women and disabled students.<sup>96</sup> The projects are supported by a national branding and marketing campaign build awareness of the opportunities among these groups.

To date, around 40 per cent of the total number of students enrolled on these courses are women, a quarter are black and 15 per cent are disabled. We are working with the Department for Digital, Culture, Media and Sport and the Office for Artificial Intelligence to develop a case for a second wave of funding.

The 'Participation' section of this report describes our collaboration with Research England to fund projects to increase access and participation of black, Asian and minority ethnic students to postgraduate research, with the aim of improving the flow of qualified researchers into academic careers.

## Knowledge exchange

Knowledge exchange delivers economic and social benefit to communities through the sharing of knowledge between universities and businesses. Students can benefit from participation in knowledge exchange activities, gaining skills that improve their employability, experience and contacts. However, evidence was lacking on the extent of this engagement and benefit, and relatively little was also known about the impact of student-engaged activities on external partners.

In autumn 2019 we launched a joint programme with Research England, inviting bids for projects on student engagement in knowledge exchange. The programme is gathering examples of good practice to share across the sector and helping us optimise the use of the

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<sup>95</sup> See [www.officeforstudents.org.uk/advice-and-guidance/skills-and-employment/improving-outcomes-for-local-graduates/](http://www.officeforstudents.org.uk/advice-and-guidance/skills-and-employment/improving-outcomes-for-local-graduates/).

<sup>96</sup> Approximately 20 per cent of the £10,000 scholarships were awarded during the 2020-21 academic year in line with our plans for year one of the three years of funding.

Higher Education Innovation Fund, the key funding mechanism for supporting knowledge exchange to bring improved value for money for public funds.

Funding for the successful projects was announced in April 2020, with awards ranging from £250,000 to £1 million across a broad range of providers, subjects, sectors, student groups and knowledge exchange activities. Most projects started in June 2020, and the first formative reports were submitted in December 2020. The pandemic has had a substantive impact on project delivery, with nearly all projects shifting to respond to the need for online engagement, but early indications from the December reports are that good progress has been made.

**Strategic outcome O2:** Students' lives are improved and enriched by their time in higher education.

## Delivering successful outcomes

Our regulatory framework is an important means of delivering this strategic outcome, particularly condition B3, which requires registered providers to deliver successful outcomes for all of their students.

Our consultation on quality and standards contained proposals that would set minimum numerical baselines for student outcomes at an appropriate level to protect the interests of students. Part of our proposals relates to student employment following study, and in particular how many students progress to managerial and professional employment (or employment appropriate to the qualification level), or to higher-level study. We recognise that because of the pandemic, graduates are emerging into a challenging job market, but students expect that their investment in higher education should improve their employment prospects. Employment outcomes are an indicator of whether students are being prepared with the knowledge and skills that employers value.

Current measures of student outcomes consider each stage of the student lifecycle separately. This means that they may be less helpful in highlighting to students their overall likelihood of both graduating and going on to professional employment.

In December 2020 we published a research report using an experimental statistical measure that projects how likely it is that students will end up graduating as well as going on to professional employment or further study.<sup>97</sup> The report included anonymised results by university or college, by subject across the sector, and by subject within each provider. The measure brings together projected data on the number of full-time first-degree students who

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<sup>97</sup> See [www.officeforstudents.org.uk/publications/developing-an-understanding-of-projected-rates-of-progression-from-entry-to-professional-employment/](http://www.officeforstudents.org.uk/publications/developing-an-understanding-of-projected-rates-of-progression-from-entry-to-professional-employment/) Experimental statistics are a subset of newly developed or innovative official statistics undergoing evaluation. Experimental statistics are published to involve users and stakeholders in the assessment of their suitability and quality at an early stage.

complete their studies with data about the progression of recent graduates to employment, further study or other activities.

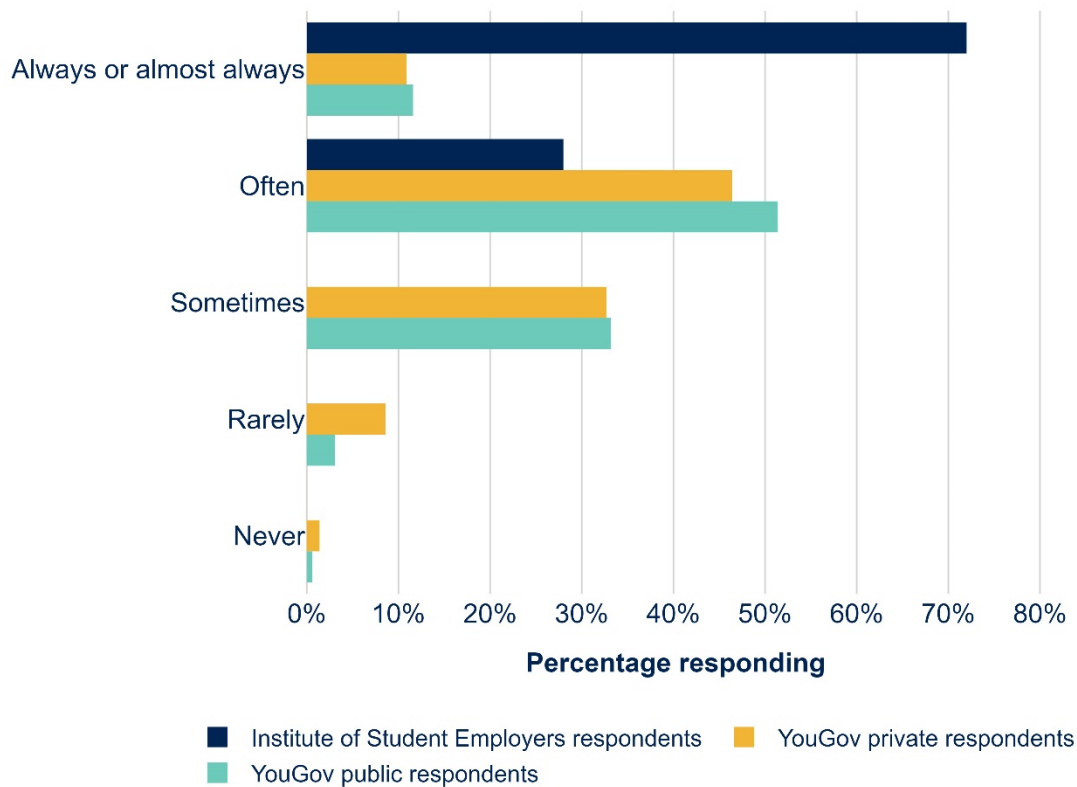
The analysis showed that:

- projected rates of progression from entry into a higher education course to professional employment vary substantially by subject group, and by higher education provider
- projected rates of progression from entry to professional employment vary substantially between subjects within many higher education providers.

We sought feedback on our experimental metrics research report and analysis and carried out user testing and roundtables. In response to feedback, the methodology was refined and in May 2021 we published research based on the updated methodology, using the measure, now known as 'Projected completion and employment from entrant data' (Proceed).<sup>98</sup>

This year, we also published for the first time our KPM 16, which is based on employers' views about whether students have the right skills from their course once in employment. The findings were broadly positive findings, with all Institute of Student Employers respondents and nearly two thirds of YouGov respondents saying they were able to recruit the quality of graduates they wanted.

### Employers' views on whether they can recruit the quality of graduates they want (KPM 16)



<sup>98</sup> [www.officeforstudents.org.uk/publications/proceed-updated-methodology-and-results/](http://www.officeforstudents.org.uk/publications/proceed-updated-methodology-and-results/)  
Office for Students annual report and accounts 2020-21 48

## The relationship between higher education and subjective wellbeing

Using the Graduate outcomes survey, we considered the relationship between experience of higher education and subjective reporting of wellbeing, showing how responses differ by age, disability, ethnicity, sex and subject of study, as well as where the graduate was domiciled at the start of their study and what they considered their main activity to be at the time they responded to the survey.

**Graduates who previously studied full-time were less likely to score very high for life satisfaction 15 months after graduation than the general population including graduates. KPM 17<sup>99</sup>**

All findings are based on the proportion of graduates scoring 'very high' for life satisfaction, feeling the things done in life are worthwhile and happiness, and the proportion of graduates scoring 'very low' for anxiety. The survey's findings were that at 15 months following the end of their higher education course, graduates rated their life satisfaction and happiness less highly than the general population. However, the life stage of younger graduates may be relevant to understanding these findings, as in general, older graduates were more likely to score highly for life satisfaction and on happiness than younger graduates.

**Strategic outcome O3:** Qualifications hold their value over time, and students are able to use them long after leaving higher education.

### The Graduate outcomes survey

This survey, conducted by HESA, seeks to understand the outcomes and destinations of graduates roughly 15 months after the completion of a higher education course. Students completing any level of higher education are eligible to respond. This survey was run for the first time for students who graduated in the academic year 2017-18, and asks a range of questions, including about the current activity graduates are undertaking, whether they think they are on track in their career, and their personal wellbeing. The Office for National Statistics uses these same wellbeing questions as part of its Annual Population Survey, enabling comparison of wellbeing results from the Graduate outcomes survey with those from the wider population.

### Degree classifications

One of our concerns as a regulator is to ensure that the value of a higher education qualification holds over time. 'Grade inflation' risks undermining public confidence in higher education for students, graduates and employers alike. Our March 2021 publication of KPM 18 of trends in degree classification attainment shows that:

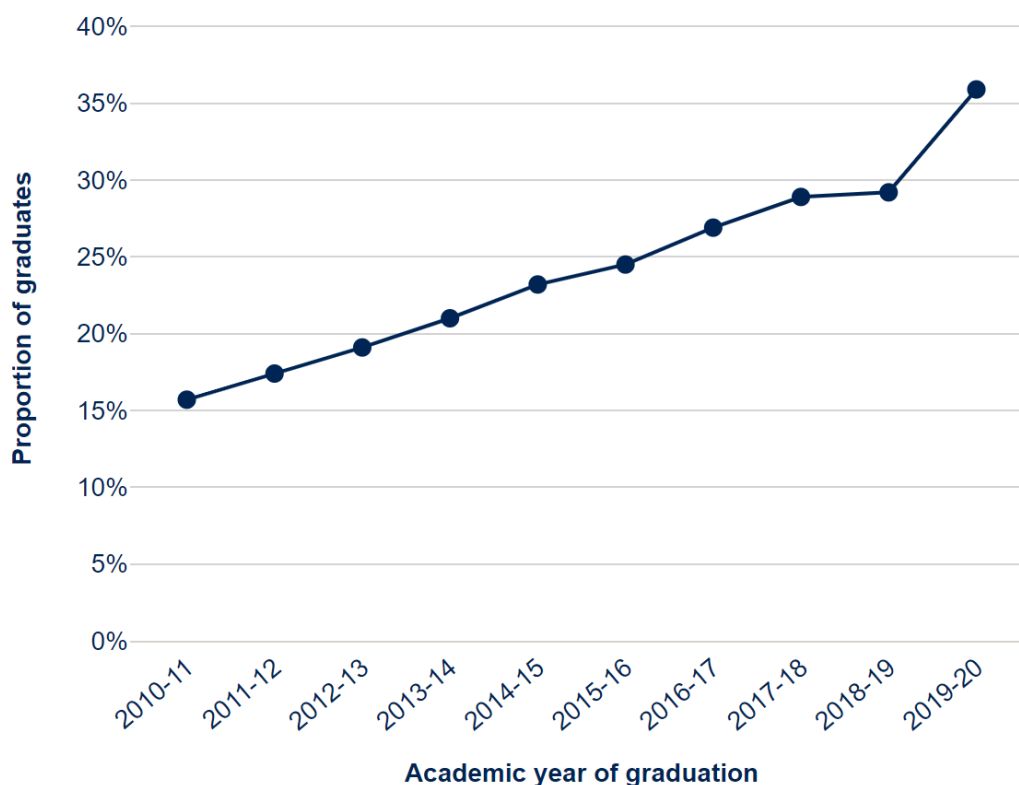
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<sup>99</sup> See [www.officeforstudents.org.uk/about/measures-of-our-success/outcomes-performance-measures/](http://www.officeforstudents.org.uk/about/measures-of-our-success/outcomes-performance-measures/).

- The proportion of UK-domiciled full-time first-degree graduates attaining a first-class degree from providers registered in England increased from 16 per cent in academic year 2010-11 to 36 per cent for the 2019-20 academic year.
- The trend over time had reduced to a year-on-year increase of 0.4 per cent between the 2017-18 and 2018-19 academic years.
- The proportion of 1sts increased considerably between the 2018-19 and 2019-20 academic years from 29 per cent to 36 per cent.

A number of providers made changes to their assessment and classification arrangements in the 2019-20 academic year to ensure their students were not disadvantaged by the impact of the pandemic. Our guidance on quality and standards during the pandemic recognised the considerable challenges faced by providers. However, we also expected them to take appropriate steps to maintain standards. We remain concerned about the pattern of increases in degree attainment over time and will continue to monitor these trends, engaging with the sector where we identify areas of concern to establish whether appropriate steps have been taken to maintain standards.

### Students achieving first-class degrees (KPM 18)



Source: Individual student data HESA, ILR.

## Funding in support of our regulatory objectives

Tuition fees charged to students are the most significant source of funding for teaching, but not the only source. During the 2020-21 academic year we allocated funding for teaching-related purposes to providers in England that are registered with us in the Approved (fee cap) category. To support student choice and quality of provision, our grants help fund subject areas where teaching costs are particularly high (such as science, engineering and medicine). Funding also includes targeted allocations (for example, the nursing, midwifery and allied health supplement) and student premium funding to support successful student outcomes, as outlined on page 31.

More providers were eligible to receive these funds this year: as of the end of March 2021, we are providing direct funding to 338 providers for the 2020-21 academic year, compared with 326 providers in the previous year. These grants do not fully meet providers' costs: they make only a contribution towards their teaching and related activities. Providers are accountable to us, and ultimately to Parliament, for the way they use these funds.

Most of this funding is allocated by formula as recurrent grants, based on the numbers and types of students at each provider. We also distribute formula-based capital grants and support for a number of national facilities and regulatory initiatives.<sup>100</sup>

In academic year 2020-21 we expect to distribute recurrent funding of £1,427 million, of which £1,406 million is distributed to providers through our recurrent teaching funding streams, and £21 million is for national facilities and initiatives. Additionally, we will distribute £150 million in capital funds on a formulaic basis.

In autumn 2020, more students than expected entered English higher education. The DfE made available a one-off additional £10 million for allocation on an academic year basis and an additional £10 million of capital funding to be distributed on a financial year basis. The additional funding for teaching was distributed through the main high-cost subject funding allocation and the nursing, midwifery and allied health supplement, so as to prioritise the additional subject-related costs of courses in the higher price groups of A, B and C1.

The additional capital funds were allocated via a bidding process for high-cost subjects. We received 67 bids, totalling £31 million, and allocated £10 million across 41 projects where the provider confirmed that the full sum would be spent on eligible costs by 31 March 2021.<sup>101</sup>

As noted in the Participation section of this report, in the 2020-21 financial year we distributed additional funding to universities and colleges which was provided to us by

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<sup>100</sup> Funding for national facilities and regulatory initiatives provides finance for Jisc, the National Student Survey, Discover Uni, Challenge Competitions and a small number of other initiatives.

<sup>101</sup> See [www.officeforstudents.org.uk/publications/additional-funding-for-2020-21-and-monitoring-of-medical-and-dental-intake-targets-outcomes-of-consultation/](http://www.officeforstudents.org.uk/publications/additional-funding-for-2020-21-and-monitoring-of-medical-and-dental-intake-targets-outcomes-of-consultation/).

government for students facing pandemic-related hardship. Providers distributed £68.3 million to students.

In March 2021 we launched two separate consultations on our approach to recurrent funding for the 2021-22 academic year and capital funding for the 2021-22 financial year.<sup>102</sup> These consultations seek views on our approach to funding for 2021-22, in the context of our grant settlement from government and the statutory guidance letter we received from the Secretary of State for Education in January 2021, which sets out the funds available for financial year 2021-22 and the related funding policies and priorities it wishes us to implement. Additionally, the Secretary of State applied a condition of grant to us in relation to the targeted allocation for specialist institutions.<sup>103</sup> Further information about our funding allocations is available on our website.<sup>104</sup>

## Corporate performance

**The OfS is an efficient and effective regulator.**

**Strategic outcome EF1:** the OfS is a well-managed and appropriately structured organisation, which supports and develops its staff to enable delivery of its objectives.

**Strategic outcome EF2:** the OfS has the right systems and process infrastructure and resources to support delivery of its objectives

### The contribution of our Student Panel to our work

As the regulator for students, it very important that students help to shape our priorities and work.<sup>105</sup> Our Student Panel provides us with advice and constructive criticism and has made a significant contribution to our thinking on a range of issues, and particularly on the effects that the pandemic is having on students. Our student engagement team works closely with the panel to support it to have an influence on areas of our work and an impact in the wider sector.

The panel contributed in many areas this year, including the development of the statement of expectations for students asked to self-isolate, social media activity to support students during the pandemic time, and meetings with the Minister of State for Universities to highlight

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<sup>102</sup> See [www.officeforstudents.org.uk/publications/consultation-on-recurrent-funding-for-2021-22/](http://www.officeforstudents.org.uk/publications/consultation-on-recurrent-funding-for-2021-22/) and [www.officeforstudents.org.uk/publications/consultation-on-distribution-of-capital-funding-for-2021-22/](http://www.officeforstudents.org.uk/publications/consultation-on-distribution-of-capital-funding-for-2021-22/).

<sup>103</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/https://trello.com/b/OxBWyt4Q/ofs-weekly-planner](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/https://trello.com/b/OxBWyt4Q/ofs-weekly-planner).

<sup>104</sup> See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/recurrent-funding/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/recurrent-funding/).

<sup>105</sup> Available at [www.officeforstudents.org.uk/publications/students-experts-in-their-own-experience/](http://www.officeforstudents.org.uk/publications/students-experts-in-their-own-experience/).



experiences of students. Members also contributed to the higher education taskforce on mental health and wellbeing and the digital teaching and learning and National Student Survey reviews, and helped to shape the guidance for students on how students can complete a report on the progress their university or college has made in delivering its 2019-20 access and participation plan.<sup>106</sup>

We also have a strategic relationship with the National Union of Students and communicate with students' unions and other representatives to enable student insights to influence us.

## **Organisational transformation and prioritisation of activity**

In our third year of operation our internal focus has been on managing the impact of the pandemic on our work and balancing this with the capacity of our staff to respond. The crisis required greater prioritisation of activity to continue to deliver our priorities effectively, taking into account reduced staff capacity at both providers and the OfS.

We responded quickly to the shift to home-based working in line with government guidance. This was possible because of our previous investment in technology and the integration of collaborative software into all IT devices issued to staff.

Throughout the pandemic we ran a series of pulse surveys to gauge how our staff are feeling, and to identify any emerging issues and challenges for the organisation. This informed decision making to allocate resource effectively to deliver our priorities. We further supported staff by delivering office equipment to employees' homes and provided workshops, advice and support on a range of issues from ergonomics to mental health and wellbeing.

Through our transformation programme, we continued to develop our staff learning and development programme, 'OfS Essentials', using online training resources. The development of this is designed to encourage specific behaviours that lead to motivated staff who are well led, clear about the OfS's purpose, engaged in their work, and well supported to produce high quality, and cost-efficient services.

We deployed staff flexibly and encourage cross-directorate working to maximise expertise from across the organisation. For example, we created a cross-organisational team to work on the phased quality and standards consultations and their development, and 43 per cent of our projects are currently managed across multiple directorates.

## **Furthering our digital capability**

While we reaped the benefits of our previous investment in collaborative tools, for other aspects of the Digital, Data and Technology programme the pandemic was disruptive to progress. For example, it has proved difficult to develop the OfS's Customer Relationship Management solution to the desired level, although work to review the bespoke code has

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<sup>106</sup> See [www.officeforstudents.org.uk/publications/student-submissions-for-the-monitoring-of-2019-20-access-and-participation-plans/](http://www.officeforstudents.org.uk/publications/student-submissions-for-the-monitoring-of-2019-20-access-and-participation-plans/).



continued. The rollout of the provider portal has also proved challenging given the impact of coronavirus on higher education providers and the complexities of the technology platform itself. We undertook a review of this existing technology solution.

In the coming months, we will work on an organisational-wide digital strategy to identify opportunities across the organisation where digital solutions could improve our processes and efficiencies. The digital strategy will identify a vision whereby the information our staff and providers need is presented in the right way, at the right time and in the right place to support our ongoing regulatory activity and decision-making, while focusing on reducing the burden on our providers. We will engage with experienced partners to help us deliver the digital strategy and these negotiations are underway.

## People

We aim to be an inclusive employer, attracting and retaining the widest pool of talent where all staff have the opportunity to unlock their potential and encourage people of all backgrounds and identities to apply to work at the OfS. Our strategic commitment to equality, diversity and inclusion (EDI) drives inclusion and innovation in the OfS's work.<sup>107</sup>

We have a strong commitment to staff wellbeing, and our policies and procedures are designed to promote a fair, safe and inclusive working environment. This year we undertook an internal review of our recruitment policies, processes and practices, and we are implementing changes to further diversify our workforce, including the adoption of six aspirational targets.

### EDI targets for the OfS workforce

<b>Disclosure</b>	<b>Target 1</b>	80 per cent disclosure rate for all protected characteristics by March 2021
<b>Gender profile</b>	<b>Target 2</b>	Approximately two-thirds of appointments at pay band (PB) 11 and above should be women over a three-year rolling period
	<b>Target 3</b>	Approximately 55 per cent of appointments should be men over a three-year rolling period
<b>Ethnicity profile</b>	<b>Target 4</b>	Over a three-year rolling period, approximately 20 per cent of appointments at PB 10 and above should be people from black, Asian and minority ethnic backgrounds
	<b>Target 5</b>	On an annual basis approximately 20 per cent of appointments throughout the organisation should be people from black, Asian and minority ethnic backgrounds.
<b>LGBT+</b>	<b>Target 6</b>	Over a four-year rolling period, approximately 7 per cent of appointments at PB 10 and above should be lesbian, gay,

<sup>107</sup> See [www.officeforstudents.org.uk/about/equality-and-diversity/](http://www.officeforstudents.org.uk/about/equality-and-diversity/).

	bisexual, transgender or of other minority sexualities and gender identities (LGBT+)
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We publish progress towards the EDI targets for our workforce on our website.<sup>108</sup>

The OfS People Survey, which helps us to understand levels of staff satisfaction and engagement, took place for a second time in February 2021. As last year, it mirrored the Civil Service People Survey questions, and the previous year's results provide a benchmark for comparison, although the pandemic has greatly changed the landscape so some disparities in results were expected. The results show particularly strong engagement with team working throughout the organisation, with teams relied upon when things get difficult and to improve the services we provide. The results also highlight areas for improvement, including learning and development, leadership, and managing change. Although we have seen improvements in these areas, they will remain a focus in the year ahead.

The data collected informs two of our KPMs:

- **KPM 22:** OfS staff survey results on the extent to which staff understand and feel they contribute towards the OfS's strategic objectives.

The engagement score with organisational objectives and purpose was 78 per cent. The score for this measure stayed the same between 2020 and 2021. This level is broadly comparable with other Civil Service organisations, showing OfS staff have a high level of engagement with the organisation's objectives and purpose. We are working to improve staff engagement and we will continue to monitor our progress using this measure.

- **KPM 23:** OfS staff survey results on employee engagement.

Overall, the employee engagement index score was 59 per cent, which was an increase from 55 per cent in 2020.<sup>109</sup> While there has been an increase from 2020 to 2021, employee engagement is relatively low compared with other Civil Service organisations. We have therefore developed an action plan targeted at improving staff engagement.

## Internal value for money strategy

Our value for money strategy, published in October 2019, addresses our statutory duty to have regard to the need to use our resources in an efficient, effective and economic way. In

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<sup>108</sup> <https://www.officeforstudents.org.uk/publications/edi-statistics-for-staff-employed-by-the-ofs/>.

<sup>109</sup> The employee engagement score is derived from five questions measuring pride, advocacy, attachment, inspiration and motivation. The employee engagement index is calculated as a weighted average of the responses. A score of 100 per cent would represent all respondents giving a rating of 'strongly agree' to all five questions.

November 2020 we published our value for money annual report, which looks at the ways in which the OfS has delivered this in financial year 2019-20.<sup>110</sup>

The value for money strategy involves continuous review across all our resources (staff, office space, IT, travel and subsistence, procurement and contract management) to ensure regular focus on value for money by senior management. Building on this, we have developed plans for improving the value for money delivered across the organisation, embedding value for money in our decision making, procuring goods and services effectively, measuring our performance, and making best use of our staff, office space and technology.

We have continued to develop our value for money dashboard with a range of indicators and measures that assess the impact of initiatives and activities on the overall value for money of the organisation. These remain under constant review.

An example of an insight from our dashboard is the OfS procurement team generating savings of £72,494 in 2020-21. All of these were direct price-based savings (measured in comparison with previous price paid for a service or for new contracts against the average price of all acceptable tenders). They were for a mixture of professional services, IT and facilities management requirements.

## **Communications**

Communications are central to our regulatory role. Transparent and clear publication of information and media coverage can have more impact in pursuing regulatory objectives than formal interventions, and certainly complement the impact of more formal guidance and requirements. This year we continued to widen our social media presence to support our messaging to students and IAG work, nearly doubling our Twitter interactions compared with the previous year.

In response to the pandemic, there was a major shift in how we delivered events, and we rapidly developed the technical knowledge and expertise to set up and run online events smoothly and securely. There were accessibility gains for participants. This year we hosted 24 online events, with over 4,800 people either attending or watching recordings of our larger events posted onto the OfS YouTube channel at a later point.

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<sup>110</sup> See [www.officeforstudents.org.uk/publications/value-for-money-annual-report/](http://www.officeforstudents.org.uk/publications/value-for-money-annual-report/).

# Communications data

Figures are for 1 April 2020 to 31 March 2021

## Visits to OfS website

Total page views across the whole site

**3,840,014**



Total home page views

**234,629**

## Social media

Number of interactions with people on



Twitter  
**63,921**



LinkedIn  
**10,293**

## Public enquiries dealt with

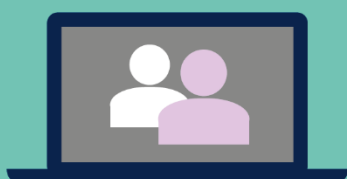


Emails **1,645**



Calls **1,252**

## Online events held **24**



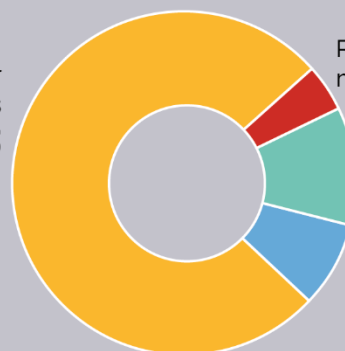
Press releases and news articles published  
**79**

## Publications

**109**



Other publications  
**83**



Regulatory notices and advice **5**

Independent research reports **12**

Coronavirus briefing notes **9**

## European Union exit

The OfS has not been directly affected by the UK's decision to leave the EU.

Within the OfS, following government changes to procurement rules, we take account of social impact as part of any tender award criteria in line with guidance on priority policy outcomes.

To support higher education students our website includes advice to UK nationals on study in the EU following the end of the transition period, and advice for EU nationals studying in the UK, linking to government sources of advice.

We consider changes in applications from EU students in the context of our work on the financial health of universities and colleges.

## **Social matters, respect for human rights, anti-corruption and bribery**

As a public body we must operate in a way that is compatible with the Human Rights Act 1998, including the right for people to be free from slavery and forced labour. We continue to hold the Corporate Ethics Mark from the Chartered Institute of Procurement and Supply, which shows that that we are committed to accountability and self-governance and that our procurement team is trained in ethical procurement and supplier management. All staff must follow the seven 'Nolan' principles of public life and comply with our policy on prevention of bribery, fraud and improper conduct.

**Strategic objective EF3: Regulatory burden for providers is minimised.**

Ensuring proportionality in regulation is challenging for every regulator in normal times. Our task this year has been to avoid placing any unnecessary burdens on universities and colleges as they work to minimise the impact of the pandemic, while also ensuring the interests of students and taxpayers are sufficiently protected.

At the beginning of the pandemic, we acted swiftly to adapt our regulatory approach in response to the national lockdown and its impact on higher education providers. To reduce burden on providers we reduced reporting requirements. Our primary focus became identifying and managing short-term financial risk for providers and protecting students' interests. Providers were required to report on issues of acute short-term financial risk, where they ceased or suspended courses without providing equivalent alternative study options or where they were unable to award qualifications or credit as they had planned.<sup>111</sup>

In July 2020, we announced the phased resumption of our regulatory requirements.<sup>112</sup> We did not reinstate them exactly as before. Instead, drawing on our experience of the last two years, we targeted our work to ensure that it is focused where it is most needed. In so doing, we remain committed to the principle, set out in the regulatory framework, of focusing on the greatest risks to students while reducing burden for those providers without specific increased risk. Where providers had largely satisfied the enhanced monitoring requirements we imposed at initial registration, we have removed them, with the exception of two areas:

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<sup>111</sup> See [www.officeforstudents.org.uk/news-blog-and-events/press-and-media/office-for-students-sets-out-slimmed-down-regulatory-requirements-during-coronavirus-pandemic/](http://www.officeforstudents.org.uk/news-blog-and-events/press-and-media/office-for-students-sets-out-slimmed-down-regulatory-requirements-during-coronavirus-pandemic/).

<sup>112</sup> See [www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/](http://www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/).

- cases where we have judged there to be an increased risk in relation to a provider's financial viability and sustainability
- cases where we have imposed enhanced monitoring requirements as a result of our approval of the access and participation plans submitted by providers for 2020-21.

We also announced that, to provide some reduction in the financial pressure faced by providers, we will undertake an efficiency review to enable us to reduce the registration fees that providers pay to the OfS by 10 per cent, in real terms, by the end of the 2022-23 academic year. As part of this review, we expect our designated bodies, the QAA and the HESA, to deliver comparable reductions in the statutory fees they charge.

We have a responsibility to use these fees as economically, efficiently and effectively as possible.

As our regulatory approach changes, we will continue to assess the likely burden for providers that we are introducing or removing, and will weigh this against the likely benefits for students and taxpayers. We will also develop ways to monitor the ongoing administrative burdens that providers face when submitting required information and data to the OfS.

## **Our principal strategic risks during the 2020-21 operating year**

We re-assessed our principal strategic risks in December 2020 to take account of the rapidly changing environment. Our strategic risks are grouped and summarised below. These risks are under constant review and mitigating actions will continue to be developed and delivered in 2021-22.

**Strategic clarity** – the risk of a rapidly changing policy and external environment relating to higher education regulation leading to lack of clarity about the OfS purpose and role.

Mitigating actions include:

- Development of a new OfS strategy which takes into account the changes in the external environment and policy and sets a clear strategic agenda for the OfS.
- Maintaining close relationships with the DfE and other key stakeholders, while ensuring clear independence of the OfS as a regulator.

**Strategic delivery and expectations** – the risk of significant changes to our remit coupled with new, unpredictable, competing and complex demands leading to not having, or being unable to flex, resources to deliver changing priorities.

Mitigating actions include:

- Ensuring our work is responsive to changing government priorities, as appropriate.
- Effective and flexible resource allocation managed through our Portfolio Management Office.

- Communication activities with stakeholders including a high level of engagement with students, through our Student Panel and other routes.

**Regulatory and legal** – the risk of the changing environment, nature of legislation underpinning the OfS functions, and legal challenge, leading to sub-optimal delivery of the strategic outcomes the OfS wants to see.

Mitigating actions include:

- The effective operation of our regulatory framework, the effective functioning of our Provider Risk Committee, and learning lessons about the strengths and weaknesses of our approach following judicial review judgements.
- Continuing to develop our approach to regulation. In 2021 we launched several consultations on our approach to monitoring and interventions, taking the opportunity of the pandemic to reset and restate our regulatory requirements.

**Provider financial sustainability** – the risk of providers being placed at an increased risk of financial failure due to the impact of the pandemic alongside other factors, thereby creating risks for students.

Mitigating actions include:

- Effective monitoring of financial viability and sustainability, including through the assessment of the interim (October 2020) and annual financial returns (March 2021).
- Contingency planning to protect students in the event of financial failure (not considered likely at this time).

**Access and participation** – the risk that coronavirus and other external factors make it difficult for the OfS to deliver its core strategy and goals for improving access and participation for the most disadvantaged students.

Mitigating actions include:

- Monitoring requirements tailored to access and participation risks for each provider
- Ensuring that variations of access and participation plans due to the impact of coronavirus will not disproportionately affect long term targets.
- Ensuring funding is effectively targeted to provide support to the most disadvantaged students.
- Identifying how access and participation regulation and funding could adapt to new government policies to promote further education, apprenticeships and adult skills.

**OfS funding** – the risk that changes to the levels or structure of registration fees lead to insufficient funding for the OfS to deliver its functions.

Mitigating actions include:

- Active prioritisation of the OfS business plan, ensuring non-priority work is minimised.
- Delivery of 10 per cent efficiency savings over the next two years, targeted in areas that have the least negative impact.

**Business continuity** – the risk that external events (including the pandemic or cyber-attack) lead to OfS services being disrupted at important times.

Mitigating actions include:

- Monitoring corporate operations, and taking appropriate action, during the pandemic to provide early warning of issues and ensure business continuity.
- Develop a cyber strategy to build on recent success in cybersecurity and ensure continued resilience. Ensure that the OfS is certified as meeting the requirements of the cybersecurity 'Essentials plus' scheme.
- Our investments in technology, which allowed our staff to move to remote working quickly when the pandemic struck.

**Capability** – the risk that the OfS does not have the right capabilities across the organisation, because of the maturing nature of its role and functions.

Mitigating actions include:

- Early consideration of resource implications of the future strategy and business plan, and associated capacity and capability issues.
- Investment in an OfS learning and development programme targeted at strategic priority areas.
- Introduction of a new competency framework and improvements to recruitment and performance management.
- A continued focus on improving the diversity of our workforce.

Our risk management framework aligns all corporate risks to our strategic risks. We face the highest proportion of individual risks in relation to access and participation, capability and business continuity, although we may carry high risks in the other areas. Our Governance statement explores how our system of internal control provides assurance over the effective management of risk.



# Financial performance

## Funding and expenditure

In delivering the strategic objectives, the OfS received a total of £1,515 million (2019-20: £1,459 million) of grant funding from the DfE. Grant-in-aid is treated as financing and taken directly to reserves.

Section 70 of HERA makes provision for the OfS to charge providers an annual fee for their registration in the Register of English higher education providers. In 2020-21 the OfS received £26.3 million (2019-20: £17.5 million) in registration fee income to support administration costs. The increase in 2020-21 is due to registration fees being effective from 1 August 2019, resulting in only eight months fees collected in 2019-20.

Total expenditure in year was £1,550 million (2019-20: £1,481 million). Of this, £27.7 million (2019-20: £28.0 million) relates to administration, and £1,522 million (2019-20: £1,453 million) relates to programme funds.

In line with our strategy, we aim to provide as much of our grant funding as possible through core block allocations for recurrent teaching, as the most efficient means of distributing funding to the sector. In addition to recurrent grants, we provide specific funding for national initiatives, as well as capital funding to support the sustainability of the higher education system. Grant funding was distributed to the sector on an academic year basis (1 August to 31 July). Funding allocations are announced to the sector annually. More details can be found on the OfS website.<sup>113</sup>

The administration cost budget (including registration fee levels) is agreed with the sponsoring department each year, and performance against budget is monitored and reported each month.

## Performance against financial target in-year

At 31 March 2021 the Statement of financial position shows net assets of £7.8 million (2019-20: £14.5 million).

In resource terms the OfS aims to distribute all funding received from the DfE in-year. The framework agreement with the DfE recognises that it may not always be possible to match receipts and payments exactly within a year, and so allows for a cash carry-forward at year end. At 31 March 2021 our cash balance was £13.7 million (2019-20: £14.9 million). This balance also includes £6.2 million (2019-20: £6.6 million) of registration fee income, which is deferred to 2021-22 in line with International Financial Reporting Standard 15.

The OfS is fully committed to the prompt payment of suppliers and aims to pay all valid invoices as soon as possible. The OfS supports the Better Payment Practice Code which

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<sup>113</sup> See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/).

targets payment within 30 days, and monitors performance in-year against this target.<sup>114</sup> To balance the desire to pay creditors promptly against the need to maintain effective internal controls, the OfS also monitors performance against 10-day and five-day measures. The following table shows an analysis of invoices paid against targets. In 2020-21 performance was lower than in 2019-20 as a result of the office closure. There was a backlog of invoices arriving in the office by post, which caused delays in payments.

	2020-21	2019-20
5 days	82.2%	88.4%
10 days	90.3%	94.4%
30 days	98.7%	99.4%

At 31 March 2021 the trade payables balance (the amount owing to our suppliers) was £0.3 million (2019-20: £0.2 million). During 2021-22 performance will continue to be monitored against such measures and benchmark information will be used to drive continuous improvement in financial management processes.

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<sup>114</sup> See [www.payontime.co.uk/](http://www.payontime.co.uk/).

## Performance analysis

This performance analysis reports on our progress in 2020-21 against the 13 strategic outcomes that underpin our five strategic objectives. All of our strategic objectives are reflected in and delivered through our work to register and monitor providers, making interventions where necessary. In this way, we protect the interests of students before, during and after their higher education experience. We have not explicitly referenced this work against each strategic objective in the table below. A number of the other activities described in this table relate to our sector-level activity to support continuous improvement in teaching, learning and the student experience through effective practice and strategic investment.

Strategic outcome	Delivery in 2020-21
<b>Participation</b>	
<p><b>P1</b> Access, success and progression are not limited by background and identity, and gaps are significantly reduced.</p>	<ul style="list-style-type: none"> <li>• Most Participation KPMs show a narrowing of equality gaps over time.</li> <li>• We assessed the remaining 2020-21 to 2024-25 access and participation plans in this operating year (about 45 plans), publishing over 270 approved plans.</li> <li>• For access and participation for the academic years 2020-21 to 2024-25, we allowed some flexibility in use of uncommitted funds due to pandemic disruption. In spring 2021 we began to negotiate with providers on any proposed variations to their plans, expecting the level of commitment and ambition to be maintained.</li> <li>• With UKRI and Research England, we launched a competition in October 2020 for projects to increase access and participation for black, Asian and minority ethnic groups in postgraduate research. Because of pandemic-related disruption, the bid deadline was extended beyond this financial year.</li> <li>• We published independent evaluation of the Uni Connect programme. Findings were that focused and sustained engagement with the same group of students is improving their self-efficacy, academic confidence and motivation. A separate evaluation of school and college engagement with</li> </ul>

Strategic outcome	Delivery in 2020-21
	<p>the programme highlighted the quality and relevance of Uni Connect outreach for schools and colleges.</p> <p>For more information, see page 23 of the Performance summary.</p>
<p><b>P2</b> All access and participation activity is underpinned by evidence and ‘what works’.</p>	<ul style="list-style-type: none"> <li>• We are committed to understanding the impact of our regulatory approach to access and participation. In March 2021 we published an independent evaluation of our reforms. Conclusions were that our reforms were a major cause of the increased ambition seen in providers’ commitments.</li> <li>• In May 2020 and in March 2021 we updated the access and participation dashboard so that providers could use the latest insights on equality gaps across their student lifecycle when submitting monitoring reports.</li> <li>• We continued to develop web resources on evaluation and effective practice.</li> <li>• We funded the access and participation ‘What works’ centre for higher education professionals to access research, toolkits and evaluation guidance to help improve equality.</li> <li>• We published an independent evaluation of the £7.5 million programme ‘Addressing barriers to student success’, which ran between March 2017 and October 2019 and indicated that structural factors and the higher education environment play a significant part in explaining differential performance and outcomes for underrepresented students.</li> <li>• As part of our wider programme-level evaluation, we published a report on the impact of the pandemic on our mental health challenge competition projects.</li> <li>• We published research setting a baseline for the evaluation of the ‘What works’ centre, to understand the situation at the start of its operation.</li> </ul> <p>For more information, see page 32 of the Performance summary.</p>

Strategic outcome	Delivery in 2020-21
<b>Experience</b>	
<p><b>E1</b> Students are able to choose from a diverse range of high-quality higher education provision, which is responsive to the preferences and needs of students from all backgrounds and to the shifting national and global environment.</p>	<ul style="list-style-type: none"> <li>• We improved the functionality of Discover Uni, our online information resource for prospective higher education students.</li> <li>• We published the 2020 NSS results.</li> <li>• We reviewed the aims and consequences of the National Student Survey in phase 1 of our review, publishing a report in March 2021.</li> <li>• The Disabled Students' Commission met to inform and influence higher education providers to improve support and consequently improve disabled students' experience and outcomes – particularly during the pandemic. The commission published the booklet 'Three months to make a difference'.</li> <li>• We have a legal duty to monitor the arrangements of registered higher education providers for student transfers and, for the first time, published experimental official statistics on students changing course from 2012-13 to 2017-18.</li> <li>• We funded work to support the mental health of students.</li> <li>• Our chair at the time, Sir Michael Barber, undertook a review of digital teaching and learning since the start of the coronavirus pandemic. The review report grouped recommendations for the medium and longer term around a model of six core components of effective digital teaching and learning.</li> </ul> <p>For more information, see page 36 of the Performance summary.</p>
<p><b>E2</b> Students have a positive experience of higher education and are highly satisfied with the quality of teaching,</p>	<ul style="list-style-type: none"> <li>• We analyse variations in the experience of groups of students of higher education, based on NSS data, and highlight disparities to universities and colleges to help them to reflect on the reasons for differences.</li> </ul>

Strategic outcome	Delivery in 2020-21
<p>learning, wider experience and outcomes.</p>	<ul style="list-style-type: none"> <li>• We launched an initiative to increase students' and student unions' awareness of our notifications process to alert us of potential breaches in registration conditions.</li> <li>• We funded an online platform, Student Space, run by Student Minds, which is intended to complement existing support services available at higher education providers. It provides a range of wellbeing resources and one-to-one support services as well as links to support services within higher education providers.</li> <li>• Following investment from the Department of Health and Social Care, we launched a second funding competition for projects focused on student groups who may be at greater risk of developing poor mental health or who may experience barriers to accessing support.</li> <li>• In April 2021 we published our statement of expectations, providing a clear and consistent set of standards for colleges and universities to help them to develop and implement effective systems, policies and processes to prevent and respond to incidents of harassment and sexual misconduct.</li> <li>• We assessed annual provider reports on Prevent-related activity in the academic year 2019-20, and communicated outcomes to providers.</li> </ul> <p>For more information, see page 39 of the Performance summary.</p>
<p><b>E3</b> Students' knowledge and skills are improved during their higher education experience.</p>	<ul style="list-style-type: none"> <li>• We funded nearly 200 taught postgraduate scholarships to enable graduates from other subject areas to retrain for Artificial Intelligence and digital professions.</li> <li>• We worked with Health Education England to support the government's ambition to expand the number of places for trained nurses.</li> </ul> <p>For more information, see page 39 of the Performance summary.</p>

Strategic outcome	Delivery in 2020-21
<p><b>E4</b> Students' interests are protected when events have a material negative impact on their ability to continue to study on a course, at a campus, or with a provider.</p>	<ul style="list-style-type: none"> <li>• We worked closely with central government and the DfE to put in place our response to the coronavirus crisis, including identifying and managing short-term financial risk for providers and protecting students' interests.</li> <li>• The escalation of the risk of university or college closure led to the introduction of a new ongoing condition of registration, C4, that would require compliance with student protection directions where the OfS reasonably considered that a provider was at material risk of exiting the market. The condition took effect from 1 April 2021.</li> <li>• We monitored the financial returns of approximately 250 providers so we know whether there are financial risks which could result in market exit cases. There was an additional requirement for providers to make an interim financial return based on unaudited accounts in October 2020, in addition to their annual financial return.</li> <li>• We introduced slimmed-down regulatory requirements to reduce burden. We required providers to make all reasonable efforts to enable students to complete their studies, for achievement to be reliably assessed, for qualifications to be awarded securely, and to enable a fair and robust admissions process for both 2020-21 and in preparation for 2021-22 entrants.</li> </ul> <p>For more information, see page 14 of the Performance summary, 'Regulating in uncertain times'.</p>
<b>Outcomes</b>	
<p><b>O1</b> Graduates and postgraduates leave with the knowledge and skills that will contribute to their national and local economies and</p>	<ul style="list-style-type: none"> <li>• In May 2020 we published data on degree apprenticeships at Levels 6 and 7 such as subject area and geographic coverage. The analysis also explores the characteristics of the apprentices, comparing them with students entering higher education who are studying in similar subject areas, in order to highlight any differences.</li> </ul>

Strategic outcome	Delivery in 2020-21
<p>communities, and drive productivity.</p>	<ul style="list-style-type: none"> <li>• We worked collaboratively on medical and dental intake targets with the Department for Health and Social Care, the DfE and Health Education England to support the future growth of the health education workforce.</li> <li>• We continued to fund the successful projects from our Challenge Competition to support employment outcomes for local students and graduates, disseminating good practice emerging from this work.</li> <li>• We published KPM 16 for the first time, based on surveys which found that all Institute of Student Employers respondents and nearly two-thirds of YouGov respondents were able to recruit the quality of graduates they wanted.</li> <li>• Through our joint programme with Research England funding projects on student engagement in knowledge exchange, we are gathering examples of good practice to share across the sector, helping us optimise the use of the Higher Education Innovation Fund.</li> </ul> <p>For more information, see page 44 of the Performance summary.</p>
<p><b>O2</b> Students' lives are improved and enriched by their time in higher education.</p>	<ul style="list-style-type: none"> <li>• This strategic outcome is at the heart of our work: the 24 conditions in our regulatory framework are intended to give assurance to students that a provider meets baseline requirements across a series of aspects.</li> <li>• 420 providers as of 31 March 2021 (compared to 394 providers as of 31 March 2020) are registered and subject to our ongoing conditions of registration.</li> </ul> <p>For more information, see page 14 and 47 of the Performance summary.</p>
<p><b>O3</b> Qualifications hold their value over time, and students are able to use</p>	<ul style="list-style-type: none"> <li>• In March 2021 we updated KPM 18 showing the percentage of students attaining first-class degrees. This showed that the percentage of 1sts awarded in 2019-20 increased by six percentage points compared to 2018-19. We are concerned about this significant increase.</li> </ul> <p>For more information, see page 49 of the Performance summary.</p>



Strategic outcome	Delivery in 2020-21
them long after leaving higher education.	
<b>Value for money</b>	
<p><b>V1</b> Higher education delivers value for students, graduates, taxpayers and employers, especially in the form of positive student outcomes.</p>	<ul style="list-style-type: none"> <li>• We published our KPM 19 on whether students think university provides good value for money, having taken into account costs and benefits, and are concerned that only 37.5 per cent of undergraduate respondents agreed that it was good value for money.</li> <li>• We launched two consultations in March 2021 on changes to our overarching approach to funding, and on the way in which we provide grants to support world-leading specialist institution.</li> <li>• As part of our duty to promote value for money in the provision of higher education by English higher education providers, we collect and publish detailed statistics about senior staff pay. We will publish data on senior staff pay for the academic year 2019-20 in summer 2021.</li> </ul> <p>For more information, see page 33 of the Performance summary.</p>
<b>Efficiency and effectiveness</b>	
<p><b>EF1</b> The OfS is a well managed and appropriately structured organisation, which supports and develops its staff to enable delivery of its objectives.</p>	<ul style="list-style-type: none"> <li>• In response to a heavy workload, there were frequent reviews of work priorities and use of cross-organisational flexibility to address pinch points.</li> <li>• We continue to develop our corporate learning curriculum in addition to specialist learning.</li> <li>• We developed a behavioural competency framework, including specialist regulatory behaviours, which provides the strategic framework for future skills planning.</li> </ul>

Strategic outcome	Delivery in 2020-21
	<ul style="list-style-type: none"> <li>• We further developed our internal dashboard, which enables us to monitor and measure business performance and metrics and published our annual value for money report for the 2019-20 financial year in November 2020.</li> <li>• We publish data on the diversity characteristics of our staff. This shows that we have made some progress towards our aspirational targets to enable us to realise the benefits of a diverse and inclusive workforce.</li> </ul> <p>For more information, see page 52 of the Performance summary.</p>
<p><b>EF2</b> The OfS has the right systems and process infrastructure and resources to support delivery of its objectives.</p>	<ul style="list-style-type: none"> <li>• Our student panel helped to shape our work and had an impact on the wider higher education sector.</li> <li>• We continued to invest to mitigate the increasing risks associated with information and cybersecurity. We are certified as meeting the expected requirements of the 'Cyber essentials plus' scheme.</li> <li>• We launched our internal Smarter Ways of Working project, which looks to optimise use of workspaces and technology and empower employees to work flexibly when a return to the office is possible.</li> <li>• We developed expertise in delivering online events smoothly and securely.</li> <li>• We widened our social media presence to support our messaging to students and IAG work, nearly doubling our twitter interactions compared to the previous year.</li> <li>• We investigated cloud-based data platform options for our analytical function.</li> </ul> <p>For more information, see page 52 of the Performance summary.</p>
<p><b>EF3</b> Regulatory burden for providers is minimised.</p>	<ul style="list-style-type: none"> <li>• At the outbreak of the pandemic, we refined our requirements for reportable events. We limited our information requirements to take account of the demands on providers at this time.</li> </ul>

Strategic outcome	Delivery in 2020-21
	<ul style="list-style-type: none"> <li>• Where providers had largely satisfied the enhanced monitoring requirements imposed at initial registration, we removed these requirements, with the exception of those relating to increased risk in relation to a provider’s financial viability and sustainability, and those relating to approval of access and participation plans.</li> <li>• We began an efficiency review to enable us to reduce the registration fees that providers pay to the OfS by 10 per cent, in real terms, by the end of the 2022-23 academic year.</li> </ul> <p>For more information, see page 58 of the Performance summary.</p>

# Sustainability report

The OfS is committed to good environmental practice and acting in a socially responsible way. We seek to follow industry best practice and achieve value for money in the way we operate our estate to contribute towards our strategic objectives. We assess our environmental impact, including benchmarking against other organisations with similar size and function, and developing targets for future emissions reductions and other sustainability improvements. We are constantly reviewing our ways of operating and continue to factor in climate change adaptation in our forward planning.

The OfS's estate comprises three buildings based in Bristol, two of which we share. We lease one floor of a shared building in London.

The pandemic meant that we closed our offices from the start of the operating year until restrictions eased in the summer, when we were able to make our offices available at a significantly reduced capacity to adhere to all government guidelines. This affected this year's data and its comparability with that from previous years.

The sites that we operate have limited green space to consider a biodiversity strategy. Of the space available, which is regularly maintained by our contractors, we encourage them to maintain and improve its ecological value where possible.

## Our environmental performance

In addition to the proposed minimum reporting requirements of emissions, waste and finite resource consumption (Scope 1 and 2), we report on Scope 3 emissions relating to grid loss from the transmission and distribution of our electricity usage, and emissions arising from all business travel under our budgetary control. Our analysis of data follows the Department for Environment, Food and Rural Affairs' (Defra's) environmental reporting guidance.<sup>115</sup>

## Accounting policies for non-financial data

When compiling this report, complete data for the final quarter of financial year 2020-21 was not available, so data was extrapolated to produce the annual figures below.

Total greenhouse gas emissions are calculated following guidance published by Defra, using current conversion factors for the reporting year.<sup>116</sup>

## Sustainable procurement

The OfS endorses sustainable and socially responsibly procurement. By embedding sustainable procurement practice, we can enhance the delivery of value for money by

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<sup>115</sup> See <https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance>.

<sup>116</sup> See <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>.

reducing waste, protecting biodiversity, and supporting sustainable economic growth. We follow the CIPs Corporate Code of Ethics and hold the CIPS Corporate Ethics Mark, demonstrating ethical values in the way we source and manage suppliers.

## Water and energy consumption

The report on our direct consumption of water and energy (finite resources) combines available data for our Bristol and London offices. The OfS shares its Bristol offices (Dominions House) with UKRI Research England, and we are unable to separate usage with sub-meters. Therefore, we have collected data at a whole building level and reported on behalf of all occupiers in line with treasury guidance.<sup>117</sup> We also share one of our offices (Nicholson House) with a private sector sub-tenant. We normally use a proxy measure ascribing half of the metered water in that building to this tenant, but it is operational 24 hours a day and has taken on more staff during the pandemic, so this year we attributed 95 per cent of water use in the building to the tenant. All water consumption from our other buildings is attributed to the OfS's use.

Reductions in direct consumption shown this year reflect the fact that the majority of staff worked from home during this year. The energy and water resources consumed by home workers are not measured here.

### OfS finite resource consumption and expenditure

	Unit	2018-19	2019-20	2020-21
Water*	Cubic meters (m <sup>3</sup> )	6.92	6.62	1.38
	£000	10	10	2
Electricity	Megawatt-hours	443	452	285
	£000	81	81	52
Gas	Megawatt-hours	508	495	260
	£000	15	17	11
<b>Total utilities</b>	<b>£000</b>	<b>106</b>	<b>108</b>	<b>65</b>

\* Consumption per full-time equivalent OfS and Research England staff.

## Greenhouse gas emissions

We have compared our performance with the previous two years we have been operating. We will continue to use previous years' data to benchmark performance, and aim for continuous improvement in line with the current Greening Government Commitments 2016

<sup>117</sup> See <https://www.gov.uk/government/publications/public-sector-annual-reports-sustainability-reporting-guidance-2019-to-2020>.

to 2020.<sup>118</sup> This year we changed to a green energy tariff with 100 per cent renewable electricity supply.

## OfS greenhouse gas emissions

	Unit	2018-19	2019-20	2020-21
Total gross emissions for Scope 1** (direct emissions)	Tonnes of CO <sub>2</sub> e*	94	91	48
Total gross emissions for Scope 2* (energy indirect)		125	115	66
Total gross emissions for Scope 3 (other indirect)		98	75	6
<b>Total emissions</b>		<b>317</b>	<b>281</b>	<b>120</b>
<b>Carbon intensity (per £ million expenditure**)</b>		<b>11</b>	<b>9</b>	<b>4</b>

\* We do not take into account net emissions for use of renewable tariffs and carbon offsets.

\*\* CO<sub>2</sub>e is a carbon dioxide equivalent, and is the number of metric tonnes of CO<sub>2</sub> emissions with the same global warming potential as one metric tonne of another greenhouse gas. It allows bundles of greenhouse gases to be expressed as a single number.

\*\*\* We have not included our grant funding activity.

## Business travel

	Unit	2018-19	2019-20	2020-21
Car	£000	15	18	1
Taxi		17	10	1
Rail		544	374	0
Air		10	14	0
<b>Total business travel</b>	<b>£000</b>	<b>586</b>	<b>416</b>	<b>2</b>
	<b>Tonnes of CO<sub>2</sub>e</b>	<b>87.7</b>	<b>65.3</b>	<b>0.7</b>
<b>Travel carbon intensity per full-time equivalent</b>	<b>Tonnes of CO<sub>2</sub>e</b>	<b>0.24</b>	<b>0.17</b>	<b>0</b>

<sup>118</sup> See <https://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020/greening-government-commitments-2016-to-2020>.

## Breakdown of OfS greenhouse gas emissions from air travel

	Unit	2018-19	2019-20	2020-21
Number of flights		79	81	0
Domestic flights	Tonnes of CO <sub>2</sub> e	9.5	8.3	0
Short-haul international		1.3	0.7	0
Long-haul international		3.8	8.7	0
<b>Total emissions</b>	<b>Tonnes of CO<sub>2</sub>e</b>	<b>14.6</b>	<b>17.7</b>	<b>0</b>

## Waste

Reductions in our reporting of total waste this year reflect the fact that the majority of staff worked from home. Additionally, the generation of waste from our shared Bristol site cannot be directly attributed between the OfS and our private sector sub-tenant. Normally we would discount our reported waste figure by 25 per cent to take account of our sub-tenant's usage in a shared building, but as we estimate that our sub-tenant is largely responsible for the production of waste to landfill this year, this year only 5 per cent of the waste has been attributed to the OfS and reported here. In contrast, we estimate that the volume of our sub-tenant's recycled waste is low, so 95 per cent of recycled waste has been attributed to the OfS.

In terms of comparative data, 2019-20 provides a more accurate indicator of our levels of output under normal circumstances than 2018-19, as there were concerns over the accuracy of data reported by the previous contractor. It should also be noted that our paper waste weight (which contributes to the 'recycled at source' figures) for 2020-21 has been estimated because of a lack of available data from the contractor.

## OfS waste

	Unit	2018-19	2019-20	2020-21
Waste to landfill*	Tonnes	2.06	6.71	0.35
	£000	4	3	0
Waste recycled at source	Tonnes	19.48	13.12	2.96
	£000	3	6	2
<b>Total waste</b>	<b>Tonnes</b>	<b>21.54</b>	<b>19.83</b>	<b>3.31</b>
	<b>£000</b>	<b>7</b>	<b>9</b>	<b>2</b>
<b>Total waste recycled at source</b>	<b>Percentage (%)</b>	<b>90</b>	<b>66</b>	<b>89</b>

<b>Waste intensity per full-time equivalent</b>	<b>Kg</b>	<b>60</b>	<b>51</b>	<b>9</b>
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\* Assumes the provider recycles none.



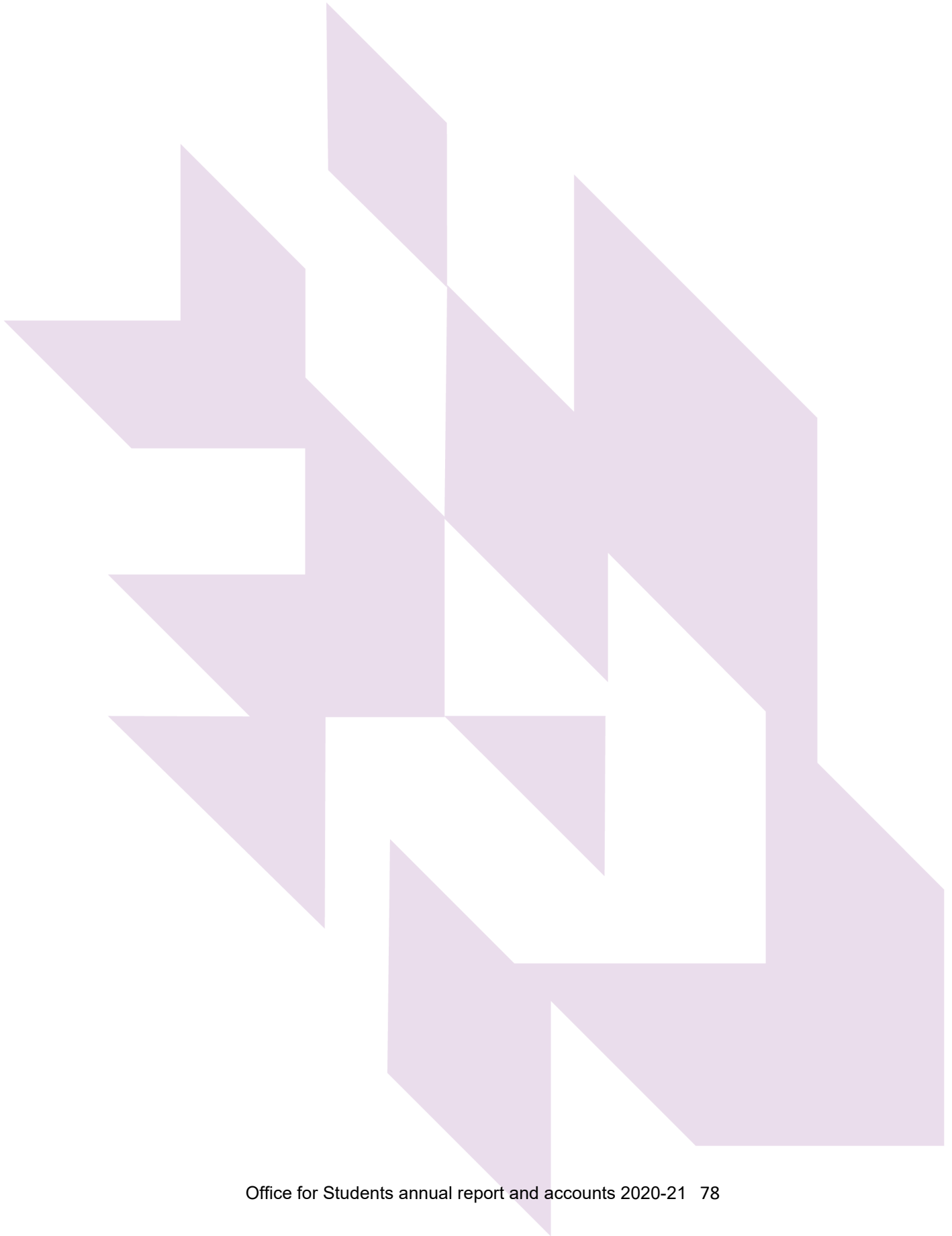
Nicola Dandridge CBE

Chief Executive and Accounting Officer

25 May 2021



# Accountability report



# Accountability report

## Corporate governance report

This is our third accounting period, covering the period from 1 April 2020 to 31 March 2021.

This report describes the composition and organisation of our governance structures and demonstrates the arrangements we put in place for good corporate governance.

### Directors' report

The chair of the OfS during this operating year was Sir Michael Barber. The chief executive is Nicola Dandridge. The directors of the OfS comprise the executive leadership team and the non-executive board members.

The composition of the OfS board, the terms of office of members and their current interests are below. More detailed biographies of board members are available on our website.<sup>119</sup>

Executive members who served during the year were as follows:

**Sir Michael Barber** was appointed as the first chair of the OfS board in March 2017 and completed his term of office in March 2021. Sir Michael is an educationist and founder and chairman of advisory firm Delivery Associates.

**Nicola Dandridge** was appointed as the first chief executive of the OfS in 2017, taking up her role in September 2017 for a term of office to December 2021. Prior to joining the OfS, Nicola was chief executive of Universities UK, the representative organisation for the UK's universities.

**Chris Millward**, Director for Fair Access and Participation, was appointed in January 2018 for a term of office to December 2021. He was previously director of policy at the Higher Education Funding Council for England.

Non-executive board members who served during the year (including terms of office) were:

**Martin Coleman** (July 2017 to June 2022). Martin is deputy chair of the OfS board and chairs the Provider Risk Committee. Martin is also a non-executive director of the Competition and Markets Authority Board and a panel chair and a panel inquiry chair. He also serves as a trustee of Police Now.

**Gurpreet Dehal** (July 2017 to December 2021). Gurpreet is a trustee of the multi-academy trust E-ACT and an independent member of Khalsa Academies Trust. He also holds non-executive positions in the defence and finance sectors.

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<sup>119</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/).

**Elizabeth Fagan** (January 2018 to December 2021). Elizabeth is currently chair at the D2N2 Local Enterprise Partnership, the local enterprise partnership for Derbyshire and Nottinghamshire, and a non-executive director of pooling solutions company Brambles Limited.

**Katja Hall** (January 2018 to December 2022). Katja is Corporate Affairs Director at Capita, responsible for all internal and external communications.

**Verity Hancock** (February 2019 to January 2024). Verity is Principal of Leicester College. She holds a number of public appointments, including as the Chair of Learning without Limits Academy Trust and a board member of the Leicester and Leicestershire Enterprise Partnership.

**Kathryn King** (February 2019 to January 2024). Kathryn is a full-time PhD doctoral research student in the Faculty of Music at the University of Oxford. Prior to that Kathryn was Chief Legal Ombudsman for England and Wales. She is also a lay member of the Bar Tribunals and Adjudication Services.

**Kate Lander** (July 2017 to June 2022). Kate chairs the Risk and Audit Committee. Kate is Chief Executive Officer of Ivy House London, a company that delivers professional and personal development to young talent.

**Simon Levine** (January 2018 to December 2020 and reappointed to December 2023). Simon chairs the Quality Assessment Committee. He is the managing partner and co-global chief executive officer of the global law firm DLA Piper, and is a visiting professor and lecturer at Imperial College Business School.

**Martha Longdon** (October 2018 to September 2021). Martha chairs the OfS student panel. Martha is a PhD doctoral research student in biosciences at Nottingham Trent University, having previously been awarded a MSc in neuropharmacology at that university. She was students' union president there in 2017-18.

**David Palfreyman** (July 2017 to December 2020 and reappointed to December 2023). David is the bursar and a fellow of New College, University of Oxford. He is also the director of the Oxford Centre for Higher Education Policy Studies, a council member and trustee as honorary treasurer of the Society for Research into Higher Education and is the author of several publications on higher education.

**Monisha Shah** (January 2018 to December 2022). Monisha is chair of the OfS Remuneration and Nominations Committee. Monisha is Chair of Rose Bruford College of Theatre and Performance. She holds a number of public appointments including as a member of the Ofcom Content Board, a lay member of the Queen's Counsel appointments panel and member of the Committee on Standards in Public Life.

**Professor Steve West** (July 2017 to May 2021). Steve has been Vice-Chancellor of the University of the West of England, Bristol, since 2008. He holds a number of regional, national and international advisory appointments in higher education and in healthcare policy and practice.

## **Register of interests**

We have strict guidelines on conflicts of interest and recognise that any actual or perceived conflict of interest could relate to either the operations of the OfS or the role of the OfS as a regulator of higher education providers.

Members of our senior team, our chair, and other board and committees members complete a declaration of interests, and registers of interest are available on our website.

Members declare interests on agenda items at the start of every board and committee meeting.

Guidance is provided to OfS staff in relation to procuring goods and services and disclosing higher education provider interests or any other relevant interests.

## **Personal data incidents**

During the accounting period, we were not required to make a notification to the Information Commissioner's Office either as a data controller or a third party.

## **Other disclosures**

Some disclosures required within the directors' report are included elsewhere in the annual report, such as the Remuneration and staff report. Future developments affecting our business are discussed in the Performance report.

## Statement of Accounting Officer's responsibilities

The Permanent Secretary of the DfE has appointed me, Nicola Dandridge, as Accounting Officer of the OfS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OfS's assets, are set out in Managing Public Money published by the HM Treasury.

As Accounting Officer, and working with the OfS board, I am responsible for maintaining sound systems of management and internal control for the OfS. These systems support the achievement of our policies and strategic objectives.

I am responsible for using the public funds and assets assigned to the OfS economically, efficiently, and effectively. I acknowledge my responsibilities in respect of the funds provided to the OfS, which are allocated to providers of higher education and others for education and associated purposes.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the OfS's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Under HERA, Schedule 1, paragraph 13, the OfS is required to prepare accounts for each financial period, in conformity with the Secretary of State for Education's Accounts Direction, detailing the resources required, held, or disposed of during the period and the use of resources by the OfS during the period, including recurrent and non-recurrent programme funding to institutions and administration costs. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OfS and of its income and expenditure, changes in taxpayers' equity and cashflows for the financial period. In preparing the accounts, as Accounting Officer I am required to comply with the requirements of the government financial reporting manual and to:

Observe all relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.

Make judgments and estimates on a reasonable basis.

State whether applicable accounting standards, as set out in the 'Government Financial Reporting Manual', have been followed, and disclose and explain any material departures in the accounts; and prepare the financial statements on a going concern basis.

I take personal responsibility for the annual report and accounts and confirm that the annual report and accounts as a whole are fair, balanced, and understandable.

## Governance statement

This section describes the governance arrangements in place during 2020-21 to the date of approval of the annual report and accounts.

The OfS is an executive non-departmental public body under the sponsorship of the DfE. The OfS's governance structure has been designed to fulfil effective decision making around the regulation of higher education in England and for the effective management and oversight of the organisation.

Our framework for corporate governance and control supports robust oversight and allows for adaptation to changes in the external and internal environment. During this period, the pandemic significantly affected the student experience and higher education providers' operating environments, as well as impacting on the OfS and how we have managed our business continuity. In response we adjusted the regulatory environment to recognise the pressures on students and providers and adapted the ways we work in response to lockdowns and remote working. As a result of these challenges our risk profile shifted, and our business continuity arrangements were keenly tested and shown to be strong.

### The OfS board

The OfS board comprises the chair, chief executive, an additional executive director – the Director for Fair Access and Participation – and at least seven and no more than 12 non-executive members, who are appointed by the Secretary of State for Education. They bring together a wide range of backgrounds, skills and expertise, and include a student representative.

The standards to which the board operates are set out in our 'Approach to corporate governance' and the arrangements for how it will carry out its business are detailed in its 'Board proceedings and code of conduct'.<sup>120</sup> In establishing our governance arrangements, we applied the principles of the Central Government Corporate Governance Code and we comply with the code (to the extent that it is relevant to the OfS as a non-departmental public body).

The board has four committees, which comprise both board members and independent members. Committee members' full biographies are available on our website.<sup>121</sup>

- To gain an external view on the effectiveness of our board, a review was carried out by the OfS's internal auditors based on a questionnaire sent to all members, interviews with a selection of members and observation of a board meeting. The outcomes were presented to the board in November 2020.
- The outcome was broadly positive, and the review concluded that 'the OfS's board is currently operating effectively. The board is underpinned by transparent governance

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<sup>120</sup> Available at [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/).

<sup>121</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/).

arrangements, has a positive culture and good dynamics amongst its board members.’ Additionally, the review found that ‘Through the unprecedented events of 2020 [the board] has also adapted well to remote working with no discernible loss to the quality of debate and decision-making’.

- The board is assured of the OfS’s data quality and assurance processes through the internal audit programme. Additionally, the board effectiveness review sought members’ views on the information available to the board and whether this was appropriate to facilitate complex judgements. Responses were broadly positive, but members asked for the re-examining of the format, length and content of board papers to optimise discussion through clearer signposting and structure.
- Other actions identified as part of the review to be taken forward to achieve an optimal level of effectiveness included the development of planned engagement with a broader range of internal and external stakeholders, and (while noting that all respondents agreed that the board considers the impact of its decisions on equality, diversity and inclusion) ensuring the composition of the board fully reflected the diversity of the higher education sector and wider society.

## Organisational structure

The business plan and objectives are delivered through an organisational structure aligned to five executive directorates.

Our scheme of delegation sets out how our functions are exercised, and decisions delegated to the appropriate level.<sup>122</sup> In September 2020 we reviewed and substantively updated the scheme of delegation based on a reserved powers model.

The executive leadership team are the chief executive, the Director for Fair Access and Participation and the other directors. They form the directors group, which provides executive management and governance of our operations and delivery.

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<sup>122</sup> Available at [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/).





## The OfS board

### Meetings attended by board members

As of 31 March 2021, our board comprised the following members. In this operating year there were no changes to membership. The board met six times for scheduled meetings, and three times for extraordinary meetings.

	OfS board	Risk and Audit Committee	Provider Risk Committee <sup>a</sup>	Quality Assessment Committee	Remuneration and Nominations Committee
<b>Sir Michael Barber</b> Chair	8/9				2/2
<b>Martin Coleman</b> Deputy chair	9/9		6/6		
<b>Nicola Dandridge</b>	9/9				
<b>Gurpreet Dehal</b>	9/9	4/4			
<b>Elizabeth Fagan</b>	9/9		6/6		
<b>Katja Hall</b>	9/9	4/4			
<b>Verity Hancock</b>	8/9				
<b>Kathryn King</b>	9/9		6/6		
<b>Kate Lander</b>	9/9	4/4			
<b>Simon Levine</b>	7/9			4/4	
<b>Martha Longdon</b>	9/9				2/2
<b>Chris Millward</b>	8/9				

<b>David Palfreyman OBE</b>	9/9				
<b>Monisha Shah</b>	9/9			4/4	2/2
<b>Professor Steve West CBE</b>	8/9				

<sup>a</sup> The Provider Risk Committee had occasion to come together on other occasions throughout the year to discuss urgent cases. The committee was quorate when decisions were made.

## **Governance framework and arrangements**

A framework document, which was drawn up by the DfE in consultation with us, sets out the broad framework within which we operate. This document is reviewed and agreed annually. It sets out our purpose, the core elements of the relationship with our sponsor government department, and governance arrangements.<sup>123</sup>

The Secretary of State issues guidance, setting out the government’s priorities and the work it expects the organisation to carry out. In this period, the OfS received five letters of guidance, including the Secretary of State’s letter of 8 February 2021, which replaced previous guidance on the strategic priorities for English higher education.<sup>124</sup> In performing our functions, we must have regard to any guidance given by the Secretary of State.

Additionally, we must have regard to the regulatory framework, which is composed of five parts:

- Part I: The OfS’s risk-based approach
- Part II: Sector level regulation
- Part III: Regulation of individual providers
- Part IV: Validation, degree awarding powers and university title
- Part V: Guidance on the general ongoing conditions of registration.

## **Strategic and business planning**

Our Performance report acknowledges the disruption to normal cycles of planning and review during this operating period due to the pandemic. We responded in an appropriate and flexible way, taking account of external circumstances and being mindful of the

<sup>123</sup> See [www.officeforstudents.org.uk/about/how-we-are-run/](http://www.officeforstudents.org.uk/about/how-we-are-run/).

<sup>124</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

regulatory burden we place on providers, for example, in terms of requests for information and the scheduling of consultations.

The urgent work required to respond to the coronavirus pandemic meant we needed to review our business plan for 2020-21 and reprioritise some of the activities we had planned.

A revised business plan (published in October 2020) identified the following priority work areas for the remainder of 2020-21:<sup>125</sup>

- taking stock of how we have implemented our approach to regulation, reviewing this before we return to a more normal regulatory environment
- a revised approach to quality and standards
- keeping access and participation on track
- delivering higher level skills to support the economy
- funding for higher education
- managing provider market exit
- managing effective regulation
- managing effective internal operations.

Our senior team receives a monthly report from the Portfolio Management Office (PMO) on how well we are progressing against our business plan, recognising a need to review and flex plans to take account of resource in this disrupted year. Additionally, the senior team undertakes a quarterly in-depth review of our plans, project risks, and finances. Profiled budgets form part of our business plan. There is reporting to the senior team, the board and the DfE on the financial position of the organisation for both administrative and programme funds.

The PMO maintains a project pipeline to allow decisions to be made about the prioritisation of work. The PMO conducts focused work to improve strategic project management across the OfS and new projects go through a start-up approach, to maximise chances of success. This year there was an Internal Audit review of the existing framework of the PMO, a review of the effectiveness of its processes and an analysis of the maturity of the function, with advisory analysis of future directions. The audit gave an assessment of significant assurance.

Publication of our next high-level three-year strategy for 2022 to 2025 early in 2022 will allow us to consider the ongoing and longer-term impact of the coronavirus pandemic in our long-

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<sup>125</sup> See [www.officeforstudents.org.uk/about/our-business-plan/](http://www.officeforstudents.org.uk/about/our-business-plan/).

term objectives for regulating and funding higher education for the benefit of students, the economy and society. In the meantime, our 2018 to 2021 strategy continues to apply.

## **Business continuity during the pandemic**

Our response to the pandemic tested our business continuity arrangements as never before. At the start of the period, we initiated our Incident Management Team, which was the operational forum for leading our response, reporting into our directors' group, who retained overall control. Because of previous investments in technology, and thanks to the dedication and commitment of our staff, we were able to switch our business to home working with minimal disruption. During the operating year the Incident Management Team:

- a. Quickly developed a management information report to track key information relating to business continuity, including capacity, sickness, and technology resilience.
- b. Regularly updated staff with the latest position and ran 'pulse surveys' to understand how staff were coping and what needed to be put into place. 90 per cent of staff reported that they had felt supported by the organisation during this time.
- c. Planned for and managed a phased return to office working, pausing this as restrictions increased again.
- d. Implemented 'COVID-secure' requirements to the office environment for a limited number of staff who could not work from home and checked these requirements through an external audit.

Learned lessons at the time, rather than waiting until after the event, to continuously adapt and adjust the approach.

## **Financial management, system, and control**

To give the board assurance about processes and controls in our core systems, there was an internal audit review in summer 2020 on the management of the impact of the pandemic on the processes and controls within the core financial systems framework, IT infrastructure and human resources. This gave significant assurance. Key findings were that:

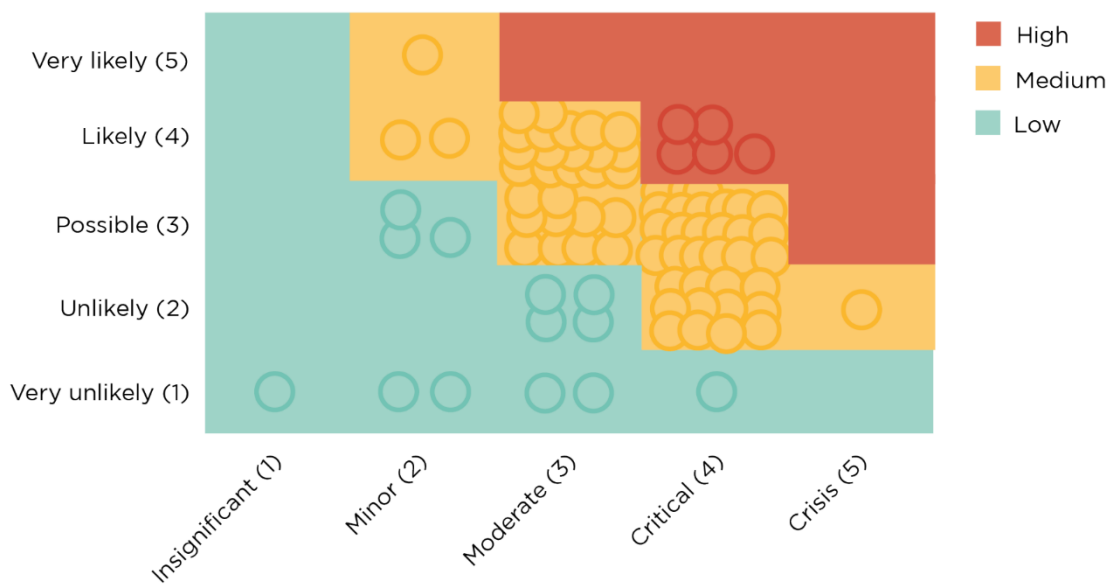
- The OfS was an early adopter of software for collaborative working.
- Nearly all functions within the core financial controls were already optimised for remote working, allowing a seamless transition.
- Additional requirements for the Virtual Private Network bandwidth were implemented in a timely manner.
- The key decision-making group managing the OfS's response, the Incident Management Team, maintained a strong focus on staff wellbeing and engagement with staff, and communications have been strong.

- There is regular review of the lessons learnt and action planning for improvement opportunities.

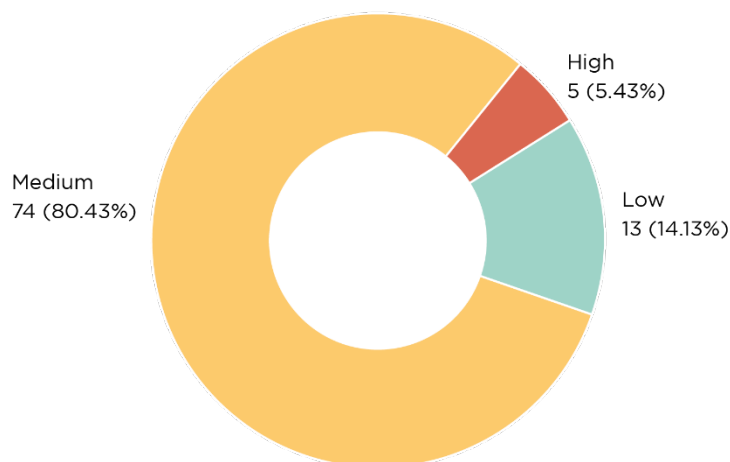
### Risk management systems and responsibilities

The principal risks we faced during this operating year are detailed in our Performance report. Each risk is owned by the chief executive or an OfS director. Specific threats and opportunities are identified and assessed by the senior leadership team through programme and project management.

We assess risk according to a matrix of impact and likelihood, on a five-point scale. The chart below shows how our risks are distributed using this matrix, with most risks we have identified being of ‘medium’ exposure, with some low and some high. Our risk management response, and the level of governance, control, and mitigation we put in place, vary according to the severity of the risk. The overall number of risks has increased during this year, as we undertook work to ensure all enterprise-level risks were identified and managed according to our risk management framework.



The chart below shows the proportion of risks categorised as high, medium and low.



Our risk management framework provides assurance to the OfS board, Risk and Audit Committee and senior leadership that risks to achieving our objectives are being effectively identified and managed and that those involved understand their roles and responsibilities. Our board reviewed our strategic risks and the risk appetite for each during December 2020.

The framework is founded on a risk management policy which ensures consistency in our approach. Consistent application of the policy this year has enabled, for example:

- a. Regular discussions of risk at the directors group, board, and Risk and Audit Committee, and at management level, of the most significant risks, which in turn drive mitigating actions to reduce the level of risk in line with appetite.
- b. Identification and presentation of risks due to coronavirus, allowing particular focus on these dynamic risks and their interaction with the longer-standing strategic and corporate risks.
- c. Continuation of capability building through training and engagement and developing a risk management culture across the OfS where risk-based decisions are taken daily in line with risk appetite. A focus on the corporate-level risk register and systematic risk management at different levels across the OfS, using a new risk management application launched in April 2020, ensures consistency and transparency in the management of risks across the organisation in a rapidly changing environment.

An internal audit review of our risk management processes and controls resulted in a rating of significant assurance with minor improvement opportunities. Four recommendations were made, including increasing staff awareness and training, and continuing to improve how mitigating actions are recorded and reported. Making these improvements will help us to continue to improve our maturity in the management of risk.

## Legal issues

Following a judicial review, where the High Court ruled in March 2020 that our actions were lawful in a decision to refuse a provider's registration application, in August 2020, the Court of Appeal overturned parts of the High Court's judgment in respect of Bloomsbury Institute Limited's judicial review claim and, as a result, found that the OfS's decision to refuse Bloomsbury registration was unlawful on grounds relating to a lack of consultation on policy matters relating to the assessment of a particular condition of registration and a lack of delegated authority for those decisions on relevant matters of policy. The Court of Appeal therefore set aside the OfS's registration refusal decision and also ordered the OfS to remedy the situation by retaking its decision on registration in a particular timeframe.

One of the important parts of the High Court's judgment that was not overturned was the finding that a refusal of registration by the OfS did not interfere with the human rights of a higher education provider and as such did not constitute grounds for financial compensation.

The OfS complied with the Court of Appeal's order by adopting a process which involved a bespoke consultation with the provider about relevant matters of policy in respect of its business model and a fresh assessment of its application for registration. Following this process, decisions were taken by a decision-making group which had express delegated authority from the OfS board. The ultimate decisions taken were to grant registration to Bloomsbury Institute Limited and impose specific requirements to address regulatory risk (known as 'specific conditions of registration'). The evidence considered in this decision-making process included new information that had not been available at the time of the first decision, and that show improved performance.

At the time of the Court of Appeal's judgment in Bloomsbury, work was already underway in developing new scheme of delegation arrangements to take stock of legal arguments that were raised in the litigation and much broader policy and practical considerations. This work led to a decision of the OfS board to adopt and publish a new scheme of delegation on 22 September 2020.

During the litigation, the OfS had separately been thinking about its general approach to consulting on matters of policy and the wider benefits of consulting had been factored into the planning of future work areas. This included plans for a public consultation on proposed changes in policy on conditions of registration that were relevant to the litigation. Phase 1 of this public consultation on quality and standards was issued in November 2020 and the approach to consultation reflected the OfS's consideration of the spirit of the Court of Appeal judgment in Bloomsbury (although this public consultation was not mandated or otherwise required by the Court of Appeal).

## People

As was the case for many workplaces, our staff needed to adapt to working from home. The challenges of remote working were exacerbated during national lockdowns when schools and care facilities were closed. We introduced human resources policies that supported staff to manage the difficulties they faced by permitting managers to accommodate different working arrangements and temporary changes to contracted hours where this was

appropriate. There was regular monitoring of capacity and reprioritisation of our business plans in response to resource pressure points due to vacancies and when some staff were unable to work their full hours.

The coronavirus pandemic posed many challenges for OfS staff during this operating year. To monitor how staff were feeling during this time we conducted a number of 'pulse surveys' to gauge issues around productivity and wellbeing and allow us to take action. Although some staff found the year very challenging, the majority appreciated how the organisation was able to switch to working remotely and supporting them through the pandemic. They highlighted the benefits of more flexible working and savings of time from not needing to commute to work. The results of our February 2021 People Survey (which mirrors questions in the Civil Service's People Survey) showed an improvement in overall employee engagement by 4 per cent when compared with our 2020 survey. Our staff responded positively on matters relating to their teams being relied upon when things get difficult and looking to improve the services we provide. There was also a significant increase in positive responses about pay and benefits. Staff were less content about learning and development, and leadership and managing change, and these areas will be a focus of our action.

As part of previous work on equality, diversity and inclusion, we commissioned an independent equal pay audit which confirmed that there were no equal pay issues within the organisation. However, at that time, we had a challenging gender pay gap (20.3 per cent on 31 March 2019). In analysing why the figure was high, we noted that there were twice as many women in the organisation as men. This, together with the positioning of men and women across the pay bands, influenced the figure significantly. While women are distributed evenly across the pay bands, men are predominately located in the higher pay bands.

To address this, we put in place actions to assist with a gender-neutral recruitment, selection and appointment process across all salary levels. We also reduced the width of our pay bands in both the 2019 and 2020 pay awards to bring the female and male median pay rates closer. This reduced the gender pay gap figure by 1.7 per cent over the two years. We will continue to review this measure on a quarterly basis.

## **Equal opportunities and diversity**

The Equality Act 2010 puts a general duty on public sector bodies (including the OfS and publicly funded higher and further education institutions) to have regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who share a protected characteristic and those who do not share it
- foster good relations between people who share a protected characteristic and those who do not share a protected characteristic.

Public bodies must meet this general duty both as employers and as providers of public services and show 'due regard' to the duty across all of their functions.



As the OfS regulates the universities and colleges in England in the interest of students, equality and diversity objectives and priorities focused on the higher education sector are part of the OfS strategy. Our equality and diversity statement and action plan for 2018 to 2022 are designed to address both our sector-focused and our internal, staff-focused objectives. They include milestones for action and management responsibilities for eight objectives in equality and diversity.<sup>126</sup> As part of this work, this year we reviewed our recruitment processes, policies and practices.

The directors' group has oversight of our EDI programme of work, agreeing its priorities and overall aims. It reviews our EDI data and progress against our aspirational EDI targets on a quarterly basis and reviews progress against our actions and priorities through fortnightly updates via the PMO. We publish our EDI data on our website.

As part of fostering an inclusive and open culture, the OfS EDI internal strategy seeks to 'harness the staff voice, via the creation of staff networks to consider staff views and experiences and build diversity of thought and perspective,' and to 'promote the use of staff groups to support and drive continued commitment and action.' There are five staff networks: the Disability Equality Network, the Black, Asian and Minority Ethnic Network, the LGBTQ+ Staff Network, the Carers' and Parents' Network, and the Women's Network. These networks have been active and greatly valued by staff this year.

An EDI forum also allows management engagement with the staff networks and the union about the EDI programme of work.

## **Information security and guidance**

We were re-certificated for the Cyber Essentials Plus award in November 2020, which reflects the significant and continuous focus we have on information security. To provide assurance over the status of previous recommendations on cybersecurity arrangements, our internal auditors reviewed the open recommendations from a previous review in May 2019. That follow-up review, which reported to our Risk and Audit Committee in May 2020, noted that management had made considerable progress towards improving the cybersecurity, although the management acknowledge that there is still more to be done given the fast-growing risks in the cyber landscape. Indeed, we will never be static in this area as we need to adapt as the threat changes.

To strengthen our arrangements, we have developed a Cyber and Security Strategy to minimise risks through the right detection tools, and to set out our approach in response to threat events.

A small number of information incidents were reported to the Risk and Audit Committee during the year, none of which involved a personal data breach such as to require the OfS to report it to the Information Commissioners Office.

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<sup>126</sup> Available at [www.officeforstudents.org.uk/about/equality-and-diversity/](http://www.officeforstudents.org.uk/about/equality-and-diversity/).

We continued work to ensure that the OfS complies with information rights legislation, such as the United Kingdom General Data Protection Regulation (GDPR), the Data Protection Act 2018, and the Freedom of Information Act (2000). We have been developing our record of processing activities and continued to implement our information security awareness and training, and data protection training for high-risk areas such as the human resources, finance and data foresight and analysis teams.

There are procedures in place to manage the risk of a data breach due to the loss of personal data and sensitive personal data, and we have information security policies in place to mitigate against the risk. An improved mandatory data protection module was issued to all staff in January 2021, and there is ongoing engagement through learning lunches and blogs to alert staff to how GDPR affects us personally and professionally and how compliance with the regulation will help to mitigate a data breach. All actual or potential security incidents are reported to our Information Security and Data Privacy Group.

## **Counter-fraud**

The Counter-fraud Group meet quarterly to discuss performance compared to the Cabinet Office's Functional Standards, and our delivery of action plans. We updated our fraud risk assessment in January 2021 with a revised action plan to address key areas.

We report our performance against the Cabinet Office's functional standards annually to the risk and audit committee, complying with the standards where we assess that to do so provides good value for money, as overall our assessment of the fraud risk within the organisation is low.

We ran staff awareness sessions primarily focused on cyber threats such as phishing and mandate fraud.

## **Producer of Official Statistics**

The OfS is a producer of Official Statistics. We comply with the Code of Practice for Statistics, which sets out a framework to ensure that statistics are trustworthy, high-quality and of public value.<sup>127</sup> We look to apply the principles of the code to all the statistics that we produce, whether they are Official Statistics or not.

In November 2020 we reported a breach of the Code of Practice protocols to the UK Statistics Authority.<sup>128</sup> This related to a new experimental statistic looking at employment rates for students in higher education. There was pre-publication sharing with providers because the publication intent involved information about providers' performance. Representations on the accuracy of content and format were invited ahead of publication of these new statistics. Providers were not permitted to share the data more widely, but it came to light that a provider had shared one of the statistics with a sector representative

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<sup>127</sup> See <https://www.statisticsauthority.gov.uk/code-of-practice/>; [code.statisticsauthority.gov.uk/](https://code.statisticsauthority.gov.uk/).

<sup>128</sup> See [uksa.statisticsauthority.gov.uk/publication/breach-report-office-for-students-developing-an-understanding-of-start-to-success-outcomes/](https://uksa.statisticsauthority.gov.uk/publication/breach-report-office-for-students-developing-an-understanding-of-start-to-success-outcomes/).

organisation. To prevent re-occurrence, we will strengthen instructions given to providers about access to statistics in advance of publication, and as part of this, alerting providers to the example of this breach may be helpful to improve understanding of activities that are not permitted.

## **The OfS's role as principal regulator under the Charities Act 2011**

We are the principal regulator of those exempt charities that are also higher education providers for which we are the primary regulator – this includes connected charities of those exempt charities. We discharge our 'compliance objective' under charity law by:

- a. Making information available to providers about changes to the charity law obligations that apply to exempt charities. Providers are encouraged to subscribe to our charity regulation mailing list<sup>129</sup> to receive such briefings and alerts.
- b. Promoting compliance with charity law by sharing with providers relevant guidance from the Charity Commission and the Fundraising Regulator.
- c. Working with other organisations to develop guidance to support trustees in understanding their own and the charity's responsibilities under charity law.
- d. Notifying the Charity Commission if we have concerns about a breach of charity law or other misconduct or mismanagement in the administration of a provider that is an exempt charity or become aware of any other matter in which the Charity Commission has a regulatory interest.

There were no significant issues requiring our intervention in this reporting period.

## **Prevent duty**

We continued Prevent monitoring during the coronavirus pandemic, with a particular focus on new entrants to the sector and providers identified as higher risk. We also published advice in September 2020 to providers on meeting the Prevent duty during the coronavirus pandemic. Providers were required to submit their Prevent accountability and data return submission in December 2020.

## **Working with others**

HERA makes provision for the OfS to work with two designated bodies: one performs quality assessment functions and the other performs information functions.

The **Quality Assurance Agency for Higher Education** is the designated quality body (DQB) for higher education in England, to perform the assessment functions in relation to quality and standards in English higher education required under paragraph 3 of Schedule 4 to HERA. A formal designation agreement, signed in July 2018, set out the respective obligations of the OfS and the QAA. The performance of the assessment functions informs

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<sup>129</sup> See [www.jiscmail.ac.uk/Charityreg-OfS](http://www.jiscmail.ac.uk/Charityreg-OfS).

our decisions about whether an individual provider meets initial and ongoing registration conditions and about the authorisation, variation or revocation of degree awarding powers.

The designation agreement between the OfS and QAA includes key performance measures to enable the OfS's Quality Assessment Committee to hold the DQB to account. It sets out a requirement for a quarterly report from the QAA on progress against the activities and milestones. However, during the pandemic only limited review activity was possible as the DQB was unable to carry out on-site reviews in higher education providers. In turn, this resulted in a pause in the OfS's regulatory decisions where those decisions rely on the DQB's Quality and Standards Reviews. In view of the difficulties of assessing the performance of the DQB during this operating period, the triennial review of the DQB, which was due to take place during the spring of 2021, will now report in 2022.

The **Higher Education Statistics Agency** is the designated data body. In collecting data, we work closely with HESA – combining its expertise in data collection and dissemination with ours – to ensure that these activities are as efficient and effective as possible.

In December 2020, our board considered how the designated data body performed its functions in its second year. Resources have been stretched by the coronavirus pandemic, impacting on performance, but it has largely delivered its information functions, through there are issues of delivery in respect of the response rates to the Graduate outcomes survey, where the overall response rate was below target and the response rates varied significantly by provider. While we are keen to ensure a uniform and high response rate to the survey, the current response rates would not preclude us using the data in our regulatory activities.

### **The Data futures programme**

The OfS inherited a commitment to fund a complex project led by HESA to transform the data collection landscape in higher education. Following earlier delivery difficulties, in March 2020 the OfS board considered a proposal for a revised Data Futures programme, led by HESA with the support of Jisc leading on technical elements of the HESA data platform, and gave support in principle to a first phase of work to September 2020. In April 2020, following scrutiny from a decision-making group involving the chair, a member of the Risk and Audit Committee and members of the executive, phase 1 funding was approved of £874,000 for Jisc and £507,697 for HESA, against 2020-21 financial year budgets of £1 million and £1.3 million respectively. (The programme is also funded from statutory HESA subscriptions.) The OfS's payments are staged to reflect delivery.

The OfS board and Risk and Audit Committee pay close attention to the programme. An internal audit in the summer of 2020 reviewed how the OfS maintains oversight at various levels of the programme's management and governance, and how any relevant concerns could be escalated. There was a rating of significant assurance with minor improvement opportunities.

The OfS board considered progress in September 2020 together with a phase 2 proposal covering the remainder of the programme. Taking account of some project underspend in the March to September period, we released funding of £1,983,247 for a phase 2 grant

funding for the period of October 2020 to March 2021. In September 2020, the board also considered options for funding to 2024 and agreed a conditional grant for the April 2021 to March 2024 period. The board then reviewed progress again at its March 2021 meeting and agreed funding of £6,236,772 for the next phase of the Data Futures programme for the period until 31 March 2022, with the release of funds subject to close scrutiny of agreed milestones for delivery.

## **UK Research and Innovation**

The Department for Business, Energy and Industrial Strategy and the DfE identified several strategic areas for cooperation between **UKRI** and the OfS during the passage of HERA, including:

- the skills and talent pipeline
- infrastructure funding
- the financial sustainability of higher education providers
- accountability and assurance
- evidence gathering
- the Research Excellence Framework
- the Teaching Excellence and Student Outcomes Framework
- the Knowledge Exchange Framework.

Collaborative activities between the OfS and UKRI in this period included joint activity to promote equality, diversity, and inclusion in in postgraduate research and to support links through to academic and research careers.

The UKRI's council, Research England, distributes the Higher Education Investment Fund (HEIF) to higher education providers. This is used to support and develop knowledge exchange activities – a broad range of knowledge-based interactions between higher education providers and the wider world, which results in benefits to the economy and society. Continuing previous joint working, we worked with UKRI Research England on updating the policies and priorities for use in HEIF allocations for the period from 2020-21 to 2024-25, along with the requested content of the accountability statements to be returned by institutions in receipt of HEIF funding. We also determined the HEIF allocations for the academic year 2020-21 with Research England.

Consistent with the principles of better regulation (whereby public bodies, wherever possible, should be able to rely on each other's systems of oversight and assurance, to minimise the accountability burden placed on providers while maintaining an appropriate and proportionate level of accountability for public funds), this agreement specifies that UKRI relies on the OfS's regulation of English higher education providers receiving research funding, and depends on the judgements and decisions the OfS makes as a regulator of

providers in England (this does not extend to assurances about the specific terms and conditions of UKRI's grants).

The OfS accounting officer wrote to the UKRI Accounting Officer in May 2021 providing assurance over the regularity of expenditure of UKRI grant funding to certain higher education providers. Written assurance is provided on the work that we carried out to gain assurance over a provider's arrangements for financial sustainability, risk management, internal control, governance, and value for money.

Many further education colleges provide some higher education and are registered with the OfS. Where a provider is a further education college or sixth form college under the financial regulation of the **Education and Skills Funding Agency**, the provider submits its financial and other data to the ESFA rather than the OfS. Section 63 of HERA states that the OfS may cooperate with and provide information to any person if a disclosure is made for the purposes of performing a function of the OfS. This allows the OfS to exchange information with the ESFA and to work closely with the ESFA to understand the financial viability and sustainability of these providers. We also share information with the ESFA for the performance of its functions under Section 78 of HERA, and there is an annual exchange of letters in relation to assurance that public money is being used for the purposes intended.

We work with the **Department of Health and Social Care** and **Health Education England** to determine the intake of students to medical and dental programmes.

There are a number of areas where we work on agendas of shared interest with the **devolved administrations**, such as on data collection or data informing prospective students' choices. We also are engaging with the devolved governments' bodies during reviews of the National Student Survey, the Transparent Approach to Costing methodology, and the Data Futures programme.

## Opinion of the Head of Internal Audit

The work of the OfS's internal auditors, KPMG LLP, included: cybersecurity; the OfS's oversight of the Data Futures programme; a review of the existing Portfolio Management Office framework and its effectiveness; how processes and controls been impacted by coronavirus; financial systems and processes; and board effectiveness and review of work on the Prevent duty.

Based on his work throughout the year, the Head of Internal Audit has provided a formal opinion on the adequacy of risk management, control and governance processes at the OfS.

The basis for forming our opinion is as follows:

- a. An assessment of the design and operation of the underpinning Assurance Framework and supporting process.
- b. An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas.



Our overall opinion for the period 1 April 2020 to 31 March 2021 is of significant assurance with minor improvement opportunities in the areas considered in the scope of work.

### **The design and operation of the Assurance Framework and associated processes**

Strategic risks are reviewed quarterly at directors group, in addition to other frequent discussions during the year as part of the business planning process or when the board and directors group are reviewing risk reports. The risk register is therefore reviewed and formally updated at least quarterly. We conducted a specific governance and risk management internal audit during the period focused on current risk management processes in place, which have been developed and improved over the past 12 months. While we identified improvement areas (one medium and two low priority recommendations) and the OfS is aware further actions are required to fully embed the process, our interviews and discussions with staff noted that there is a good culture in regard to risk management and a core team of business managers and members of the Governance team who understand and are invested in the process.

### **The range of individual opinions arising from risk-based internal audit assignments, contained within our risk-based plan that have been reported throughout the year**

Based on the work completed in year, we have no significant concerns to raise relating to the overall adequacy and effectiveness of the organisation's internal control arrangements. We conducted six internal audits, all of which were provided 'Significant assurance with minor improvement opportunities'. A total of 24 recommendations were raised, of which 22.5 were accepted; none were high priority; 10.5 were medium and 12 were low priority.

### **Formal opinion of the Risk and Audit committee**

Given the opinions of both the Head of Internal Audit and the NAO as expressed in their annual reports, and the other information available to us from our work during the year, the Risk and Audit Committee can provide the OfS chief executive, as Accounting Officer, with reasonable assurance that the OfS's processes relating to corporate governance, risk management and internal control are working satisfactorily. During the reporting period, we do not believe that these processes have been adversely affected as a result of coronavirus.

We are satisfied with the quality of the work provided by Internal Audit and with the services of the NAO. Through this work, we are able to take a measured view and receive assurance on the quality and effectiveness of financial reporting and internal control within the OfS.

In respect of our own performance, we consider that the committee has worked effectively with Internal Audit to ensure the focus of our work is relevant to the risks facing the OfS and we have challenged appropriately. We have supported the chief executive and management in their work and offered constructive challenge where required. In carrying out these activities, we believe we have fully discharged our responsibilities in accordance with our terms of reference.

This opinion is intended to give reasonable rather than absolute assurance of effective controls. It informs the chief executive's governance statement.

## Complaints

We have a formal process for complaints against the OfS in relation to the service we provide, our staff's behaviour, and whether we have followed appropriate procedures.<sup>130</sup>

Of the 27 formal complaints against the OfS resolved in this operating year 10 were assessed as being 'out of scope' of the remit above. Where appropriate, complaints relating to higher education providers are shared with the monitoring and intervention team. Of the 17 complaints judged to be in scope, 11 were partially upheld and one was fully upheld.

The majority of complaints in scope related to the time taken to reach final decisions, for example for registration or degree awarding powers applications, and some related to the pausing of some registration and degree awarding powers assessment activity from April to December 2020. We have a general duty to make efficient and effective use of our resources. Some complaints resulted from our strategic decision to prioritise our efforts on the current and future students of registered providers, particularly in the early months of the pandemic.

Our complaints process follows, and is subject to, the Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling.<sup>131</sup>

## Internal whistleblowing

We have a formal whistleblowing policy which provides several routes for staff to make disclosures, including externally to the DfE and the National Audit Office. During the accounting period no internal disclosures were made by staff or members. Additionally, we are not aware that any external disclosures were made.

## Notifications

The OfS has a separate process intended for students, staff and other people and organisations who wish to notify us of a matter that may be of regulatory interest to us (see page 15).

## Freedom of Information requests

In 2020-21 we received 83 Freedom of Information requests, of which 90 per cent were responded to within 20 working days following receipt. This figure includes a very small number of Re-Use of Public Sector Information requests.

There were two requests for internal reviews of Freedom of Information handling, and one complaint was made to the Information Commissioner's Office. The latter's decision was that the OfS was entitled to rely on section 31(3) of the Freedom of Information Act to refuse to confirm or deny holding information within the scope of the request and that the public

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<sup>130</sup> See [www.officeforstudents.org.uk/contact/complaints-and-notifications/complaints-against-the-ofs/](http://www.officeforstudents.org.uk/contact/complaints-and-notifications/complaints-against-the-ofs/).

<sup>131</sup> See <https://www.ombudsman.org.uk/about-us/our-principles/principles-good-complaint-handling>.



interest favours maintain the exemption. However, as the OfS failed to issue its refusal notice within 20 working days, it breached section 17 of the Freedom of Information Act.

We received eight subject access requests and two erasure requests, under Data Protection legislation.

## **Parliamentary and Health Services Ombudsman**

One complaint about the OfS was referred to the Parliamentary and Health Services Ombudsman this year. Following an initial assessment, the decision was that no further action was necessary.

## **Better regulation**

HERA paragraph 2.1(g) provides the basis of our general compliance with the principles of best regulatory practice. Our regulatory framework commits us to compliance with the Regulators' Code, a statutory obligation for National Regulators in the Legislative and Regulatory Reform Act 2006.

Our regulatory approach is designed to be principles-based, taking account of the complexity of the higher education sector. Our approach shapes the way we make judgements about individual providers on the basis of data and contextual evidence. Our approach is also risk-based: engagement with an individual provider is intended to allow the OfS to make appropriate regulatory decisions about managing the risks associated with that provider, and dialogue will focus on specific regulatory issues rather than the general circumstances and activities of the provider.

The OfS is subject to the provisions of the Small Business, Enterprise and Employment Act 2015, as amended by the Enterprise Act 2016 (including the Business Impact Target with corresponding reporting requirements). Statutory regulators must publish:

- their qualifying regulatory provisions
- an assessment of the economic impact on business of those provisions
- a summary of non-qualifying regulatory provisions.

The OfS is required to assess the impact of any changes to current regulatory activity which impacts on business. Our assessment of regulatory changes in the most recent reporting period is that they were non-qualifying regulatory provisions.<sup>132</sup>

As our regulation develops, we are designing and implementing a consistent approach to regulatory impact assessment. We are committed to reducing unnecessary burden, and through the engagement process we are listening to the concerns of providers in the design of this work.

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<sup>132</sup> The reporting period is 13 December 2019 to 16 December 2020.

This year we committed to providers that we would undertake a large-scale reduction in routine enhanced monitoring affecting most conditions.<sup>133</sup>

## Accounting Officer overall conclusion

As Accounting Officer, I am responsible for reviewing the effectiveness of the OfS's system of internal controls, as set out above. My review of the effectiveness of the system of internal controls was informed by:

- assurance from senior responsible officers for all our programmes that they have acted in accordance with their delegations and the operation of our governance framework
- independent assurance from our internal auditors and the assurance reports and reviews undertaken to inform our returns to government
- the opinion of the Head of Internal Audit
- scrutiny and advice provided by the Risk and Audit Committee
- a meeting with the National Audit Office to discuss the process and findings of the external audit
- discussion of the annual report and accounts at the OfS board in May 2021
- an exchange of letters with the ESFA to obtain assurance on the regularity of the use of the OfS's funds by further education colleges and sixth form colleges.

Based on my review of this evidence I am assured that we have a strong system of internal controls to support the delivery of our strategy but acknowledge that we are managing some challenging risks. We continue to pay careful attention to their mitigation.

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<sup>133</sup> See [www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/](https://www.officeforstudents.org.uk/publications/update-on-the-office-for-students-approach-to-regulation-and-information-about-deadlines-for-data-returns/).

# Remuneration and staff report

## Part one (not subject to audit)

### Remuneration and Nominations Committee

The Remuneration and Nominations Committee is one of the OfS's committees. Members of the committee for 2020-21 were:

- **Monisha Shah** (Committee chair), OfS board member
- **Sir Michael Barber**, chair, OfS board
- **Martha Longdon**, OfS board member
- **San Johal**, independent member.

The chief executive normally attends meetings to support discussion of the performance and remuneration of executive directors and other relevant matters but is not present for discussion of her own performance and remuneration.

The role of the Remuneration and Nominations Committee is:

- To make recommendations to the OfS board on the terms and conditions of employment of the chief executive and the Director for Fair Access and Participation, noting that some decisions are made by the Secretary of State.
- To carry out an annual review of the remuneration of other directors and based on the recommendations of the chief executive, to make decisions about changes to pay and levels of performance-related pay.
- To support the OfS chair in setting performance objectives with the chief executive and monitoring their performance.
- To comment on the aims of the annual pay remit, which seeks authority from the DfE on the nature and scale of pay awards to OfS staff.
- To provide advice to the chief executive on the OfS's staffing policies and to comment on the appropriateness of its approach to remuneration in enabling it to recruit, motivate and retain staff.
- To support the OfS chair and chief executive and the DfE in the consideration of succession planning requirements at board and executive level.
- To provide assurance that the process for recruiting independent members to any OfS board committee is open and fair and promotes diversity and equality of opportunity, and to provide advice to the OfS chair on the appointment of suitable independent members to any of these committees.

## **Remuneration arrangements**

The salary and non-consolidated performance pay for the chief executive and the Director for Fair Access and Participation (DFAP) are determined by the Secretary of State for Education, on consideration of the proposal made by the board on the recommendation of the Remuneration and Nominations Committee.

The aim of the proposal is to enable the OfS to recruit, retain and motivate talented and experienced people capable of fulfilling the responsibilities of these senior roles to the highest standards of excellence and best practice. Salary reviews, based on objectives, take account of market pay data and the government's decisions on the recommendations of the Senior Salaries Review Body. The level of non-consolidated performance pay (up to a maximum of £20,000 per annum for the chief executive and 10 per cent of basic salary for the DFAP) relates to achievement of previously agreed objectives and is normally paid in the following financial year.

Working within the context of the annual Treasury pay guidance and pay remit process, the pay system for the other directors similarly aims to enable the OfS to recruit, retain, and motivate highly talented people to lead on specific areas in the OfS's strategic plan, and to work together with the chief executive and the DFAP to lead the organisation. The Remuneration and Nominations Committee considers proposals for remuneration of the other directors made by the chief executive and makes decisions about any subsequent changes to pay for the following year.

## **Contracts**

The length of the contract of employment for the chief executive and the DFAP is determined by the Secretary of State for Education.

Nicola Dandridge was appointed as chief executive for a four-year term, which began in September 2017 and is due to expire on 31 December 2021. There is an option to extend her term of employment for up to a total of 10 years. Her contract stipulates a minimum of a six-month notice period.

Christopher Millward was appointed as the DFAP for a four-year term, which began in January 2018. There is an option to extend his term of employment for up to a total of 10 years. His contract stipulates a minimum of a six-month notice period.

Contracts for all other directors are open-ended and their notice period is a minimum of six months.

## **Membership of the board**

The OfS board consists of the chair, the chief executive, the DFAP and at least seven and not more than 12 ordinary members. Ordinary members of the board are appointed based on their expertise in promoting choice for consumers, managing a regulatory system, and robust financial control. At least one of the ordinary members must have experience of representing or promoting the interests of students in higher education. These appointments

are made by the Secretary of State for Education following a selection process run by the DfE in accordance with the Governance Code for Public Appointments. Ordinary members are eligible to receive an annual payment of £9,180 pro rata.

## Staff report

On the census date of 31 March 2021, the OfS employed 372 full-time equivalent staff: 401 headcount, 268 female and 133 male. Of the 12 board members listed in the Remuneration Report (excluding the chief executive, the DFAP and the chair), five were men and seven women. Of the six senior employees listed in the Remuneration Report, four were men and two women.

The OfS continues to monitor sickness absence as an indicator of staff wellbeing. Our sickness absence remains relatively low. In 2020-21 we lost 1,990 (2019-20: 2,508) working days to sickness, an average of 5.0 (2019-20: 6.0) days per person. This compares with an average 8.0 days for government public service bodies and 4.3 days for private sector services.<sup>134</sup>

The OfS is committed to promoting diversity and equal opportunities in employment. Like many other organisations, we recognised the benefits of a diverse and well-motivated workforce, where all are treated fairly. Our intention is to reflect not only the letter but also the spirit of the Public Sector Equality Duty. More information can be found on our website.<sup>135</sup>

There have been no staff redeployed externally in relation to coronavirus or the EU exit. As we reprioritised our work due to the pandemic many staff were redeployed internally to work on new priorities.

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<sup>134</sup> See Chartered Institute of Personnel and Development, 2020, 'Health and well-being at work', available at [www.cipd.co.uk/knowledge/culture/well-being/health-well-being-work](http://www.cipd.co.uk/knowledge/culture/well-being/health-well-being-work).

<sup>135</sup> See [www.officeforstudents.org.uk/about/equality-and-diversity/](http://www.officeforstudents.org.uk/about/equality-and-diversity/).

## Part two (audited)

### The OfS chair

Remuneration of the chair was decided by the DfE. The OfS chair receives a salary but does not participate in the organisation's pension scheme. The role requires a time commitment of two days per week. The total salary for the OfS chair, **Sir Michael Barber**, for the year ended 31 March 2021, was £40,500 (2019-20: £54,000). Sir Michael decided not to accept payment of his salary for January to March 2021 as he was carrying out other paid work for the government in this period. Sir Michael's term as chair finished on 31 March 2021. From 1 April 2021 Lord James Wharton of Yarm was appointed as chair.

### The OfS board

All ordinary board members are eligible to receive an annual payment of £9,180 pro rata. The payment is non-pensionable. All members are paid the amount directly via payroll. The total board members' remuneration is shown in the following table.

	Year ending 31 March 2021	Period ending 31 March 2020
<b>Martha Longdon</b>	9,180	9,180
<b>David Palfreyman OBE</b>	9,180	9,180
<b>Gurpreet Dehal</b>	9,180	9,180
<b>Kate Lander</b>	9,180	9,180
<b>Martin Coleman</b>	9,180	9,180
<b>Steven West CBE</b>	9,180	9,180
<b>Katja Hall</b>	9,180	9,180
<b>Monisha Shah</b>	9,180	9,180
<b>Simon Levine</b>	9,180	9,180
<b>Kathryn King</b>	9,180	9,180
<b>Verity Hancock</b>	9,180	9,180
<b>Elizabeth Fagan CBE<sup>a</sup></b>	9,180	-
<b>Total</b>	<b>110,160</b>	<b>100,980</b>

<sup>a</sup> Declined to receive remuneration in 2019-20.

## The OfS chief executive

The chief executive's salary and non-consolidated performance bonus are determined by the Secretary of State for Education after considering proposals from the Remuneration and Nominations Committee, as described above. The chief executive received no benefits in kind in 2020-21. The total emoluments for the OfS chief executive are shown in the following table.

	Salary paid <sup>a</sup>		Bonus <sup>b</sup>		Pension benefit (nearest £1,000)		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Nicola Dandridge CBE</b>	£170,851	£171,358	-	£16,748	£66,000	£66,000	£236,851	£254,106

<sup>a</sup> Salary in 2019-20 includes backdated pay of £2,268.75 relating to the 1.5 per cent 2018-19 pay award. Annual pay settlements are awarded from 1 August each year. The chief executive declined a pay award in 2020-21.

<sup>b</sup> Bonus in 2019-20 is non-consolidated pay in recognition of performance in 2018-19.

## The Director for Fair Access and Participation

The DFAP's salary and non-consolidated performance bonus are determined by the Secretary of State for Education after considering proposals from the Remuneration and Nominations Committee, as described above. The DFAP received no benefits in kind in 2020-21. The total emoluments for the DFAP are shown in the following table.

	Salary paid <sup>a</sup>		Bonus <sup>b</sup>		Pension benefit (nearest £1,000)		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Christopher Millward</b>	£134,615	£133,709	-	£13,195	£54,000	£53,000	£188,615	£199,904

<sup>a</sup> Annual pay settlements are awarded from 1 August each year. The DFAP declined a pay award in 2020-21.

<sup>b</sup> Bonus in 2019-20 is non-consolidated pay in recognition of performance in 2018-19.

## Senior employees

Salary includes gross salary, overtime, reserved rights to London weighting or allowances, recruitment and retention allowances, and any taxable allowances or payments. No senior employee received any benefits in kind in 2020-21.

	Salary (£000)		Bonus (£000)		Pension benefit (nearest £1,000)		Total (£000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Susan Lapworth</b> <sup>b</sup> Director of regulation	120-125	120-125	10-15	5-10	5	7	140-145	135-140
<b>Richard Puttock</b> Director of data, foresight and analysis	95-100	95-100	-	-	46	114	140-145	210-215
<b>Conor Ryan</b> <sup>a b</sup> Director of external relations	115-120	110-115	0-5	-	45	45	160-165	160-165
<b>Nolan Smith</b> Director of resources and finance	130-135	130-135	-	10-15	56	68	185-190	210-215

The Director of Teaching Excellence and Student Experience left the OfS on 31 March 2020 and was not replaced.

<sup>a</sup> Bonus paid in 2020-21 is in relation to performance in 2019-20 .

<sup>b</sup> Did not receive a pay increase in 2019-20.



## Senior employees' pensions

	Accrued pension at pension age as at 31 March 2021 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31 March 2021 (£000)	CETV at 31 March 2020 or start date (£000)	Real increase in CETV (£000)
<b>Nicola Dandridge<sup>b</sup></b> Chief executive					
Pension	10-15	2.5-5	200	133	47
Lump sum					
<b>Christopher Millward<sup>b</sup></b> Director for fair access and participation					
Pension	45-50	2.5-5	809	750	27
Lump sum	95-100	0-2.5			
<b>Nolan Smith<sup>b</sup></b> Director of resources and finance					
Pension	40-45	2.5-5	634	579	28
Lump sum	70-75	0-2.5			
<b>Susan Lapworth<sup>a</sup></b> Director of regulation					
Pension	20-25	0-2.5	518	539	(37)
Lump sum	65-70	0-2.5			

	Accrued pension at pension age as at 31 March 2021 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31 March 2021 (£000)	CETV at 31 March 2020 or start date (£000)	Real increase in CETV (£000)
<b>Conor Ryan<sup>b</sup></b> Director of external relations					
Pension	5-10	2.5-5	108	68	29
Lump sum					
<b>Richard Puttock<sup>b</sup></b> Director of data, foresight and analysis					
Pension	35-40	2.5-5	607	558	25
Lump sum	75-80	0-2.5			

**Note:** 'CETV' = 'Cash equivalent transfer value'.

<sup>a</sup> Members of the Universities Superannuation Scheme.

<sup>b</sup> Members of the Principal Civil Service Pension Scheme.

The OfS contributes to two pension schemes: the Principal Civil Service Pension Scheme (PCSPS) and the Universities Superannuation Scheme (USS). The USS is a multi-employer defined benefit pension scheme. The PCSPS is an unfunded multi-employer defined benefit scheme, but the OfS is unable to identify its share of the underlying assets and liabilities. Further details on pensions are provided below.

## Staff costs

As part of central government's commitment to increase transparency and accountability, the OfS is reporting the median earnings of its workforce, and the ratio between this and the earnings of its chief executive. The disclosure will also allow some comparability over time and across the public sector and private sector, where similar disclosures of chief executives' remuneration and pay multiples are made.

The remuneration of the highest annual salary paid to a director (the chief executive) in the OfS, in the financial year 2020-21, was £170,851 (2019-20: £188,106). This was 4.4 times (2019-20: 4.9 times) the median remuneration of the workforce, which was £39,161 (2019-20: £38,073). There is a change in the ratio as the chief executive did not receive a bonus in 2020-21. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. With the exception of the senior employees disclosed, no other employee received a salary above £100,000.

In 202-21 no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,176 to £170,851 (2019-20: £14,855 to £188,106).

The table below shows analysis of staff costs and pension costs.

### Staff and pension costs

	Year ended 31 March 2021 (£000)	Period ended 31 March 2020 (£000)
<b>Staff with a permanent UK employment contract with the OfS</b>		
Salaries	17,552	17,384
National Insurance contributions	1,841	1,799
Pension costs	4,536	4,365
	<b>23,929</b>	<b>23,548</b>
Costs of employing contract, agency and temporary staff	575	1,067
	<b>24,504</b>	<b>24,615</b>
<b>Pension costs breakdown</b>		
Civil Service pensions	4,419	4,243
Partnership pension	71	59
Universities Superannuation Scheme	46	63
	<b>4,536</b>	<b>4,365</b>

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. All eligible staff are considered for a non-consolidated performance-related payment related to individuals' performance against objectives. Annual settlements are awarded from 1 August each year and relate to individuals' performance from the previous financial year.

The OfS had 376 (2019-20: 392) average full-time equivalent (FTE) staff numbers, which includes nine (2019-20: 18) contractors. Full-time equivalents are classed as those staff who are employed on either permanent OfS contracts or fixed-term contracts and paid directly from the OfS payroll, including those on maternity leave. The staff numbers do not include any outwardly seconded staff. Although the FTE for the chair is excluded from the above staff numbers, his costs are included among staff costs.

As of 31 March 2021, there were no staff participating in the COVID-19 furlough scheme and there were no off-payroll engagements or expenditure on consultancy.

## Pensions

Employers' contributions of £4,419,208 (2019-20: £4,242,686) were payable to the PCSPS at one of four rates in the range 26.6 to 30.3 per cent (2019-20: 26.6 to 30.3 per cent) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account: a stakeholder pension with an employer contribution. Employers' contributions of £71,044 (2019-20: £59,046) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 9.0 to 14.75 per cent (2019-20: 8.0 to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay and contribute a further 0.5 per cent of pensionable pay to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Four (2019-20: four) members of staff hold a pension with USS. For 2020-21, employers' contributions of £45,802 (2019-20: £63,334) were payable at a rate of 21.1 per cent (2019-20: 19.5 per cent). Employers may be required to contribute 2.1 per cent for employees who have elected for enhanced opt-out to retain death in service and incapacity benefits.

## Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPPS). The PCSPPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPPS having those

benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

### **Cash equivalent transfer values**

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement, when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme, to secure pension benefits in another pension scheme or arrangement. The

pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Universities Superannuation Scheme**

The USS is a multi-employer defined benefit scheme which publishes its own accounts and has its own assets and liabilities held in trust. The OfS is unable to identify its share of the underlying assets and liabilities of this scheme on a consistent and reasonable basis. USS members pay contributions of 8 per cent of pensionable earnings. The rate of employers' contributions is 21.1 per cent (2019-20: 19.5 per cent). On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the USS pays a lump sum benefit of three times pensionable pay. Employees who have elected for enhanced opt out to retain death in service and incapacity benefits, contribute 2.5 per cent of pensionable earnings and employers contribute 2.1 per cent.

In accordance with HM Treasury guidance, the OfS has accounted for USS pensions as if they were defined contribution schemes.

### **Voluntary exits**

There have been zero (2019-20: 10) exit payments to employees with a zero value (2019-20: £439,788 restated as a result of the 2019-20 pay award being applied) in 2020-21.

### **Trade union facilities time (unaudited)**

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, which came into force on 1 April 2017, the OfS is required to report the following facility time information. During 2020-21 there were 11 (2019-20: eight) employees who were union officials (full-time equivalent of 10.2). These employees spent between 0.6 and 4.3 (2019-20: 0.6 and 5.8) per cent of their working hours on facility time. The total cost of this facility time was £15,655 (2019-20: £10,121), which represents 0.06 (2019-20: 0.04) per cent

of the total staff costs of £24.5 million (2019 £24.6 million). The facility time was all spent on paid trade union activities.

# Parliamentary accountability and audit report (audited)

## Fees and charges income

The executive team regularly review the OfS's performance using two operating segments. The administration segment is the OfS's operating activities funded mostly by the registration fee income. More analysis and information can be found in Note 2: Operating segments.

	Administration	
	Year ending 31 March 2021	Period ending 31 March 2020
Income	(27,269)	(18,187)
Expenditure	27,651	27,984
Net operating expenditure		9,797

## Contingent liabilities

The OfS has no contingent liabilities that need to be disclosed under Parliamentary Reporting requirements.

## Losses

During 2020-21 there have been no losses, special payments or gifts.



Nicola Dandridge CBE

Chief Executive and Accounting Officer

25 May 2021



# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of the Office of Students for the year ended 31 March 2021 under the Higher Education and Research Act 2017. The financial statements comprise of: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Office for Students' affairs as at 31 March 2021 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Higher Education and Research Act 2017 and Secretary of State directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Office for Students in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

The Office of Students' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office of Students' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for The Office for Students is adopted in consideration of the requirements set out in the FReM, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other information**

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Office for Students and its environment obtained in the course of the audit, I have not identified material misstatements in the performance and accountability report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or

the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or

certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; or

I have not received all of the information and explanations I require for my audit; or

the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Office for Students' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by The Office for Students will not continue to be provided in the future or it intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Higher Education and Research Act 2017.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a

certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Students' policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Students' controls relating to Higher Education and Research Act 2017;
- discussing among the engagement team and involving relevant internal and or external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals
- obtaining an understanding of the Office for Students' framework of authority as well as other legal and regulatory frameworks that the Office for Students operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Office for Students. The key laws and regulations I considered in this context included the Higher Education and Research Act 2017, Managing Public Money, the Higher Education (Registration Fees)(England) Regulations 2019 and relevant employment law and taxation legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 3 June 2021**

**Comptroller and Auditor General**

National Audit Office

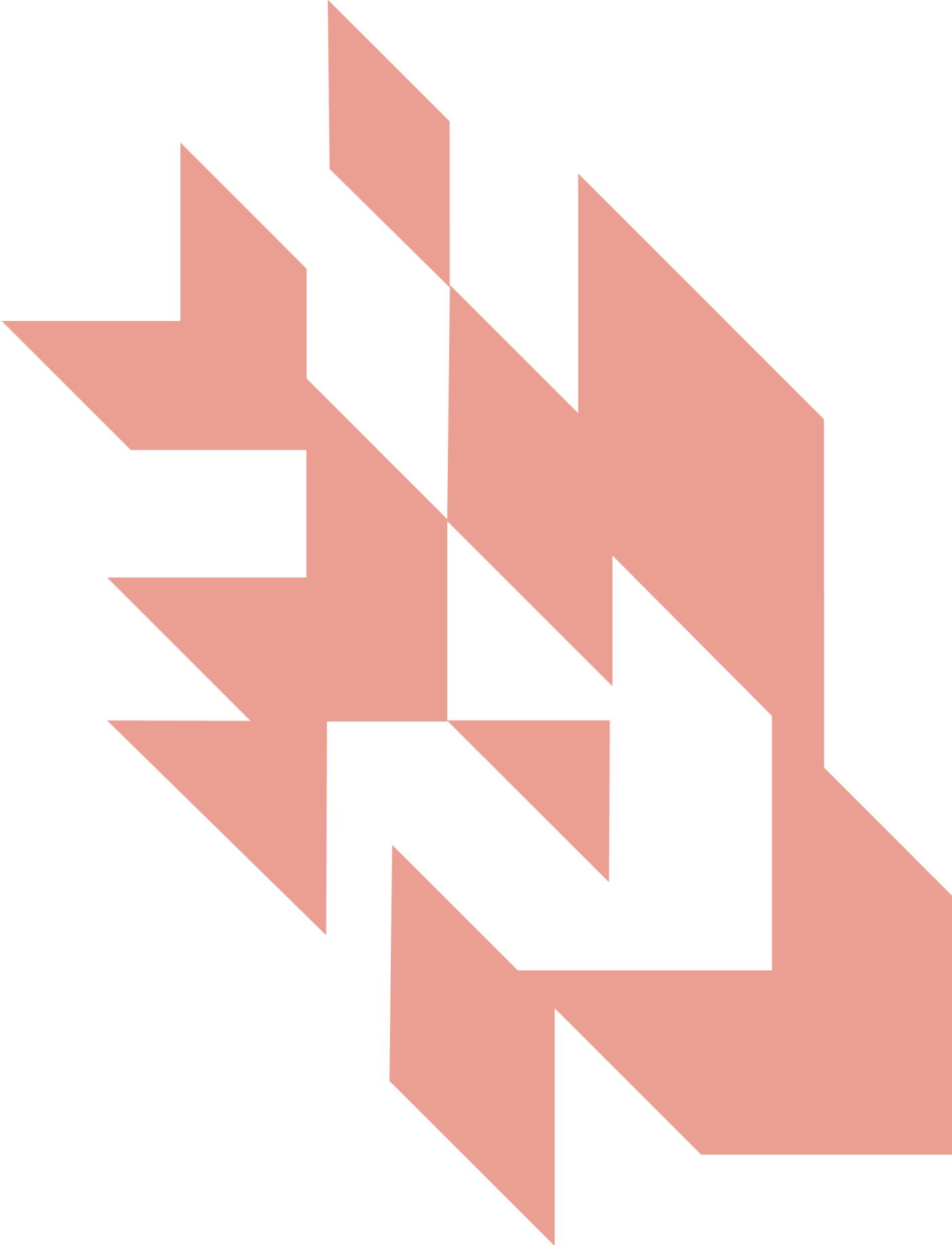
157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Financial statements



# Financial statements

<b>Statement of comprehensive net expenditure for the year ended 31 March 2021</b>			
	<b>Note</b>	<b>Year ended 31 March 2021 £000</b>	<b>Year ended 31 March 2020 £000</b>
<b>Income</b>	6	(28,123)	(19,052)
Staff costs	4	24,504	24,615
Non-pay administration costs	5	5,864	6,150
Depreciation	7	66	80
Recurrent and non-recurrent grant expenditure	3	1,518,436	1,450,191
Changes in provision	11	726	31
<b>Total operating expenditure</b>		<b>1,549,596</b>	<b>1,481,067</b>
<b>Net operating expenditure</b>		<b>1,521,473</b>	<b>1,462,015</b>
<b>Other comprehensive net expenditure</b>		-	-
<b>Comprehensive net expenditure for the period transferred to general reserve</b>		<b>1,521,473</b>	<b>1,462,015</b>

The notes on pages 128 to 149 form part of these accounts.

## Statement of financial position as at 31 March 2021

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Non-current assets</b>			
Property, plant and equipment	7	67	133
Recoverable grants falling due after one year	8a	4,013	4,441
		<b>4,080</b>	<b>4,574</b>
<b>Current assets</b>			
Recoverable grants falling due within one year	8a	428	6,217
Trade and other receivables due within one year	8b	3,880	3,932
Cash and cash equivalents	9	13,733	14,938
		<b>18,041</b>	<b>25,087</b>
<b>Total assets</b>		<b>22,121</b>	<b>29,661</b>
<b>Current liabilities</b>			
Trade and other payables within one year	10	(11,394)	(12,928)
Provisions for liabilities within one year		(300)	-
<b>Total assets less current liabilities</b>		<b>10,427</b>	<b>16,733</b>
<b>Non-current liabilities</b>			
Trade and other payables after one year	10	(1,826)	(1,920)
Provisions for liabilities after one year	11	(781)	(355)
		<b>(2,607)</b>	<b>(2,275)</b>
<b>Total assets less liabilities</b>		<b>7,820</b>	<b>14,458</b>
<b>Taxpayers' equity</b>			
General reserve		7,820	14,458
		<b>7,820</b>	<b>14,458</b>

The financial statements on pages 124 to 127 were approved by the Board and were signed on its behalf on 25 May 2021 by:

*Nicola Dandridge*

Nicola Dandridge CBE

Chief Executive and Accounting Officer

The notes on pages 128 to 149 form part of these accounts.



## Statement of cashflows for the year ended 31 March 2021

	Note	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Cashflows from operating activities</b>			
Net operating expenditure		(1,521,473)	(1,462,015)
Adjustment for non-cash transactions	7,11	792	110
Decrease in receivables and recoverable grants	8a, 8b	6,268	8,664
Increase / (Decrease) in payables	10	(1,627)	1,991
<b>Net cash outflow from operating activities</b>		<b>(1,516,040)</b>	<b>(1,451,250)</b>
<b>Cashflows from investing activities</b>			
<b>Net cashflow from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cashflows from financing activities</b>			
Grants from government department		1,514,835	1,458,618
<b>Net cashflow from financing activities</b>		<b>1,514,835</b>	<b>1,458,618</b>
<b>Net decrease in cash for the period</b>		<b>(1,205)</b>	<b>7,368</b>
<b>Net financing</b>			
Cash and cash equivalents at the beginning of the period	9	14,938	7,570
Increase / (Decrease) in cash and cash equivalents in the period	9	(1,205)	7,368
<b>Cash and cash equivalents at the end of the period</b>		<b>13,733</b>	<b>14,938</b>

The notes on pages 128 to 149 form part of these accounts.

**Statement of changes in taxpayers' equity for the year ended 31 March 2021**

	<b>Total reserve £000</b>
<b>Changes in taxpayers' equity 2020-21</b>	
Balance as at 1 April 2020	14,458
Grant from sponsoring department	1,514,835
Comprehensive net expenditure for the period	(1,521,473)
<b>Balance as at 31 March 2021</b>	<b>7,820</b>
	<b>Total Reserve £000</b>
<b>Changes in taxpayers' equity 2019-20</b>	
Balance as at 1 April 2019	<b>17,855</b>
Grant from sponsoring department	1,458,618
Comprehensive net expenditure for the period	(1,462,015)
<b>Balance as at 31 March 2020</b>	<b>14,458</b>

The general reserve consists of grant and grant in aid from the DfE and the net expenditure relating to programme and administration costs.

The notes on pages 128 to 149 form part of these accounts.

# 1 Accounting policies

## 1. Basis of accounting

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury, as set out in the statutory accounts direction given by the Secretary of State, with the consent of HM Treasury and in accordance with the Higher Education and Research Act 2017. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the OfS for the purpose of giving a true and fair view has been selected. The particular policies adopted by the OfS for 2020-21 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

## 2. Accounting convention

The accounts are prepared under the historical cost convention. The currency used to prepare the accounts is sterling and is rounded to the nearest £1,000.

## 3. Adoption of FReM amendments

There have been no significant FReM changes in 2020-21.

## 4. Early adoption

The OfS has not adopted any accounting standards early in 2020-21.

## 5. Going concern

OfS activities are funded from either registration fee income or grant in aid.

Registration fees are based on rates that have been set by Parliament to recover the OfS's operating costs. Grant funding activities are funded through the Departmental Group's estimates and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It is therefore appropriate to prepare these accounts on a going concern basis.

## 6. Financial instruments

IFRS 7 and International Accounting Standards (IAS) 32 requires an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance, and on the extent of its risk exposure. As a non-departmental public body funded by the government, the OfS is not exposed to any liquidity or interest rate risks. The OfS has no overseas operations and does not operate any foreign currency bank accounts. It is not subject to any foreign currency, credit or market risks.

Assets and liabilities that meet the definition of financial instruments are accounted for under IAS 32, IFRS 9 and IFRS 7. Trade receivables, recoverable grants and payables are initially recognised at fair value and held at amortised cost. The cost is judged to be a reasonable approximation of fair value and amortised cost.

During the course of its business, the OfS may on occasion make loans to higher education institutions. These are disclosed in Note 8a as recoverable grants. As these loans are repaid from deductions to future grant payments, the OfS considers the risk of credit loss to be nil.

## **7. Grants from the Department for Education**

All grant in aid from the DfE is treated as financing, as it is a contribution from controlling parties giving rise to a financial interest. The OfS records grant in aid as financing in the statement of cash flows and to the general reserve. Grants are not classified as financing but are subject to conditions such that non-compliance with grant terms would result in the grant being repaid.

## **8. Operating income**

Operating income is income which relates directly to the operating activities of the OfS. Income is accounted for in accordance with IFRS 15: Revenue recognition, which states that revenue shall only be recognised once a performance obligation has been met.

### **Registration fee income**

Section 70 of HERA 2017 makes provision for the OfS to charge providers an annual fee for their registration in the register of English higher education providers. The OfS has the powers under section 72 to retain these fees as income. The OfS fulfils its obligations by maintaining the providers registration over the period the fee covers. The benefits are simultaneously received by the customer; therefore, the revenue received by the OfS should be recognised proportionately over the academic year the fee covers. Any income paid in excess of the value of performance obligation at the year end is deferred.

### **Income from joint initiatives and national programmes**

The OfS acts as lead partner for a number of jointly funded initiatives with the other UK higher education funding bodies. The OfS in its capacity as lead partner for all projects incurs all associated costs. The OfS fulfils its obligation by providing services as per the contractual agreement. A share of these costs is then allocated to the other bodies in the funding group, which then reimburse the OfS. The income is recognised as costs are incurred.

### **Service-level agreements and rental income**

The OfS may enter into service level or rental agreements in respect of shared office space. The OfS fulfils its obligation by providing services as per the contractual agreement. Service-level agreements and rental income are invoiced quarterly, and revenue is recognised in the quarter in which the service is provided.

## **9. Segmental reporting**

In accordance with IFRS 8: Operating Segments, the OfS has considered the need to analyse its activities in relation to operating segments. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision maker, it has not been produced in the accounts. See note 2 for segmental reporting disclosures on net expenditure.

## **10. Joint initiatives and national programmes that benefit the higher education sector in the UK**

For those joint activities that meet the definition of jointly owned operations under IFRS 11, the OfS is required to show only its share of the income and expenditure within these accounts.

## **11. Leases**

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. Other leases are classified as operating leases. Operating leases are charged to the statement of comprehensive net expenditure as expenditure is incurred.

## **12. Non-current assets**

Property, plant and equipment are capitalised where the costs for an individual asset, or group of functionally interdependent assets, exceeds £10,000. On initial recognition assets are measured at cost, including all direct costs attributable to bringing the assets into working condition. Given the assets' short life and low value, depreciated historical cost is used as a proxy for fair value.

## **13. Depreciation**

Depreciation is provided at rates calculated to write off the cost or valuation of each asset by equal instalments over their expected useful lives as follows:

- leasehold improvements – 10 years or the lease term, whichever is shorter
- furniture and fittings – five years
- information technology equipment – three years.

## **14. Payment of grants**

Grants are recognised at the payment dates agreed with the organisations concerned. Most grants are paid on agreed profiles, which are set to reimburse the grant recipients based on the expected profile of expenditure. The profiles are periodically updated throughout the academic year, and therefore no financial year end accruals are expected for these streams of expenditure.

The exception to this is holdback of providers grant arising from revised student numbers where there is sufficient certainty. Future profile payments are adjusted to reflect the change and could result in a net receivable or payable balance at year end. Sufficient certainty is where the relevant decision maker approves the funding adjustment.

## **15. Pensions**

OfS employees are covered by the provisions of the Principal Civil Service Pension Scheme. This is a multi-employer defined benefit scheme treated for accounting purposes, in accordance with the FRoM, as a defined contribution scheme. Prior to joining the OfS some staff previously transferred to the Higher Education Funding Council for England from universities, and these staff are covered by the provisions of the Universities Superannuation Scheme, which is also a defined benefit scheme treated for accounting purposes as a defined contribution scheme. These schemes are described in more detail in the remuneration and staff report.

## **16. Provisions for liabilities and charges**

The OfS makes a provision in the accounts where the following criteria are met in accordance with IAS 37: Provisions, contingent liabilities and contingent assets:

- a legal or constructive obligation exists that will result in the transfer of economic benefit
- the transfer is probable
- a reliable estimate can be made.

## **17. Taxation**

The OfS's income generating activities are not intended to produce surpluses and are therefore considered as not liable for corporation tax. Most of the OfS's activities are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment.

## **18. IFRS issued but not yet effective**

To comply with the requirements of IAS 8: Accounting policies, changes in accounting estimates and errors, the OfS must disclose details of any IFRS that has been issued but is not yet effective. The OfS has carried out a review of the following IFRSs and found that none of the updates have any material impact on the 2020-21 accounts:

- IFRS 16: Leases – effective date, periods starting after 1 January 2019 with a deferral to the 1 April 2022 for the public sector. Based on the amounts payable under the current operating leases, we do not expect the impact of IFRS 16 to be material.

- IFRS 17: Insurance contracts – effective date, periods starting after 1 January 2023. This is not expected to have an impact as the OfS does not issue insurance contracts.

These standards have been issued but are not yet effective or endorsed by the EU or incorporated into the FReM.

## 1a Significant judgements

The preparation of these accounts requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenditure, assets and liabilities. Management has specifically made such judgements on the following area.

### 19. Recovery of grants

The OfS's policy is to recognise grant adjustments as debts only when there is sufficient certainty of recovery. Recovery is made through adjustments to institutions' future grant funding. Further details are given in Note 8a.

The OfS has the powers under the Higher Education and Research Act 2017 to determine amounts of grant to recover from providers where the terms and conditions of grant have not been met. In exercising these powers, the OfS may in some cases decide not to seek recoveries for periods prior to a certain year. In such cases the decision is taken on an individual basis, with due regard to the circumstances giving rise to a potential recovery.

## 2 Operating segments

IFRS 8: Operating segments requires operating segments to be identified by an entity based on reports that are regularly reviewed by the chief operating decision maker. The executive team regularly review the OfS's performance using two operating segments. The administration segment is the OfS's operating activities funded by the registration fee. Since registration was effective from 1 August 2019, some 2019-20 administration costs were recovered through grant in aid. The programme segment is the OfS's grant funding activities funded by grant in aid provided by the DfE. The analysis of grant expenditure below is consistent with the presentation in 'Guide to funding 2020-21'.<sup>136</sup>

	Administration		Programmes		TOTAL	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Income</b>						
Registration fees	(26,263)	(17,481)	-	-	(26,263)	(17,481)
Other activities	(1,006)	(706)	(854)	(865)	(1,860)	(1,571)
	<b>(27,269)</b>	<b>(18,187)</b>	<b>(854)</b>	<b>(865)</b>	<b>(28,123)</b>	<b>(19,052)</b>
<b>Expenditure</b>						
Institutional recurrent funding	-	-	1,196,549	1,231,837	1,196,549	1,231,837
Funding for national facilities and initiatives	-	-	72,693	92,295	72,693	92,295
Capital funding	-	-	153,914	103,808	153,914	103,808
Other Government allocations	-	-	91,298	12,604	91,298	12,604
Non-pay	5,864	6,150	3,982	9,647	9,846	15,797
	<b>5,864</b>	<b>6,150</b>	<b>1,518,436</b>	<b>1,450,191</b>	<b>1,524,300</b>	<b>1,456,341</b>
Depreciation	66	80	-	-	66	80
Increase in provision	726	31	-	-	726	31
Staff	20,995	21,723	3,509	2,892	24,504	24,615
<b>Net operating expenditure*</b>	<b>382</b>	<b>9,797</b>	<b>1,521,091</b>	<b>1,452,218</b>	<b>1,521,473</b>	<b>1,462,015</b>

<sup>136</sup> See [www.officeforstudents.org.uk/publications/guide-to-funding-2020-21](http://www.officeforstudents.org.uk/publications/guide-to-funding-2020-21).



\*Net operating expenditure is funded by grant in aid

Expenditure includes the following costs as a direct result of the COVID-19 pandemic:

Programme:

- £68.3 million on Hardship funding to recognise the particular impact this year on individual students arising from the COVID-19 pandemic
- £10.0 million additional teaching grant and £10.0 million additional capital grant to support increased student numbers in 2020-21
- £1.7 million on Student mental health to support the creation of the online platform Student Space.

Administration:

- £0.12 million on a working from home allowance.

### 3 Analysis of recurrent and non-recurrent grant expenditure

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Teaching funding <sup>a</sup>	1,206,549	1,231,649
Funding for national facilities and regulatory initiatives <sup>b</sup>	76,324	98,672
Capital funding <sup>c</sup>	163,933	103,808
Other government allocations <sup>d</sup>	71,630	16,062
	<b>1,518,436</b>	<b>1,450,191</b>

This analysis of grant expenditure is consistent with the presentation in the guide to funding 2020-21.<sup>137</sup>

<sup>a</sup> **Institutional recurrent funding** – grant paid to specific higher education providers to support their recurrent teaching activities. This funding is not meant to fully meet the cost of these activities, as this primarily comes from tuition fees. Instead, our funding is prioritised to support areas where teaching costs are particularly high, or to support particular policy priorities.

<sup>b</sup> **Funding for national facilities and regulatory initiatives** – a portion of our recurrent funding is reallocated to meet particular policy priorities. This is provided for specific purposes and to promote change that cannot easily be achieved through institutional recurrent or capital funding.

<sup>c</sup> **Capital funding** – allocations of capital funding are provided to enhance the learning experience of higher education students at providers, by helping raise the quality of their learning and teaching facilities.

<sup>d</sup> **Other government allocations** – this relates to grant administered on behalf of the Government and covers programmes such as the Teaching Excellence and Student Outcomes Framework. It also includes Hardship and Student Mental health funding in relation to the pandemic. The OfS distributes this funding, which is provided by the DfE for specific purposes.

<sup>137</sup> See [www.officeforstudents.org.uk/guide-to-funding-2020-21/](http://www.officeforstudents.org.uk/guide-to-funding-2020-21/).

## 4 Staff costs

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Staff with a permanent UK employment contract with the OfS</b>		
Salaries	17,552	17,384
National Insurance	1,841	1,799
Pension	4,536	4,365
<b>Total</b>	<b>23,929</b>	<b>23,548</b>
Cost of employing contract, agency and temporary staff	575	1,067
<b>Total staff costs</b>	<b>24,504</b>	<b>24,615</b>

Staff costs are analysed in the Remuneration and staff report on page 104.

## 5 Other administration costs

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
<b>Non-pay administration costs</b>		
Staff-related and general administrative expenditure	483	1,172
Rental payments under other operating leases	1,263	1,211
Premises costs	688	872
Office costs	1,858	1,727
Board and committee members' fees and expenses	187	198
Audit fee	77	77
Rental payments under plant and machinery operating leases	21	18
Professional services	1,287	875
<b>Total non-pay administration costs</b>	<b>5,864</b>	<b>6,150</b>

The analysis of expenditure shown above reflects the in-year management accounting process whereby the OfS monitors and reports on its administration costs. Staff-related and general administrative expenditure includes costs of recruitment, training and staff travel.

Premises costs include expenditure on rates, heat and light, building maintenance, equipment and furniture.

Office costs include information technology costs, stationery, postage, catering and hospitality, and minor office equipment costs.

## 6 Income

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Registration fee	26,263	17,481
Income from joint initiatives	1,310	814
Service level agreements	403	600
Rental income	126	88
Income from other activities	21	69
<b>Total Income</b>	<b>28,123</b>	<b>19,052</b>

Registration income is an annual fee charged to providers for their registration in the register of English higher education providers as per section 70 of the HERA 2017. The fees have been set by Parliament under the Higher Education (Registration Fees) Regulations 2019. The OfS has the powers under section 72 to retain these fees as income.

The OfS receives income from UK funding councils and associated organisations in respect of agreed contributions towards joint initiatives and national programmes. These initiatives and national programmes do not meet the definition of joint operations under IFRS 11 and are therefore shown above. Income includes a contribution towards the OfS's costs of managing and administering these programmes.

The OfS provide a range of services under service-level agreements to UKRI, and the Department for the Economy Northern Ireland, which includes facilities management and quality assurance.

## 7 Property, plant and equipment

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Information technology £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2020	465	116	124	705
<b>At 31 March 2021</b>	<b>465</b>	<b>116</b>	<b>124</b>	<b>705</b>
<b>Depreciation</b>				
At 1 April 2020	332	116	124	572
Charge for period	66	-	-	66
<b>At 31 March 2021</b>	<b>398</b>	<b>116</b>	<b>124</b>	<b>638</b>
<b>Net book value at 31 March 2021</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>67</b>

	Leasehold improvements £000	Furniture, fixtures and equipment £000	Information technology £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2019	465	116	124	705
<b>At 31 March 2020</b>	<b>465</b>	<b>116</b>	<b>124</b>	<b>705</b>
<b>Depreciation</b>				
At 1 January 2019	265	116	111	492
Charge for period	67	-	13	80
<b>At 31 March 2020</b>	<b>332</b>	<b>116</b>	<b>124</b>	<b>572</b>
<b>Net book value at 31 March 2020</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>133</b>

The note shows the capitalised value of the OfS's property, plant and equipment. The OfS's office premises in Bristol and London are rented under operating leases and disclosed in Note 12.

## 8a Recoverable grants

During the course of its business, the OfS may on occasion make loans to higher education providers. The OfS does not consider there to be a risk with these loans, as repayments are deducted from future funding at source.

	<b>As at 31 March 2021 £000</b>	<b>As at 31 March 2020 £000</b>
At 1 April	10,657	18,839
Advanced during the year	-	-
Recovered during the year	(6,216)	(8,182)
<b>At 31 March</b>	<b>4,441</b>	<b>10,657</b>
Within one year	428	6,217
After one year	4,013	4,440
	<b>4,441</b>	<b>10,657</b>

All recoverable grants were transferred from the Higher Education Funding Council for England on 1 April 2018. They are funds granted to providers on an individual basis to support the initial costs of specific projects, which are normally recovered via an adjustment to their future funding. It has been agreed with the DfE that the recoverable grants should be accounted for as loans, to ensure consistency of reporting across the departmental group. These recoverable grants are provided within the total budgets of the Revolving Green Fund.

As at 31 March 2021, zero (2019-20: zero) organisations had outstanding recoverable grants of £1,000,000 or more.

Also included in recoverable grants are amounts for the recovery of grant funding due from providers. This relates to adjustments to payment of grant funding to higher education providers (non-government bodies) where student numbers fall outside a standard percentage threshold, arising through data audits or reconciliations. The OfS's policy is to recognise such recoverable amounts as debts only when there is sufficient certainty of recovery. Recovery is made through adjustments to institutions' future grant funding or via other means. Discussions around data and recovery of grant funding happen on a continuous basis as a result of the data collection and audit programmes that run each year. Consequently, at year end, there may be continuing data audits or investigations where the outcomes, and any potential holdback, are not yet certain. Such amounts are not included within the above balances.

## 8b Trade and other receivables

	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Receivables due within one year</b>		
Programme prepayments	-	1,989
Programme receivables	1,107	856
Trade prepayments	1,002	814
Trade and other receivables	1,771	273
<b>Total receivables</b>	<b>3,880</b>	<b>3,932</b>
<b>Intra-government balances</b>		
Other central government bodies	238	374
<b>Total balances with other government bodies</b>	<b>238</b>	<b>374</b>
<b>Balances with non-government bodies</b>	<b>3,642</b>	<b>3,558</b>
<b>Total as per receivables note</b>	<b>3,880</b>	<b>3,932</b>

**Programme prepayments:** Formula funding allocations are driven by student numbers and the OfS performs data audits to ensure that allocations are robust. Where there is a material variance between planned and actual student numbers, we may make in-year grant adjustments. We recover any overpayments by reducing future instalments and any data audit impacts for the academic year that are outstanding at the end of the financial year are accounted for as programme prepayments.

**Programme receivables:** These include contributions to national initiatives due from UK higher education funding councils for contributions to the OfS's administration costs for managing and administering these initiatives.



## 9 Cash and cash equivalents

	<b>As at 31 March 2021 £000</b>	<b>As at 31 March 2020 £000</b>
<b>Cash held under Government Banking Service</b>		
As at 1 April	14,938	7,570
Net change in cash and cash equivalents	(1,205)	7,368
<b>Total cash and cash equivalents as at 31 March</b>	<b>13,733</b>	<b>14,938</b>

The framework document between the OfS and the DfE advises a minimum working balance consistent with the efficient operation of the OfS. The OfS's balances relate to timing differences in the payment of expenditure committed and the receipt of registration fee income in the 2020-21 academic year.

The OfS banks with the Government Banking Service (GBS). This is a government-wide banking service provided by Royal Bank of Scotland and overseen centrally by the GBS team, ultimately controlled by HM Treasury. The OfS does not earn any interest on any balances held in GBS accounts.

The OfS has no cash held at commercial banks.

## 10 Trade and other payables

	<b>As at 31 March 2021 £000</b>	<b>As at 31 March 2020 £000</b>
<b>Amounts falling due within one year</b>		
Trade payables – administration	222	152
Accruals – administration	1,969	1,965
Tax and social security	998	1,305
Trade payables – programme	37	27
Accruals – programme	175	604
Deferred income	6,214	6,591
Hardship funding	1,685	-
Reimbursement to co-funding partner	94	2,284
	<b>11,394</b>	<b>12,928</b>
<b>Amounts falling due after one year</b>		
Reimbursement to co-funding partner	1,826	1,920
	<b>1,826</b>	<b>1,920</b>
<b>Total payables</b>	<b>13,220</b>	<b>14,848</b>
<b>Intra-government balances</b>		
Other central government bodies	2,673	1,305
Non-government bodies	10,547	13,543
<b>Total as per payables note</b>	<b>13,220</b>	<b>14,848</b>

'Trade payables – administration' refers to non-pay administration expenditure.

'Accruals – administration' contains staff annual leave accrual that is included to reflect the requirements of IAS 19.

The tax and social security payable include amounts due to HM Revenue and Customs in arrears for National Insurance, Pay As You Earn and VAT.

'Trade payables – programme' include claims received but not yet paid due to any delays in authorisation and/or the timing of OfS payment runs or relate to invoices not yet received.

'Deferred income' includes registration fee income paid in excess of the value of performance obligation at the year end.

'Hardship funding' relates to an amount due to DfE as a result of an underspend by providers.

'Reimbursement to a co-funding partner' relates to funding repayable to Salix. Salix is an independent, publicly funded finance company that provides the public sector with loans for energy-efficiency projects.

## 11 Provisions for liabilities and charges

	<b>As at 31 March 2021 £000</b>	<b>As at 31 March 2020 £000</b>
Opening balance	355	324
Increase in provision	726	31
Closing balance	<b>1,081</b>	<b>355</b>
Within one year	300	
After one year	781	355
	<b>1,081</b>	<b>355</b>

The provisions include dilapidations for the buildings noted in Note 12 and legal costs.

## 12 Commitments under leases

	As at 31 March 2021 £000	As at 31 March 2020 £000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than one year	1,224	1,224
More than one year and not later than five years	1,077	1,918
	<b>2,301</b>	<b>3,142</b>
<b>Other</b>		
Not later than one year	17	-
More than one year and not later than five years	13	-
	<b>30</b>	-

The OfS's leases do not transfer the risks and rewards incidental to ownership of an asset to the OfS, and as such are classified as operating leases.

The OfS leases its office buildings in Bristol and London. The OfS's lease on its offices at Finlaison House in London is on a rolling one-year arrangement. To leave this arrangement, the OfS is required to provide one full financial year's notice. The OfS's lease on its offices in Bristol (Nicholson, Westward and Dominions Houses) either expire or have a break clause on 31 January 2023 and 9 January 2023.

The OfS leases shown in the 'Other' category relate to the rental of office equipment.

## 13 Financial commitments and contingent liabilities

	<b>As at 31 March 2021 £000</b>	<b>As at 31 March 2020 £000</b>
<b>Commitments</b>		
Grant committed for the period April 2021 to July 2021	448,637	450,734
Grant committed for the next academic year August 2021 to July 2022	1,448,578	1,419,780

The OfS has no commitments under non-cancellable contracts.

Recurrent expenditure for institutions is approved on an academic year basis (1 August to 31 July).

Grant funding to the higher education sector for the forthcoming academic year (commencing 1 August) is announced by the OfS each spring. The publication detailing the 2020-21 academic year is called 'Guide to funding for 2020-21'.<sup>138</sup>

As at 31 March 2021 there were no contingent liabilities.

<sup>138</sup> See [www.officeforstudents.org.uk/publications/guide-to-funding-2020-21](http://www.officeforstudents.org.uk/publications/guide-to-funding-2020-21).

## 14 Related party transactions

The OfS is an independent public body which during the year was sponsored by the DfE. The DfE and other DfE-sponsored bodies, such as the Student Loans Company, are regarded as related parties with which the OfS has had various transactions during the year.

In addition, the OfS has had a small number of transactions with other government departments and other central government bodies (such as the Scottish Funding Council, the Higher Education Funding Council for Wales, and the Department for the Economy in Northern Ireland).

No board member or senior manager has undertaken any material transactions with the OfS during the year.

The following table provides details of material transactions with organisations which are deemed related parties by virtue of OfS board members, committee members or senior management holding a key position at those organisations. These payments are at arm's length and part of the normal course of the OfS's business.

## 14 Related party transactions (continued)

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Margaret Monckton (Risk and Audit Committee member): The University of Nottingham, Chief Financial Officer	37,939	32,141
Dr Mary Bishop (Quality Assessment Committee member): The University of Bristol, Co-opted member of the Audit Committee	32,640	31,364
Professor Steve West CBE (board member): The University of the West of England, CEO and President	15,066	12,794
Dr Mary Bishop (Quality Assessment Committee member): The University of Bath, Teaching fellow*	10,325	-
Professor Amanda Chetwynd (Quality Assessment Committee member): The University of Lancaster, Provost for Student Experience, Colleges and the Library	8,129	8,646
Chris Millward (Director of Fair Access and Participation): Royal College of Art (The) – partner is a director	5,338	5,617
Dr Mary Bishop (Quality Assessment Committee member): Arden University Ltd., Non-executive Director and Chair of the Audit Committee*	2,189	-
Monisha Shah (board member): Rose Bruford College of Theatre and Performance, Chair	1,024	977
Paul Kirkham (Quality Assessment Committee member): Institute of Contemporary Music Performance (ICMP), Chief Executive	648	387
Verity Hancock (board member): Leicester College, CEO and Principal	608	509
Kate Lander (board member): Sparsholt College, father in- law is a Governor and member of the Resources Committee*	519	-
Nils Franke (Quality Assessment committee member): University Centre Colchester, Dean of Higher Education	430	516
Kate Lander (board member): Truro and Penwith College – father in - law is Governor and Chair of the Finance and General Purposes Committee (term ended July 2019)	-	161
Verity Hancock (board member): Student Loans Company, Chair, Advanced Learner	-	(91)
Dr Mary Bishop (Quality Assessment Committee member): Architectural Association, Council member and Chair of Audit and Risk Committee (term ended January 2020)	-	(37)

\*Although there may have been prior year transactions with these organisations, there was no prior registered interest.

There are no outstanding balances with these parties as at 31 March 2021.

The OfS has had no material transactions with companies whose directors are closely associated with it. In this context 'closely associated' refers to board members, committee members, or directors. These individuals may have other relationships through family members who are employees or students in institutions funded by the OfS, or through membership of governing bodies. Details of relationships are held in the OfS's register of interests and are available on our website.<sup>139</sup>

## 15 Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate and Report of the Comptroller and Auditor General.

The OfS has considered the current situation regarding the COVID-19 outbreak and concluded there is no material financial impact to be reported.

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<sup>139</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).



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