

Rt Hon Damian Hinds MP
Secretary of State

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Sir Michael Barber
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Dear Sir Michael,

Strategic Guidance to the Office for Students – Priorities for Financial Year 2019/20

I welcome the progress that the Office for Students (OfS) has made in a number of key areas this financial year. In particular, I welcome the work that it has done to establish itself as an independent regulator, and the implementation of the regulatory framework. I would also like to thank the OfS for the progress it has made in consulting with the sector on the future long-term approach to access and successful participation, taking this opportunity to be bolder in this area.

In looking ahead to the new financial year, I would like to reiterate the priorities I set out last year, and ask the OfS to continue its work in implementing steers from last financial year's strategic guidance where they have not been superseded¹.

Going beyond the priorities set out in last year's guidance, I have outlined below the specific areas where I would like the OfS to further develop its progress, noting the possibility that additional priorities warranting further supplementary guidance may emerge through 2019/20, including, but not limited to, improving the quality of higher education and the implications for the sector of EU Exit.

Review of Post-18 Education and Funding

The OfS should continue to support the Government as it considers its conclusions on recommendations from the Post-18 Review of Education and Funding in 2019, particularly in light of the OfS's duty to have regard to the need to promote value for money.

¹See Annex B

There may be a need to clarify government priorities further during the financial year 2019/20 following the Government's conclusion of the Review, and I will do this by providing supplementary guidance in line with the Higher Education and Research Act 2017 (HERA).

Development of the OfS's regulatory role

The OfS has made significant progress in the implementation of the new regulatory framework, which will come fully into effect on 1 August 2019. To continue preparation for this, I would like the OfS to complete the process of registering providers as soon as possible to ensure students are able to make fully informed choices for the next academic year. I would like to thank the OfS for the progress they have already made in this area.

To further support students' and taxpayers' interests and to protect the sector's reputation, I would like the OfS to further develop its role relating to countering financial mismanagement or fraud, investigating concerns and taking prompt and effective action where public money (including that provided through the student loans company) is at risk.

I welcome the recent publication of senior staff remuneration data and analysis. Transparency is key to ensuring justification and accountability. However, high pay must be justified by high performance, and expenses and severance payments should, in all cases, be reasonable and justifiable. Where issues with senior staff pay lead to concerns over governance, the OfS should consider carrying out independent reviews of the adequacy and effectiveness of management and governance at providers and to require improvements, where necessary, to ensure that these arrangements are fit for purpose.

The OfS should also continue working to develop a highly effective analytical capability, working closely with the department to support evidence-based policy development, appraisal and evaluation.

Access and successful participation

I would like the OfS to continue in its efforts to secure greater and faster progress in ensuring that students from disadvantaged and under-represented groups can access and successfully participate in higher education, including at the most selective providers. It is vital that our key target groups, including disabled students and those from white working class and ethnic minority backgrounds, can not only access higher education, but successfully complete their courses and then progress into quality employment or further study. I would like the OfS to continue to work with providers to tackle high levels of non-continuation rates, particularly for students from disadvantaged and underrepresented groups.

I would also like the OfS to strongly encourage providers to prioritise the needs of looked

after children to ensure they have the best possible opportunity to access the most selective institutions. And to ensure that students who have been in care have access to high-quality pastoral and emotional support, to help them successfully complete their studies and move in to high-quality employment or further study. I would therefore like the OfS to encourage providers to sign the Care Leaver Covenant to help ensure that students who have been in care benefit from the best possible support.

We are specifically looking to the OfS to ensure that higher education providers focus on those parts of the country with the greatest challenges, including the North East and in our Opportunity Areas. It is vital that improvements in spending on access and successful participation are underpinned by clear evidence and evaluation, and I would like to see the OfS taking a lead role in helping to develop a better understanding of what works. To support this, I am keen to see ambitious plans for the new Evidence and Impact Exchange.

Quality and value

I see completion of the initial registration process, and appropriate use of the relevant registration conditions, as central to our collective ambition to deliver excellent quality and value throughout the sector.

As set out in last year's strategic guidance, the OfS should also continue to take advantage of the better information contained within the new Longitudinal Education Outcomes (LEO) dataset. I welcome the work that the OfS have already done to date with unistats to publish outcomes three years after graduation. I would ask the OfS to go further in exploiting the potential benefits of LEO, including, if viable, the publication of outcomes five years after graduation, and pursuing opportunities to tailor information to student profiles.

Student Experience

The OfS should continue its work supporting the student experience with a focus on wellbeing, mental health, welfare and harassment and hate crime. This includes continuing its participation in the Mental Health in Higher Education Advisory group and collaborating with other organisations where they are active in supporting the student experience, such as the Equality and Human Rights Commission and the Office of the Independent Adjudicator (and where appropriate, the Domestic Abuse Commissioner). The OfS should also consider the way issues affect those from disadvantaged backgrounds or with one or more protected characteristics and how these intersect.

I am grateful for the contribution the Office for Students made to the development of the EHRC's recently published guidance on freedom of expression in Higher Education. Following its publication, I would like the Office for Students to promote the implementation of this guidance, including encouraging providers to work with their

student unions and to embed the principles of the guidance into free speech codes of practice.

I would like the OfS to continue to focus on student protection and consumer rights. In particular, to evaluate and report publicly on the strength of student protection plans and advice available on students' consumer rights.

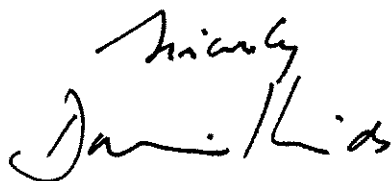
Provider market and financial sustainability

I would like the OfS to complete the work to establish its approach to financial sustainability issues in preparation for assuming on 1 August 2019 its statutory duty to monitor and report on financial sustainability of the regulated higher education sector (section 68 of HERA 2017). Connected with this, I would like the OfS to keep under review the provisions within the regulatory framework for ensuring effective protection of students against risks to the continuation and quality of their study and managing market exit. I would like the OfS to work in close collaboration with the department and UKRI (consistent with any statutory and other obligations and sharing information as appropriate) in its approach to the above matters, as well as in monitoring and reporting on financial sustainability before section 68 comes into force.

Strategic priorities for funding

Funding priorities for the OfS remain consistent with those set in relation to the Teaching Grant in the previous financial year. The details of your financial allocation for financial year 2019-20 are set out in the finance annex. I also look forward to receiving the OfS's continued input and advice to the department on funding policy issues.

I would like the OfS to work with Research England to improve understanding of teaching and students' involvement in and contribution to achieving the external economic and societal impacts that are the focus of knowledge exchange activities, with the aim of informing Higher Education Innovation Funding and knowledge exchange strategies from 2021, and the government's broader ambitions for improving productivity and social mobility.

A handwritten signature in black ink, appearing to read 'Damian Hinds', written in a cursive style.

Damian Hinds
Secretary of State for Education

Annex A: Finance Annex

Figures are rounded

All figures in £m	2018-19 OfS Teaching Grants	2019-20 OfS Teaching Grants
Recurrent Teaching Grant	1,388	1,387
Capital Teaching Grant	150	100
TOTAL TEACHING FUNDING	1,538	1,487

Notes:

- i. The amounts set out above are the OfS's resource and capital budgets. They represent the maximum amount of resource and capital that the OfS may consume in pursuance of the priorities agreed with the department for the Spending Review period. Figures may not sum due to rounding. If the department's level of overall funding is decreased due to wider events or in order to cover other unavoidable financial pressures, the department may, within the framework set by Parliament and the courts, need to make in-year adjustments to allocations to our Partner Bodies in order to meet budget reductions. The funding that is set out in this letter is, as ever, subject to Parliamentary approval through the Estimates process twice a year.
- ii. OfS will receive a separate allocation letter detailing their finalised 2019-20 unrounded resource, capital, and administration allocations. This letter will also confirm any ring-fenced allocations such as funding for the Institute of Coding.
- iii. The OfS will be responsible for the teaching and student elements of Higher Education and Innovation Funding (HEIF) via the £47m Teaching Grant contribution to HEIF. The funding will be distributed on behalf of the OfS by Research England.
- iv. The above 2019-20 Recurrent Teaching Grant figure includes £10 million additional funding for the expansion of medical student places.

Annex B: Superseded matters in the strategic guidance issued in February 2018

These superseded matters include:

- i. The protection of sensitive words and expressions in a company name;
- ii. On exiting the EU, the paragraph relating to EU programmes is subject to securing agreement with the EU;
- iii. Annex B which was only relevant to financial year 18/19; and
- iv. Annex C after 31 July 2019.