

Chief Executive's report

Purpose

1. This paper provides an update on work undertaken and issues that have arisen since the date of the last board meeting on 13 July 2021, to the extent that they are not covered in other board papers.

Recommendations/decisions required by the board

2. The board is invited to:
 - a. Note the updates contained in this paper.
 - b. Note the risk report at annex B.
 - c. Note the report on the use of delegated decision making relating to funding at annex C.

Further information

3. Available from [Nicola Dandridge](#).

Summary of main activity

4. Since the last board meeting in July, we have continued to focus on developing our approach to the regulation of quality and standards. We published proposals for new regulatory requirements in relation to quality and standards on 20 July 2020 (covered in more detail in paragraph 14 below) and continue to develop proposals for regulating student outcomes to be published in the autumn. These will be the subject of discussion under item 4.1 during the board meeting. Meanwhile, work has continued through the summer to develop our 2022-2025 strategy. We are expecting to publish the strategy consultation around the time of the board meeting.
5. Throughout August we have been in close communication with the DfE, UCAS and various other groups to manage the admissions process, following the awarding of centre assessed grades for 2021. A more detailed update on the admissions process this year follows in paragraphs 7 to 12.
6. We have been in dialogue with the DfE through the summer on the passage of the Higher Education (Freedom of Speech) Bill. I also gave evidence to the bill committee on 13 September.

Participation

7. Most UK students received their A-level and equivalent results on 10 August 2021. While the approaches varied slightly across the nations and qualification types, results were predominantly based on teacher assessments of students' performance. This approach led to significant grade inflation over and above that seen in 2020. Despite many providers being conservative in their offer making there were still far more students placed on results day than in previous years with significant growth in high tariff providers. The high number of students placed on results day has led to much lower levels of activity in Clearing than in previous years, which has impacted providers who normally recruit heavily in Clearing.
8. To coincide with A level results day James wrote an opinion piece for The Daily Telegraph. The article, and a corresponding news story, emphasised the importance of providers treating applicants fairly through the admissions process. We were clear that students who met the terms of an offer were entitled to take up their place and, while inducements to defer were acceptable, no student should be put under pressure to make a decision which might not be in their best interests. James also highlighted the ongoing commitments providers make in their access and participation plans, which still stand.
9. The most recent data available from UCAS is from 7 September 2021, representing the position 28 days after results day. Typically, this represents a good indication of the final position for most providers. At the time of writing, we are still analysing the provider level data from day 28, so this update is based on published UCAS data. Overall, UK domiciled acceptances at English providers are up 1 per cent on 2020 levels to 372,740 while EU acceptances have more than halved to 10,170. There has been a modest growth in the number of non-EU students up 4 per cent to 40,530. UCAS do not publish data on English providers split by tariff group but UK data show that high tariff providers have grown by 3 per cent whilst medium and low tariff providers have contracted by 3 per cent and 4 per cent.

10. The increase in well qualified candidates has created pressure for places in some providers and for some courses, most notably in medicine where numbers are capped. Working with DfE and other stakeholders, we have been able to increase medical numbers and facilitate the transfer of students between medical schools. Despite concerns that large numbers of students would be asked to defer, we are not seeing evidence of this becoming a reality. Nonetheless, 2021 has however seen an increase in the number of students choosing to defer, with the UK figure rising to 31,070, an increase of 1,710 on 2020 and 4,230 on 2019.
11. While UCAS data show a healthy growth in non-EU acceptances, which we understand is mirrored in postgraduate recruitment, there remains some uncertainty over whether these acceptances will translate into registered students. The current visa guidance is that students can commence their courses overseas provided they enter the UK by 6 April 2022. Although this may allow some students to start remotely, any remote access arrangements will be dependent on providers being able to support those students.
12. The significant growth in some providers and courses, coupled with a cohort who have had eighteen months of disrupted education, makes it likely that providers will need to give students additional support both in transitioning to higher education and in making up for lost learning. We are monitoring for indications of rapid significant growth within individual providers and will consider whether intervention is necessary if we see patterns suggesting that such growth is likely to have a negative effect on the quality of students' academic experience.
13. As part of the planning for the implementation of the Lifelong Loan Entitlement, we launched on 25 August 2021 a £2m Challenge Competition for providers to bid for funding to develop higher education short courses at Levels 4-6 in government priority areas. The competition aims to fund the development of courses that help people to reskill or retrain as well as provide opportunities to progress to full qualifications.

Experience

14. As discussed at the last board meeting, we published proposals for new regulatory requirements in relation to quality and standards in a consultation on 20 July 2021. This consultation follows an earlier principles-based consultation with more specific wording for proposed new conditions of registration covering a high quality academic experience, resources and support, effective assessment and standards. Media coverage included a focus on grade inflation from the Press Association, which was picked up by over 120 local and regional newspapers. There was also coverage in the Mail. Susan wrote about the proposals for Wonkhe, while James used a Times Higher Education article to highlight the fact that providers offering good quality provision would see no increase in regulatory burden from our plans.
15. Also on 20 July 2021, we published an update on the development of proposals to be the subject of consultation for the future TEF, ahead of an autumn 2021 consultation. This document outlines the purpose, scope and some of the practical details of a future TEF process.
16. On 2 September 2021 we published a summary of our Prevent monitoring data for academic years 2017-18, 2018-19 and 2019-20. The data show the numbers of instances where cases were formally referred to the police or local authority, the number of events or speaker-requests

rejected for Prevent-related reasons, and the number of staff receiving Prevent training. From the 2018-19 return, providers were also asked to identify how many of those external speakers and events were rejected for Prevent-related reasons. This helps the OfS to understand how a provider has implemented its policies and procedures relating to Prevent, including whether a provider has given particular regard to the duty to ensure freedom of speech and academic freedom.

17. We published on 10 September 2021 a new topic briefing setting out some of the approaches that universities and colleges can take to help prevent suicide among students. Our briefing offers guidance to universities and colleges on the steps they can take to support students who may be at risk of suicide as well as providing links to a range of training materials. The briefing was accompanied by a blog from Chris Millward and Professor Steve West and welcomed by the universities minister. We will continue to highlight this important briefing across all of our social media channels.

Value for money

18. Updated regulatory advice containing guidance for providers required to submit an Annual Financial Return was published on 11 August 2021. The guidance sets out the information that providers must submit to demonstrate compliance with condition D (financial viability and sustainability).
19. The National Audit Office has begun its study into the 'financial sustainability of higher education in England'. They will look at whether DfE has set a clear purpose and scope for the oversight of financial sustainability, and whether DfE and OfS are effectively managing known, systemic, risks. The review is also likely to look at the DfE's and OfS's response to Covid. The NAO team conducting the review gave a presentation on the study to our Risk and Audit Committee on 8 September 2021. We are working closely with the NAO to support their study.
20. We published our decisions on recurrent grant allocations on 30 July 2021. For academic year 2021-22, the overall grant we are distributing is £1,437 million. This consists of:
 - a. £1,266 million in recurrent grant
 - b. £21 million for national facilities and regulatory initiatives
 - c. £150 million in capital funding (we have set aside £19 million for existing commitments and support for national facilities and regulatory initiatives).

Changes to grant for individual providers compared with 2020-21 arise due to changes in student numbers at each provider, and due to changes to OfS funding methods and budgets for 2021-22. The most significant contributory factors here have been:

- i. The increase in the proportion of funding provided through the main high-cost subject funding allocation
- ii. The reduction of 50 per cent to the rate of high-cost subject funding provided for subjects in the performing and creative arts and media studies
- iii. The removal of the targeted allocation for students attending courses in London and of London weighting in the student premium funding methods
- iv. The increase to the targeted allocation for specialist institutions.

21. On capital funding specifically, having consulted from 26 March to 23 April 2021, we decided to adopt a bidding exercise and to allocate the majority of the funding (£123.6 million) available on a competitive basis. We did, however, retain a small formulaic allocation of £7.4 million, which was allocated to all eligible providers¹ and capped at a maximum of £30,000 per provider. Further details are set out in 'Capital funding for 2021-22' (OfS 2021.27).²
22. The deadline for submitting a bid was 10 September 2021. We received 164 bids for a total of £269 million, against a total available for distribution of £145.5 million. We are now in the process of analysing the bids with a view to notifying providers of the outcomes by the end of October 2021.
23. Following the outline of our proposals for a consultation on our approach to funding world-leading specialist providers, which we brought to the last board meeting, we are finalising the consultation. We are aiming to publish the consultation during September with a closing date during early November. We will then analyse responses to the consultation during November/early December and publish outcomes in December.
24. Depending on the outcomes of the consultation we may need to establish a panel to make decisions about whether a provider is world-leading in its specialism. Should this be the case we would aim to constitute this panel during December with decisions on whether specialist providers are world-leading being taken early in 2022, and funding announced to providers no earlier than March 2022.

Efficient and effective

25. We completed over the summer a recruitment process for four new student panellists to replace outgoing panellists. On 31 August 2021, we announced the appointment of four panellists: Amy Stanning, Ezra Rose, Niel Lewis and Rahul Mathasing. We are very much looking forward to working with our new panel members.
26. We continue to work closely with HESA regarding their work as the Designated Data Body, focusing on their performance against their KPIs, and Graduate Outcomes in particular. We also have separate oversight arrangements in place in relation to the Data Futures programme, on which we will update the board as part of the Risk and Audit Committee update.
27. Work is underway on the 2021 OfS annual review, which we intend to publish on Wednesday 1 December. A near-final draft text will be shared with the board by the end of October. Again, this year, we plan to publish the review solely in digital format.
28. Interviews for a new Director for Fair Access and Participation have now taken place and we expect that an appointment will be announced by the Education Secretary imminently.

¹ Where a provider's share of the formula grant would be less than £10,000, it receives an allocation of zero.

² www.officeforstudents.org.uk/publications/capital-funding-for-financial-year-2021-22-allocations-and-invitation-to-bid/.

29. Internally, we continue with a gradual return to face to face working, with staff encouraged to participate in a pilot testing new forms of hybrid working before we make long-term decisions about our flexible working policy and expectations for the balance of office and remote working
30. A detailed overview of our communications activity is available at Annex A.

Annex C: Report on use of delegated decision making relating to funding

1. The scheme of delegation, approved on 22 September 2020, specifies that:
 - a) (Part 8, row 11) “Any decision to give financial support under sections 39 and 40 of HERA (and determine terms and conditions for such financial support under section 41 of HERA)” has been delegated to the Chief Executive and the Director of Resources and Finance. With the written permission of the Chief Executive or Director of Resources and Finance, this may also be delegated to any director.
 - b) (Part 6, paragraph 2) “Apart from Reserved Matters (which are dealt with separately in this scheme of delegation and include other delegations to directors), each director has individual authority to exercise, and make decisions in respect of, any other Functions of the OfS without any limitation whatsoever (irrespective of whether or not such Functions: are in force at the time this scheme of delegation was made; involve matters of policy; or may have serious consequences for any natural or legal person).”
2. This report covers decisions and exercise of delegated authority for the period of 1 July 2021 to 8 September 2021.

Recurrent and capital funding for 2021-22

3. On 19 July 2021, the Director of Resources and Finance made decisions on the budgets and funding methods used to allocate capital and recurrent funding for 2021-22. These decisions followed receipt on 19 July of statutory guidance from the Secretary of State including terms and conditions of grant.³ The decisions were announced in ‘Recurrent funding for 2021-22: Outcomes of consultation’ (OfS 2021.26)⁴, ‘Distribution of capital funding for financial year 2021-22: Outcomes of consultation’ (OfS 2021.28)⁵ and ‘Capital funding for financial year 2021-22: Allocations and invitation to bid’ (OfS 2021.27)⁶.
4. On 23 July the Director made further decisions relating to:
 - a. How allocations should be calculated for providers that become registered part way through the 2021-22 academic year
 - b. The method used to calculate student premium allocations for two providers where there are issues with their HESA data.

³ Available from: <https://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/>.

⁴ See www.officeforstudents.org.uk/publications/recurrent-funding-for-2021-22-outcomes-of-consultation/.

⁵ See www.officeforstudents.org.uk/publications/distribution-of-capital-funding-for-financial-year-2021-22-outcomes-of-consultation/.

⁶ See www.officeforstudents.org.uk/publications/capital-funding-for-financial-year-2021-22-allocations-and-invitation-to-bid/.

5. The Director approved individual capital funding allocations for providers in the approved (fee cap) category on 19 July. The Director approved individual recurrent funding allocations for providers in this category on 28 July. The allocations for these providers are available as annexes to OfS 2021.27 and in 'Recurrent funding for 2021-22' (OfS 2021.29)⁷.
6. The Director also approved the 'Terms and conditions of funding for 2021-22' (OfS 2021.30)⁸ on 28 July.

Other funding decisions for 2021-22

7. On 23 July 2021, the Director of Resources and Finance approved funding allocations for Jisc of £5.2 million in recurrent funding and £10 million in capital funding.
8. The Berkshire College of Agriculture was removed from the OfS register on 31 August 2021. They had already notified the OfS that they did not have any OfS-fundable students registered with the provider for 2021-22 and were no longer eligible to receive OfS funding for the year. As a result, on 9 August 2021, the Director agreed that their funding for 2021-22 should be set to zero.

Recurrent funding for 2018-19 to 2020-21

9. On 23 July 2021, The Director of Resources and Finances agreed adjustments to recurrent funding for 2018-19 to 2019-20 for twelve providers. These arose from:
 - c. student data audit and reconciliation (four providers)
 - d. amendments to HESA or ILR data (five providers)
 - e. amendments to HESES data (one provider)
 - f. FTE adjustments for new high-cost provision (three providers)
 - g. approval of 2020-21 recurrent allocations for one newly registered provider.
10. Details of the funding changes noted in paragraph 9 are set out in **Table 1** below.

Table 1: Formulaic grant adjustments for 2018-19 to 2020-21

Provider	Total adjustment to recurrent grant for 2018-19 and 2019-20	Total adjustment to recurrent grant for 2020-21
Arden University	-£295,335	
Cranfield University	-£386,854	£95
The University of East Anglia	£457,292	

⁷ See www.officeforstudents.org.uk/publications/recurrent-funding-for-2021-22/.

⁸ See www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2021-22/.

Provider	Total adjustment to recurrent grant for 2018-19 and 2019-20	Total adjustment to recurrent grant for 2020-21
University of Greenwich	-£196,192	£152
Institute of Art – London Limited		£29,091
Kingston University		£24,493
New College Swindon		£335
Bournemouth University		£371
London Institute of Banking and Finance	-£18,020	-£21,423
Harper Adams University		£129,091
University of Keele		£148,203
King's College London		£42,983
Total	-£439,109	£353,391

Student hardship funding for the financial year 2020-21

11. The government made available a total of £70 million of funding for the financial year 2020-21 to support students facing hardship as a result of the COVID-19 pandemic, which was distributed to providers in the Approved (fee cap) category.
12. Providers were asked to complete a monitoring template on their use of this hardship funding and to return it to us in May 2021. Following this, the Director of Resources and Finance agreed in June a total of £1.66 million to be reclaimed from providers. (This was previously reported to the Board in July 2021).
13. On 10 July 2021, The Director of Resources and Finance agreed further changes to hardship funding for three providers, following clarification of information provided in their monitoring returns. These changes are set out in table 2.

Table 2: Changes to hardship funding for the financial year 2020-21

Provider	Changes to hardship funding
London Bridge Business Academy Limited	£900
Reaseheath College	£2,399
The University of Cumbria	£18,284
Total	£21,583

Student hardship funding for the academic year 2020-21

14. On 27 April 2021 the government made available an additional £15 million of funding to support students facing hardship as a result of the COVID-19 pandemic, for the rest of the academic year 2020-21. The Director of Resources and Finance approved allocations of this funding to providers on 29 April 2021. Providers are required to distribute this funding to their students in full by the end of the academic year (31 July 2021), and to contact us if they will not be able to do this in full.
15. Five providers contacted us in July and August to notify us that they would be unable to distribute their allocation before 31 July. The Director of Resources and Finance agreed for the undistributed sums to be reclaimed from these providers on 10 July and 9 August 2021. The providers and the figures due to be reclaimed are listed in Table 3.

Table 3: Changes to hardship funding for the academic year 2020-21

Provider	Changes to hardship funding
Heart of Worcestershire College	-£15,678
The Queen's Foundation for Ecumenical Theological Education	-£780
Bloomsbury Institute Limited	-£2,050
Halesowen College	-£3,059
Heart of Worcestershire College	-£15,678
Total	-£37,245