

Consultation

**Office for
Students**

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

OfS

Consultation on implementing savings in academic years 2019-20 and 2020-21

This consultation runs from **17 January 2020**
to **17 February 2020**.

Reference OfS 2020.03

Enquiries to recurrentgrant@officeforstudents.org.uk

Publication date 17 January 2020

The Office for Students is the independent regulator for higher education in England. We aim to ensure that every student, whatever their background, has a fulfilling experience of higher education that enriches their lives and careers.

Our four regulatory objectives

All students, from all backgrounds, and with the ability and desire to undertake higher education:

- are supported to access, succeed in, and progress from, higher education
- receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure
- are able to progress into employment or further study, and their qualifications hold their value over time
- receive value for money.

Consultation on implementing savings in academic years 2019-20 and 2020-21

The government's grant to the Office for Students to fund recurrent teaching in higher education providers is reducing by £58 million in financial year 2020-21. We have set out proposals in this document for how we may make savings in our allocations to providers and would like to hear your views.

When is the consultation?

Start: **17 January 2020**

End: **17 February 2020**

Who should respond?

Anyone with an interest in finance for those higher education providers that are registered, or are applying to be registered, with us in the Approved (fee cap) category.

How to respond

Please respond by **17 February 2020**.

Use the online response form available at <https://survey.officeforstudents.org.uk/s/savingsconsultation/>

Enquiries

Email recurrentgrant@officeforstudents.org.uk

Alternatively, call our public enquiry line on 0117 931 7317

If you require this document in an alternative format, or need assistance with the online form, please contact digitalpublishing@officeforstudents.org.uk.

Please note: this email address should not be used for submitting your consultation response.

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About this consultation

The Office for Students (OfS) has received a guidance letter from the Secretary of State for Education which announces a reduction to recurrent teaching grant for the financial year (April to March) 2020-21 of £58 million and an increase in capital funding of £50 million. The letter also sets out priorities for funding, but does not give an indication of the funding that might be available for subsequent financial years. The reduction affects the funding we have available for distribution to registered higher education providers in both the 2019-20 and 2020-21 academic years (August to July).

In addition to the £58 million reduction in recurrent funding, there are areas where we need to make additional provision – primarily to reflect increases in intakes to pre-registration medical degrees and the continuing effects of the transfer of funding responsibility for pre-registration courses in nursing, midwifery and allied health professions. This means that the underlying gross reduction is around £70 million (estimated on the basis of the increased student numbers that we expect on these courses).

Approximately £26 million of the reduction in financial year 2020-21 is attributable to the four-month period, from April to July 2020, that falls within the 2019-20 academic year. We have already allocated the large majority of our funding for academic year 2019-20 and propose that as far as possible we should avoid reducing grants already announced, recognising that providers may have limited scope to implement savings within this academic year. Instead, we believe we can secure the savings required in academic year 2019-20 from as yet unallocated funds and by deferring some activities into academic year 2020-21.

Although we do not know what funding may be available to us for financial year 2021-22, we believe it would be prudent to assume that the £70 million funding reduction will not be restored in that year. This means that savings for the full sum need to be made in academic year 2020-21.

We propose to implement savings for academic year 2020-21 across almost all elements of our recurrent grant to providers. However, we propose exceptionally not to make a cash reduction to the targeted allocation for world-leading specialist institutions, recognising that for many of them this allocation represents a much larger proportion of their overall income for higher education teaching, and in any event we will be reviewing this funding stream in 2020. This will help to ensure that these providers are not disproportionately impacted by the savings now required, and that we do not pre-empt the review. In addition, reductions to budgets for high-cost subject funding and for the nursing, midwifery and allied health supplement will be less than for other budgets, to take account of additional student numbers in medicine and health disciplines.

We will be conducting a full consultation on our funding method from April 2020, to inform allocations for academic year 2021-22.

The issues discussed in this consultation relate to the OfS's powers under the Higher Education and Research Act 2017 (HERA) in relation to financial support for registered higher education providers (section 39). Providers eligible for financial support are those registered with us in the Approved (fee cap) category. We are consulting now, so that responses can inform decisions to be taken by the OfS board in March 2020 on any revisions to funding for academic year 2019-20 and on setting budgets for academic year 2020-21.

This consultation seeks views on how we should implement the necessary savings to grants for both academic years. The requirement on us to make savings is a consequence of our funding settlement from government: this requirement, and the size of the total saving to be made, is not subject to consultation.

The guidance letter has confirmed a budget for capital grants in financial year 2020-21 of £150 million. This is a £50 million increase compared with 2019-20. We allocate capital grants on a financial year basis, so there is no requirement to review capital grants already announced. The OfS board will agree at its meeting in March 2020 the balance of our capital grants between formula grants to providers and grants for other capital funding streams (such as Jisc). We are not proposing substantive changes to the formula allocation method for capital funding¹ and therefore capital grants are not a subject of this consultation.

The consultation questions are listed in full in Annex A.

For more information about our work to date on funding, please visit the OfS website².

Who should respond to this consultation?

We are particularly (but not only) interested in hearing from **higher education providers that are registered, or are applying to be registered, with us in the Approved (fee cap) category**. We welcome the views of all types and size of provider.

We are also interested in the views of **representative bodies of higher education providers and their staff**, and others with an interest in the finance arrangements for higher education.

How to respond

The consultation closes at noon on **17 February 2020**.

Please submit your response by:

- completing the online form at <https://survey.officeforstudents.org.uk/s/savingsconsultation/>
- emailing recurrentgrant@officeforstudents.org.uk
- writing to us at: Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR.

¹ Information about the capital funding method for 2019-20 is available in 'Formula capital funding for 2019-20' (OfS 2019.13), available at www.officeforstudents.org.uk/publications/formula-capital-funding-for-2019-20/. We consulted on the method previously in 'Funding for 2019-20: Consultation on terms and conditions and method' (OfS 2019.02), available at www.officeforstudents.org.uk/publications/funding-for-2019-20-consultation-on-terms-and-conditions-and-method/.

² See www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/annual-funding/.

If you require this document in an **alternative format**, or need assistance with the online form, please contact digitalpublishing@officeforstudents.org.uk. **Please note** that this email address should **not** be used for submitting your consultation response.

Consultation events

We are not holding events in relation to this specific consultation.

Consultation principles

We are running this consultation in accordance with the government's consultation principles³.

At the OfS we are committed to equality and diversity in everything we do. We have a legal obligation to show due regard to the Public Sector Equality Duty.⁴

How we will treat your response

Your response to this consultation, including any personal information you provide, may be subject to publication or disclosure under the Freedom of Information Act 2000, the Data Protection Act 2018 or the Environmental Information Regulations 2004.

Please tell us if you would like all, or any part, of your response to be treated as confidential.

More information is available from the Information Commissioner's Office⁵ or from us at dp@officeforstudents.org.uk.

Next steps

Following this consultation, the OfS board will be invited at its meeting in March 2020 to make decisions on revised budgets for academic year 2019-20 and on setting recurrent budgets for academic year 2020-21 and capital budgets for financial year 2020-21. The board's decisions will necessarily balance a number of potentially competing priorities and considerations and in making them, the board will have regard to:

- the OfS's duties under the Higher Education and Research Act 2017 and the Equality Act 2010
- guidance from the Secretary of State
- the responses to this consultation
- the OfS's strategic objectives.⁶

³ See <https://www.gov.uk/government/publications/consultation-principles-guidance>.

⁴ See Part 11 of the Equality Act 2010, available at www.legislation.gov.uk/ukpga/2010/15/part/11/chapter/1.

⁵ See <https://ico.org.uk/>.

⁶ See www.officeforstudents.org.uk/about/our-strategy/.

We will announce the board's decisions as soon as possible after its meeting, including any implications for 2019-20 recurrent grants. We will also publish a summary of responses to this consultation and explain how and why we have arrived at our decisions, and how we have addressed any concerns raised by respondents.

We expect to announce initial allocations of capital grants for financial year 2020-21 by the end of March 2020. We expect to notify eligible providers of their initial allocations of recurrent grants for academic year 2020-21 on Tuesday 12 May 2020, and to publish them on 13 May 2020.

Key terms and definitions used in this consultation

Funding and **grant(s)** are used synonymously in this document to mean financial support provided under section 39(1) of HERA by the OfS to the governing body of an eligible higher education provider – that is, one registered with us in the Approved (fee cap) category – in respect of expenditure incurred, or to be incurred, by the provider for the purposes of either or both of the following:

- a. The provision of education by the provider.
- b. The provision of facilities, and the carrying on of other activities, by the provider, which its governing body considers it is necessary or desirable to provide or carry on for the purposes of, or in connection with, education.

Recurrent grant and **recurrent funding** mean funding allocated on an annual basis in respect of operating expenditure incurred, or to be incurred, by the provider on its ongoing teaching and related activities for an academic year. It is largely calculated by formula, informed by data submitted by providers, and is set out in recurrent grant tables that the OfS will normally first issue in the spring preceding the start of the academic year.

Capital funding and **capital grant** mean funding allocated in respect of capital expenditure incurred, or to be incurred, by the provider. Capital expenditure means money used to acquire or maintain fixed assets, such as land, buildings and equipment, and which is normally capitalised in the provider's audited annual accounts.

Academic year means the 12-month period from 1 August to the following 31 July.

Financial year means the 12-month period from 1 April to the following 31 March.

Protected characteristics are defined under the Public Sector Equality Duty as: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

Introduction

1. On 8 January, the OfS received a guidance letter from the Secretary of State⁷ which announced an underlying cash reduction to the recurrent teaching grant for the financial year (April to March) 2020-21 of £58 million. Within this reduced funding, we need to make additional provision (as in previous years) to support increases in intakes to pre-registration medical degrees and the continuing effects of the transfer of funding responsibility for pre-registration courses in nursing, midwifery and allied health professions. This means the underlying gross reduction is around £70 million (5 per cent). The letter also sets out the Secretary of State's priorities for funding, but does not give an indication of the funding that might be available for subsequent financial years. Table 1 shows the grants available for the 2019-20 and 2020-21 financial years, as given in the February 2019 and January 2020 guidance letters.

Table 1: Government grants to the OfS (£ millions)

Financial year	2019-20	2020-21
Recurrent grant	1,387	1,329
Capital grant	100	150
Total	1,487	1,479

2. The implications for the unit of resource (that is, OfS grant plus average course fees per full-time equivalent student), as well as on rates of OfS grant for different elements of funding, depend not just on the reduced grant available to us, but also on year-on-year changes in the student numbers at providers registered with us in the Approved (fee cap) category. We are in the process of verifying the Higher Education Students Early Statistics (HESES) survey data for 2019-20 submitted by these providers, and will publish it as an official statistic in February 2020.⁸
3. In determining our approach to making savings, we will have regard to the guidance in the Secretary of State's letter, which asks us to:
 - a. Continue to prioritise the allocations for high-cost subjects, world-leading small and specialist institutions, and the student premium, all of which have an important role to play in maintaining the high quality of teaching and in supporting successful participation for underrepresented students.
 - b. Protect those areas of the grant where the evidence base for need is strongest, and where there is clear alignment with priority activities, working closely with the Department for Education to identify these areas.

⁷ The letter, dated 1 January 2020, is available at www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/.

⁸ See www.officeforstudents.org.uk/data-and-analysis/official-statistics/.

- c. Consider how to fund the particular costs associated with operating in London in the fairest and most efficient way, in particular focusing on how to support the delivery of high-cost subjects in inner London.
4. We allocate recurrent grant on an academic year basis (August to July) and therefore the reduction to our funding from April 2020 affects the last four months of the 2019-20 academic year, as well as the funding we have available for academic year 2020-21. In addition, we do not have reason to assume the reduction for 2020-21 will be reinstated for 2021-22. This means that we expect to have to make savings of approximately £26 million in academic year 2019-20 and £70 million in academic year 2020-21.
5. We previously announced a non-capital budget for academic year 2019-20 of £1,349 million, comprising £1,249 million in recurrent grants for providers, £60 million for the National Collaborative Outreach Programme (NCOP)⁹ and £40 million for national facilities and regulatory initiatives.¹⁰ The two largest elements of the latter are funding for Jisc¹¹ and the OfS challenge competitions.¹² By October 2019, we had distributed £1,242 million in recurrent grants for providers out of the original £1,249 million budget.¹³
6. Our terms and conditions of funding for 2019-20¹⁴ state:

‘The government’s strategic guidance letter to the OfS of 27 February 2019 confirmed the teaching funding available for the 2019-20 financial year (April to March). However it did not show any indicative funding for the 2020-21 financial year. The letter also identified the policies and priorities that should underpin the OfS’s approach to funding.

‘The OfS’s board has agreed 2019-20 academic year budgets in the light of the strategic guidance letter. In doing so, it has had to make an assumption about the funding that might be available for the 2020-21 financial year, because of its four-month overlap with the 2019-20 academic year. Any changes to the grant made available to it by government for financial year 2019-20, or that it has assumed for financial year 2020-21, are likely to affect the funding it is able to distribute to providers in the 2019-20 academic year. If such changes arise, the OfS may adjust any funding allocation to a provider after it has been announced, to ensure that the total funding the OfS allocates remains within the available budget.’

⁹ See www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/national-collaborative-outreach-programme-ncop/.

¹⁰ For more information about the OfS’s approach to funding and initial budgeting for 2019-20 see ‘Guide to funding 2019-20’ (OfS 2019.18), available at www.officeforstudents.org.uk/publications/guide-to-funding-2019-20/.

¹¹ See <https://www.jisc.ac.uk/about>.

¹² See www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/ofs-challenge-competitions/.

¹³ The recurrent grants to providers committed to date reflect the updated allocations announced in October 2019, in Annex A of ‘Recurrent funding for 2019-20’ (OfS 2019.17), available at www.officeforstudents.org.uk/publications/recurrent-funding-for-2019-20/.

¹⁴ See paragraphs 27 and 28 of ‘Terms and conditions of OfS funding for 2019-20’ (OfS 2019.12), available at www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2019-20/.

Proposed approach to making savings

Savings in academic year 2019-20

7. Although our terms and conditions of funding for 2019-20 enable us, in the event of reductions to the funding available, to adjust allocations to providers after they have been announced, we propose that as far as possible we should avoid doing so. We recognise we are already well into the 2019-20 academic year and that providers may have limited scope to adjust their spending plans quickly. Nevertheless, a saving of approximately £26 million is required in relation to the period April to July 2020. There are two ways to make this saving while avoiding reducing grants already announced for academic year 2019-20:
 - a. Securing savings from funding not yet committed.
 - b. Deferring the reduction so that it is implemented in the following academic year. We would be prepared to do this only if the deferred sum was small (perhaps less than £10 million) as this would further increase the reduction of around £70 million already required for academic year 2020-21.
8. We consider it likely that we will be able to achieve the full savings of £26 million from uncommitted funds, although there is some uncertainty about this as some allocations are not yet finalised. The two main contributors to this are:
 - a. Recurrent funding (primarily within student premiums and the targeted allocation for students attending courses in London) set aside for providers that may join the OfS register in the Approved (fee cap) category before the end of the 2019-20 academic year.¹⁵ We will still need to make some provision for these – and are committed to doing so – but we believe we will not need the full sum currently set aside.
 - b. Challenge competitions. We propose that we still fund in 2019-20 the joint funding competition with Research England on the impact of student involvement in knowledge exchange¹⁶. Providers have already submitted bids in response to this invitation and we recognise the enhanced value for money that we can achieve through this competition by funding jointly with Research England. We will also continue to develop new competitions to address priority issues, but the budget provision for these will be deferred to the 2020-21 academic year.
9. In addition to areas where budgets for academic year 2019-20 have not yet been committed, we also have funds that have become available as a result of, for example, the funding implications of data audit and reconciliation and underspending by partnerships against their NCOP allocations. Together, these various sources should be (broadly) sufficient to achieve the savings needed for the period April to July 2020.

¹⁵ See paragraph 17 of 'Funding for 2019-20: OfS board decisions' (OfS 2019.11), available at www.officeforstudents.org.uk/publications/funding-for-2019-20-ofs-board-decisions/.

¹⁶ See www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/joint-funding-with-research-england/.

10. Our proposed approach, in priority order, for academic year 2019-20 is therefore to secure the required saving:
 - a. From funds not yet committed. Where these were originally planned to support challenge competitions, we will defer the activity to academic year 2020-21, rather than cease it.
 - b. If any residual saving is small, by deferring it until academic year 2020-21.
 - c. Otherwise by reducing, broadly on a pro rata basis, the 2019-20 recurrent grant allocations for all providers – however, we do not expect to need to do this.

Savings in academic year 2020-21

11. Because we do not have reason to assume the reduction to grant for financial year 2020-21 will be reinstated in the following year, we expect that savings of around £70 million are required in academic year 2020-21. This also assumes that we do not have to make any additional saving in academic year 2020-21 relating to the reduction for the period April to July 2020 (as might arise under the approach set out in paragraph 10.b).
12. Savings can be secured from funding for national facilities and regulatory initiatives. In particular, compared with the original budget of £40 million for 2019-20, we believe we can make savings of at least £15 million for 2020-21. Part of this arises from an expected review of the contributions made towards Jisc, and part from reducing the budget for challenge competitions.
13. Academic year 2020-21 is the final year for which we have commitments to NCOP. This is our only commitment already made for academic year 2020-21. It provides project-based funding to partnerships delivering outreach programmes to young people. It is an important part of the support we provide to widen access for underrepresented groups, recognising our Public Sector Equality Duty, and complementing the funding we provide through student premiums to support successful outcomes for students. We therefore propose to continue the £60 million total allocations already announced for these partnerships, recognising that to do otherwise would risk undermining the achievements they have made to date. However, we will continue to recover any unspent grant from them should this arise.
14. These proposals mean that we still expect a need to make savings of about £50 million to £55 million from the recurrent teaching grants we allocate to providers (about 4 per cent of the original £1,249 million budget set for 2019-20).
15. We recognise that in setting budgets for academic year 2020-21, we will need to make extra budget provision in some areas. In particular, we will need to adjust for increased student numbers on:
 - a. Pre-registration nursing, midwifery and allied health profession courses, where an extra entry cohort now comes under the main higher education funding arrangements. This applies to three-year courses in dental hygiene and dental therapy and postgraduate courses (for which the new funding arrangements were introduced from 2018-19) and to other four-year undergraduate courses (for which the new funding arrangements were introduced from 2017-18).

- b. Pre-registration medical degrees, where intakes have been increasing since 2018-19¹⁷.
16. We consider it important to recognise the additional volume of activity in these high-cost and high-priority areas. There may also be a small number of other areas where we wish to make a modest additional budget provision. The need for such exceptional additional budget provision means a greater reduction will then be required to recurrent budgets to achieve the net overall reduction of £50 million to £55 million estimated in paragraph 14.
17. To manage this, the main question is the extent to which savings should be targeted at particular elements of grant, rather than being spread more evenly across them all. Whichever approach is taken, funding outcomes for individual providers will still depend significantly on how their student numbers have changed compared with all other providers between the student data informing the 2019-20 and 2020-21 funding allocations. We have a fixed budget each year, so all providers are competing for a share of that budget according to their ability to recruit and retain students in different categories.
18. In recent years¹⁸, our first priority has been to protect the funding for high-cost subjects and other related targeted allocations¹⁹. We have done this by providing an uplift for inflation to the total budgets for high-cost subject funding and the very high-cost science, technology, engineering and mathematics (STEM) subjects targeted allocation, and an addition to support the increased student numbers on pre-registration medicine and health courses.
19. To continue the same approach to high-cost subject funding in academic year 2020-21 would require an estimated additional £27 million (including for the extra students on pre-registration courses), and mean that other targeted allocations would be subject to savings of about £77 million to £82 million. This would equate to an average reduction to those other allocations of about 16 per cent compared with the original budgets for 2019-20. We believe this would have an undesirable impact on our funding for student premiums and a number of other allocations that also support high-cost teaching. This impact would fall disproportionately on providers – and thus their students – for which a large part of OfS grant comprises student premiums and the targeted allocation for specialist institutions, which are also identified as priorities in the latest guidance letter.
20. The guidance letter from the Secretary of State asks us to consider how to fund the particular costs associated with operating in London in the fairest and most efficient way, in particular focusing on how to support the delivery of high-cost subjects in inner London. We agree this needs to be considered in full, looking at both the costs and benefits to providers of operating

¹⁷ Information about the additional 1,500 medical places school places introduced from 2018-19 is available at <https://webarchive.nationalarchives.gov.uk/20180405121740/http://www.hefce.ac.uk/lt/healthcare/>.

¹⁸ The original approach to setting budgets for 2019-20 was described in OfS 2019.11.

¹⁹ These are the targeted allocation for very high-cost STEM subjects and the nursing, midwifery and allied health supplement.

in London.²⁰ We also recognise that such providers have a much higher proportion than the national average of students from black and minority ethnic backgrounds.²¹ We intend to consult on options relating to this funding allocation and how it relates to other funding for underrepresented students as part of our broader teaching consultation beginning in April – see paragraph 21. This might mean there is a different focus on this funding in future years, recognising that higher education participation rates in London are higher than in other regions and that there are other benefits to providers of operating in London. In the meantime we intend to treat this allocation in the same way as other allocations, such as our student premiums.

21. We wish to avoid targeting savings at specific elements of grant now in a way which could preempt the fundamental review of our funding method that we will be undertaking this year for implementation for academic year 2021-22. As part of that review, we are looking at the overall resource needs of different types of activity, and how those needs may be prioritised and addressed, taking account of all OfS recurrent grants (irrespective of current budget headings) and fee income. This will involve extensive consultation with providers and other interested parties. There is a risk that savings targeted at particular existing budgets at this time may not be consistent with the priorities for funding identified through our fundamental review.
22. The priorities identified in the government’s guidance letter (set out in paragraph 3 of this document) apply to almost all elements of our recurrent grant to providers. Our current funding method largely reflects that inherited from our predecessor body, the Higher Education Funding Council for England. The different elements of recurrent grant within the method have been established and evolved over time for a variety of historical reasons, but all recognise where teaching activities give rise to higher costs – above those that might be met through fee income alone. High-cost subjects are supported through the totality of OfS grants to providers, not just the element that, for historical reasons, is distributed under a budget heading of ‘high-cost subject funding’. Protecting that budget is therefore not the same as protecting funding for high-cost subjects.
23. We propose that almost all elements of recurrent grant for providers should contribute to securing the savings required, but that in practice a small number of priority areas should be protected or will have smaller budget reductions because of provision we make for additional student numbers. In particular:
 - a. For many providers that are in receipt of the targeted allocation for specialist institutions, OfS grant is a much larger proportion of their overall income for higher education teaching than is commonly the case for other providers. In this respect, we are mindful that even pro rata cuts can have disproportionate impacts on some providers. This allocation is a

²⁰ A 2017 report, ‘Regional variation in costs and benefits for higher education providers in England’, commissioned by the Higher Education Funding Council for England, is available at <https://webarchive.nationalarchives.gov.uk/20180405115447/http://www.hefce.ac.uk/pubs/rereports/year/2017/regional/>. The additional teaching-related costs of operating in London were also considered as part of a 2019 report, ‘Understanding costs of undergraduate provision in Higher Education’, commissioned by the Department for Education and available at <https://www.gov.uk/government/publications/cost-of-undergraduate-higher-education-provision>.

²¹ Our own analysis indicates that, collectively, approximately half of all UK-domiciled students studying at providers in London are of black, Asian or minority ethnic backgrounds. This compares with a little over a quarter for England as a whole, and is substantially higher than any other region. Collectively, the proportion from such backgrounds is higher at providers in outer London than inner London.

relatively small proportion (3 per cent) of our total recurrent grant, but evidence shows that those in receipt are heavily reliant on it. Our view is that this allocation supports priority activities at world-leading specialist providers, where the need is strongest, and that it should therefore be protected, consistent with the government's guidance letter. Providers in receipt of this targeted allocation will still face reductions in other OfS funding allocations, on the same basis as all providers.

- b. Reductions to budgets for high-cost subject funding and for the nursing, midwifery and allied health supplement will be less than for other budgets because we will make provision for the additional student numbers on pre-registration courses in medicine and health disciplines that our funding will need to support in 2020-21.

24. Our proposed approach to achieving savings of around **£70 million** in academic year 2020-21 is therefore:

- a. To reduce funding for national facilities and regulatory initiatives as far as possible, primarily to reflect a review of the contributions made towards Jisc and to reduce the budget for challenge competitions. **Expected saving: £15 million to £20 million.**
- b. To maintain funding for NCOP at existing levels, but to recover funding from partnerships in the event that they underspend against their allocations. **Expected saving: £0.**
- c. To make additional budget provision within recurrent funding for providers in a small number of high-cost and high-priority areas – primarily to reflect additional students on pre-registration courses in medicine, nursing, midwifery and allied health professions. **Expected cost: £9 million to £12 million.**
- d. To maintain the current level of funding for the specialist institution targeted allocation. **Expected saving: £0.**
- e. To make all other elements of recurrent grant for providers subject to a broadly uniform reduction, which we expect to be around 6 per cent. In practice, we expect the overall reduction to the high-cost subject funding budget to be around 3 per cent, because of provision we will make for the additional student numbers in medicine and health disciplines. **Expected saving: £59 million to £67 million.**

25. We welcome views on our proposed approach to securing the required savings in both academic year 2019-20 and 2020-21. Annex A sets out the specific questions which we would like respondents to address.

Annex A: List of questions in consultation

Question 1: To what extent do you agree with our proposed approach to securing savings in the academic year 2019-20? (see paragraph 10)

Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
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Please provide a brief explanation for your answer. If you believe our approach should differ, please explain how and the reason for your view.

Question 2: To what extent do you agree with our proposed approach to securing savings in the academic year 2020-21? (see paragraph 24)

Strongly agree	Tend to agree	Tend to disagree	Strongly disagree	Don't know / prefer not to say
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Please provide a brief explanation for your answer. If you believe our approach should differ, please explain how and the reason for your view.

Question 3: Do you have any comments about any unintended consequences of these proposals, for example, for particular types of provider or for particular types of student?

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Question 4: Do you have any comments about the potential impact of these proposals on individuals on the basis of their protected characteristics?²²

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Question 5: Do you have any other comments on the proposals?

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²² Protected characteristics are defined in Part 11 of the Equality Act as: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. See www.legislation.gov.uk/ukpga/2010/15/part/11/chapter/1.



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