



**Michelle Donelan MP**  
Minister of State for Universities

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14<sup>th</sup> September 2020

Dear Sir Michael,

**Strategic guidance to the Office for Students: additional teaching grant and funding/reducing the bureaucratic burden on providers**

I would like to take this opportunity to thank the Office for Students for all of its hard work, both since the full implementation of its Regulatory Framework last August, but particularly over the last few months in response to the Covid-19 pandemic. Your work has been crucial in supporting students.

This letter provides guidance from me to the Office for Students on two areas of immediate importance: (i) additional teaching grant and capital funding; and (ii) reducing bureaucracy. My guidance on each of these issues is set out below.

**Additional teaching grant and capital funding**

In his guidance letter of 1<sup>st</sup> January 2020, the Secretary of State set out the Teaching Grant budget for the financial year 2020/21, alongside some indications of DfE priorities for its allocation. Since then we have been through an unprecedented period of change with the COVID-19 pandemic.

One of the impacts of the pandemic, and the decision to revert to using pupils' centre assessed grades for A levels and vocational qualifications, is that more students have met the conditions of their offers than anticipated. It is vital that we support these students to take up their places, and I have asked HE providers to do everything they can to accommodate additional students this year. To facilitate this, the government has announced its intention to remove the temporary student number controls introduced earlier in the year. We have already lifted the intake targets for medical and dental students, in conjunction with colleagues at the Department of Health and Social Care.

To help ensure that students can study at their chosen provider in these unprecedented circumstances, I am making additional funding available to the OfS this year, to distribute to approved (fee cap) providers.

We will provide up to £10m of additional funding for the recurrent Teaching Grant. The OfS should follow the principles below in allocating this funding:

- Allocations should only be made to support providers who have taken on additional students studying high cost subjects<sup>1</sup>.
- The funding should be allocated by a formula, with all approved (fee cap) providers eligible to receive it where there is evidence of an overall increased funding requirement arising from taking additional students in high cost subjects.
- Within these subjects, priority should be given to supporting medicine, dentistry, veterinary sciences, nursing and other healthcare courses, as well as laboratory-based subjects. These subjects are vital for society and the economy, and are often particularly expensive for providers to deliver.
- The funding allocations should be made on the basis of student volumes in high cost subjects. Providers should not receive additional funding on the basis of students recruited in other subjects.
- When assessing the changed funding needs of the sector, we do not expect the OfS to make any reductions to the allocations made to providers this spring, as this would create further uncertainty for providers.

We will also provide up to £10m additional capital funding, to help providers expand their capacity and accommodate these additional students. The OfS should follow the principles below when allocating this funding:

- Allocations should be made following a bidding process, rather than by a formula, in support of capital projects at HE providers. We expect that the OfS will only be able to approve a limited number of bids. My view is that it is vital for this element of the funding to be allocated by a bidding process, in order that OfS can target this funding at specific projects that will enable providers to expand their capacity.
- This funding is intended to support providers who have taken on additional students due to the changed policy on A level results. It is not intended to support more general growth in the sector.
- As such, allocations should be made to providers who face new capital costs for the equipment or spaces required for additional student numbers, or to accelerate existing projects to increase capacity in the academic year 2020/21.
- The OfS should prioritise bids that do most to support high cost subjects (as defined in footnote 1). The OfS should also prioritise bids that demonstrate how the investment will support positive graduate outcomes.
- Providers will need to spend their funding in the 20/21 financial year. If the OfS does not allocate the £10m in full, any unspent funds should be returned to DfE.

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<sup>1</sup> This refers to high cost subjects as currently covered by the OfS's high cost subject funding allocation and nursing midwifery and allied health allocation.

I expect the OfS to consult such persons as are appropriate before determining the terms and conditions to be imposed on these funds. The consultations should be concluded as quickly as possible, to allow funding to be released to the sector. OfS should continue to work with DfE to find proportionate ways of reporting on the impact of additional funding. I expect that the additional students will be counted for funding in the same way as all other students for future academic years. Funding for the OfS beyond the 20/21 financial year will be decided at the spending review.

### **Reducing bureaucracy**

I welcome that the OfS has, as part of the pandemic response, sought to reduce the reporting burden on providers, to enable them to focus their resources where they are most needed. It is my firm belief, as I know it is yours, that there is now an opportunity to consider how we can continue to reduce the bureaucratic burden on providers for the long term, enabling them to continue to focus on delivering high quality outcomes for students next year and beyond, while also ensuring you are equipped to deliver the range of functions granted to you under the Higher Education and Research Act 2017 (HERA).

I would like to see immediate progress on this shared agenda to reduce unnecessary bureaucracy: to ensure the higher education regulatory system is truly proportionate, risk based, transparent and accountable.

The guidance outlined below, which reflects our recent announcement, is a combination of my reflections on decisions taken by the OfS to help achieve those aims (on which I wanted to take the opportunity to share my view), and additional changes that I would like the OfS to implement. I will also be following this guidance with legally binding directions made in accordance with HERA, where appropriate.

I would like to reiterate the priorities I set in previous guidance and ask the OfS to continue to work to implement the steers in that earlier guidance, where they have not been superseded<sup>2</sup>.

### **Enhanced Monitoring**

I understand that enhanced monitoring has been an important and valuable tool during the initial registration period, enabling the OfS to better understand and address areas of concern<sup>3</sup>. However, as the OfS enters a new phase of regulatory activity, it is my view, as I understand it is yours, that the need for enhanced monitoring is significantly reduced.

I strongly endorse the OfS's commitment, in its recent letter to providers<sup>4</sup> to a large scale reduction in enhanced monitoring across almost all of its conditions, to the extent that it will be used minimally for all conditions of registration other than

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<sup>2</sup> See Annex to this letter.

<sup>3</sup> "Enhanced Monitoring" includes routine monitoring activities of the OfS and this letter focuses on that element, it does not apply to the investigatory activities that may be undertaken by the OfS when it suspects that a provider may be breaching a condition of registration.

<sup>4</sup> OfS letter to providers dated 30 July 2020 – see [link](#).

those related to financial sustainability. I also support the OfS's commitment to continue to act with transparency and accountability, making clear what reporting is required from which providers and why.

It is my view that, wherever possible, the need to monitor compliance more closely should be met through the imposition of specific conditions. I would therefore strongly encourage the OfS to confine enhanced monitoring to a very small fraction of the cases that are currently subject to it, and only where it is justified by the risks posed.

I would like the OfS to report to my department within 3 months on its use of enhanced monitoring and the number of providers placed under enhanced monitoring at that point.

I also welcome the fact that the OfS will also be looking across all of its regulatory requirements to ensure that guidance and, where appropriate, templates are in place and suitably clear. This will ensure providers are confident about the level of information required of them and can respond proportionately.

### **Data Futures**

Data Futures is an important project and I fully support the elements of it which will help with consolidating data collection, improving data collection infrastructure and which will lead to better data with fewer data items, and a more streamlined process. These will actively reduce burden.

However, I understand the concerns expressed by leaders of some providers that termly data collections will impose a significant burden on providers. I welcome the fact that the OfS has decided to review the proposed termly collection, with a view to making data collection more proportionate and will also look at how data can be collected more quickly as the systems are improved.

### **Random Sampling**

I fully support the OfS's intention to suspend random sampling now that you believe you have other robust and proportionate processes in place. I welcome this change, which represents a significant reduction in real and potential burden on providers.

### **The National Student Survey**

I would like the OfS to undertake a radical, root and branch review of the National Student Survey (NSS), to ensure it supports the maintenance of high standards while providing reliable data on the student perspective.

The NSS has many benefits. It provides a vital insight into student feedback, which plays a valuable role in boosting quality and value across the sector. However, there have also been consistent calls for the NSS to be reformed: academics have criticised the cost and bureaucracy the NSS creates, arguing that the level of activity it generates can be a distraction from more important teaching and research activities. In addition, its results do not always correlate well with other, more robust, measures of quality.

I am therefore asking the OfS to undertake a radical, root and branch review of the NSS. I expect this to deliver the following outcomes:

- Reducing the bureaucratic burden it places on providers
- Ensuring it does not drive the lowering of standards or grade inflation
- Providing reliable data on the student perspective at an appropriate level, without depending on a universal annual sample
- Examining the extent to which data from the NSS should be made public
- Ensuring the OfS has the data it needs to regulate quality effectively
- Ensuring it will stand the test of time and can be adapted and refined periodically to prevent gaming

In doing so the OfS should engage with providers, as well as devolved governments and funding bodies. I would like the OfS to conclude their review by the end of this year. It is my strong view that the NSS should not be carried out in again in the same format as it was last year.

### **No further regulatory action on student transfer arrangements**

I understand that the OfS is required by HERA to monitor the availability of schemes or other arrangements for student transfers, but strongly support the OfS's decision to review the current requirements in relation to student transfer arrangements and to reduce the burden on providers where possible.

### **Estates data and non-academic staff data**

I note that the OfS have decided that estates and non-academic staff data collections will be non-mandatory, because the data is not needed for the OfS to fulfil its functions. I welcome both the decision and the principle on which it is based.

### **A review of TRAC (T)**

I have listened to sector concerns that TRAC data is disproportionately burdensome and I would therefore like the OfS to review the teaching aspects of TRAC, and to consider if it could be made more effective. I would like the OfS to work closely with UKRI on this to ensure coherence with evidence gathering for their TRAC review, while allowing the two reviews to progress in tandem.

I strongly endorse your recent statement that you will not require a TRAC (T) return to be submitted for 2019/20.

### **A review of the Transparency Condition**

The OfS is required by HERA to impose an ongoing condition of registration that requires registered providers to supply and publish information requested by the OfS relating to offers and acceptance of places on HE courses, completion rates and academic outcomes. While it is important that the OfS continues to collect data necessary for it to perform its functions, and to monitor and explain trends in higher education, I fully support the OfS's intention to explore whether there is scope to reduce information requested under this registration condition and to

consider if more reliance can be placed on other sources.

### **Efficiency savings**

I fully support the OfS announcement that, in recognition of the shared difficulties the sector is facing at the moment, it will conduct a review of its own efficiency, with a view to a reduction in its registration fees by 10% in real terms over two years. This will represent a direct saving to providers. To support this, I have asked officials to bring forward the review of OfS registration fees from 2021-22 to this Autumn.

I would like you to set expectations of the Designated Data Body and the Designated Quality Body to seek improvements to efficiency and value for money for providers, in order to deliver comparable reductions in their statutory fees.

### **Timing of Reviews and Decisions**

I expect the OfS:

- To report on its review of the NSS before the end of the year.
- To set out a clear way forward of how it will be reviewing TRAC (T) by October (with UKRI).
- To report on the enhanced monitoring requirements it has in place in three months' time.
- To report on its proposed approach to the Transparency Condition by the end of October 2020 with final conclusions following its board decision in December.
- To report on its proposed approach to termly data collection by the end of October 2020, with final conclusions to be announced in April 2021, with the OfS data strategy.

I am aware that the other nations of the UK have a stake and interest in some aspects of this guidance, particularly the NSS, TRAC and Data Futures and I encourage you to engage and work with devolved governments and funding bodies fully during your reviews.

Finally, I would again like to thank the OfS for its continuing work to support the higher education sector during these challenging times, and to ensure a high-quality experience for all students, delivering excellent student outcomes and value for money.

I look forward to continuing to work closely with you.

Yours sincerely,

A handwritten signature in black ink, reading "Michelle Donelan". The signature is written in a cursive style with a long horizontal flourish at the end of the name.

**Michelle Donelan MP**  
**Minister of State for Universities**

## **Annex: Superseded aspects of previous guidance**

1. Guidance on enhanced monitoring in the Secretary of State guidance dated 20 February 2018 and 16 September 2019
2. Request in the Secretary of State guidance of September 2019 to the OfS to develop a plan for how it will use its regulatory powers in section 38 of HERA (in relation to student transfer) to promote greater student choice