

**Office for
Students**



Office for Students Challenge Competition

**Industrial strategy and skills – support
for local students and graduates**

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Introduction

1. The Office for Students (OfS), through this first Challenge Competition, invites providers to develop and implement projects to identify ways of supporting the transition to highly skilled employment and improving outcomes for graduates who seek employment in their home region. The competition supports the priorities of the OfS to promote social mobility and contribute to economic prosperity.
2. Around 45 per cent of graduates responding to the 2015-16 Destinations of Leavers from Higher Education (DLHE) survey sought post-study employment in the region of their home domicile. Given uneven regional productivity, the variability of labour markets across the country, and constraints to mobility for some graduates, we recognise that successful outcomes may be at risk for graduates who seek post-study employment in areas with lower productivity and growth. We want to support choice for graduates and students and, as set out in the government's industrial strategy, many regions need their skills and knowledge in order to thrive. We are particularly interested to understand how providers can help improve employment outcomes for graduates through partnership working with employers and local agencies.
3. The OfS intends to support a range of projects that will deliver innovative approaches for graduates and particular student groups, to contribute to improved outcomes and local prosperity. Through this process we want to identify:
 - what interventions work best in a variety of different regional and local contexts to support progression into highly skilled employment
 - what interventions work best for different types of students and graduates
 - findings that can continue to shape sector-wide debate and inform interventions to capitalise on graduate skills and knowledge for the benefit of individuals and for economic prosperity.
4. Providers with successful bids will be expected to form a network to share, discuss and disseminate key information among themselves and with the OfS, strategic partners, and the wider sector as required.
5. Bids for this competition from eligible providers should be submitted to localgradsCC@officeforstudents.org.uk by 1700 on **Monday 26 November 2018**.

Introducing the Office for Students Challenge Competitions

6. The Challenge Competition scheme has been developed by the OfS to respond to different types of priorities for and issues affecting students, where clear benefits would be derived from a targeted funding intervention. We will offer competitions in specific areas where the higher education sector is not delivering effectively for students or achieving strategic objectives. We will identify the gaps and sector-level issues which will benefit most from this type of competitive funding before we seek to invest, using evidence that the sector will not be able to achieve specific aims and objectives on its own or through other means. The projects we fund

must help us to understand how best to position the sector to support students and strategic partners (such as employers) to address important challenges, so that the solutions are self-sustaining. This type of funding forms a significant part of achieving our business plan for 2018-19 and our longer-term strategy through to 2021.

7. The funding will invest in specific projects led by eligible higher education providers, determined through competitive bidding processes to ensure we are investing in the highest-quality activities. Our funding must deliver innovative developments, which must be sustained and embedded by the successful bidders to ensure that long-term value is secured for the benefit of students. As a fundamental feature we will require and facilitate robust evaluation and dissemination of results and best practice, to realise and promote the benefits of our investments for all students. We will issue bidding competitions and invite proposals on specific topics throughout the academic year; we will not accept any bids outside of these structured competitions. More information is available on our website¹.
8. During the transition period from 1 April 2018 to 31 July 2019, before the OfS's Regulatory framework takes full effect, eligibility to submit bids must correspond with the current funding powers of the OfS, which reflect those that previously applied to the Higher Education Funding Council for England (HEFCE). This means that for the academic year 2018-19 we can fund projects at higher education providers previously funded by HEFCE, and projects related to the provision of prescribed courses of higher education in further education colleges and sixth form colleges.

Purpose of this competition for bids

9. The OfS seeks to ensure that 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
 - able to progress into employment or further study, with their qualifications holding their value over time
 - receiving value for money.
10. A successful outcome and progression into the graduate job market following higher education are affected by a student's background, what they study and where they study it. The likelihood of a positive outcome is heavily influenced by these factors, but also by the location where graduates intend to seek graduate-level work.
11. In the 2015-16 DLHE survey, 69 per cent of graduates took their first job in the region of their home domicile. Therefore, opportunities for successful progression into skilled employment for more than two-thirds of graduates depend on the demand for graduate skills in their home regions or sub-regions.
12. The graduate labour market is unevenly distributed, with larger cities enjoying more diverse job markets than smaller ones and non-urban areas. For example, in 2016, London, Birmingham,

¹ See www.officeforstudents.org.uk/challengecompetitions/.

Manchester and Leeds accounted for 35 per cent of all professional-level employment for new graduates in England².

13. Analysis suggests that some local labour markets are not easily accessed by particular types of graduates because of the associated costs involved. Data from the Centre for Cities estimated that the housing affordability ratios of Oxford, London and Cambridge were all over 15 and that several other university cities in the south, like Brighton, Bournemouth, Reading and Exeter, had ratios of over 10³. In these cities, the cost of living could act as a barrier to labour market entry for particular students.
14. The graduate labour market is further affected by uneven regional productivity. The Office for National Statistics Regional and Sub-Regional Productivity in the UK release (February 2018) indicates that the English local economic partnership with the highest labour productivity in 2016 was London followed by Thames Valley Berkshire, while that with the lowest labour productivity was Cornwall and the Isles of Scilly. The city region with the lowest labour productivity was the Sheffield City Region⁴.
15. At the same time, we are increasingly aware that many graduates, whether by choice or circumstance, are not as mobile as they could be. Analysis of domicile, institution and workplace data using the 2015-16 DLHE survey shows that 45 per cent of graduates did not move regions at all. These graduates studied and sought post-study work in their home regions. This group contains the highest proportion of mature learners as well as the highest proportion of socioeconomically disadvantaged graduates (as indicated by Participation of Local Areas quintile 1 backgrounds)⁵.
16. The mobility of graduates is complex; some are unable to move for highly skilled work, while others have a preference for a location. Some graduates could become more mobile with different forms of support and improved information, advice and guidance. Ultimately, it must be for students and graduates to decide where they want to study and work. However, personal choice can be limited and influenced by economic and political factors relating to place. When taken together, these issues are likely to present significant implications for the expectations and outcomes of graduates seeking work in areas that are on the periphery of the graduate labour market.

² Data from DLHE 2015-16.

³ The housing affordability ratio is the ratio of average local annual salary to average local house price. A ratio of 15 means that a house costs 15 times an annual salary. The data is available on the Centre for Cities website at www.centreforcities.org/reader/cities-outlook-2018/city-monitor/#table-16--housing-affordability-ratio.

⁴ Labour productivity is defined as the quantity of good and services produced per unit of labour input, for example, per hour worked or job filled. It is one of the most widely used measures of economic performance of a nation or an area. See <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsuaregionalproductivityintheuk/february2018>.

⁵ See Charlie Ball, 'Heirs of city directors: Departed', in 'Graduate Market Trends' (Higher Education Career Services Unit), autumn 2017, https://www.hecsu.ac.uk/current_projects_graduate_market_trends.htm.

17. We are interested in finding new ways to support graduates and students to progress into the labour market. In particular, we are concerned that those graduates without access to other forms of support and resources may become locked out of graduate-level jobs. This could have implications for their ability to apply their skills to support productivity and prosperity, and for social mobility more broadly. We want to support choice for graduates so they can maximise their investment in higher education, fully utilise the qualifications and experiences they have obtained, and reach their full potential.
18. In response to the issues described above, the OfS will make available between £100,000 and £300,000 to providers to develop and implement innovative projects to test ways of improving transition into highly skilled employment for graduates and students who seek work in their home regions. Up to £500,000 will be available for collaborative bids involving providers working with strategic partners. We expect the funding requested to reflect the size of the target student group, the relative scale of improvements the activities aim to achieve, and the innovativeness of the approach.
19. We expect bids to clearly identify and provide evidence of the issue they seek to address, in terms of defining a group of students or graduates with particular characteristics, a feature of the local labour market where they seek to catalyse change, or both. Bidders should propose a programme of innovative activities aimed at making a measurable difference which will be seen in the outcomes for the identified graduate and student groups, and the local economy. If a bid involves outreach activity we would encourage the bidder to connect with its local enterprise partnership's Careers Hub, where appropriate⁶⁶. We particularly want to receive bids from consortia of different types of providers and strategic partners that can work together to identify and address the issues set out in this competition.
20. We also welcome bids that examine the extent of place-based decision-making in student and graduate career choices and the drivers behind those decisions, to inform our understanding of student choice and decision-making and to support our improvement strategies for student information.

Priorities and criteria

21. Bids should meet one or more of the following OfS priorities:
 - a. To improve the rates of progression of students from underrepresented groups, particularly those from minority ethnic groups and those with disabilities.
 - b. To improve graduate outcomes of mature students or part-time students intending to remain in their local area for study and post-study work.
 - c. To address skills gaps by ensuring that interventions developed to enhance graduate outcomes respond to and reflect local labour market demands.

⁶⁶ See <https://www.careersandenterprise.co.uk/schools-colleges/careers-hubs>.

22. Bids will require:

- a. Explicit support from students, employers, and relevant local agencies as well as from the higher education provider itself.
- b. Ambitious goals to change outcomes and to show how these will be achieved.
- c. Evidence of the funding and resources that all partners and stakeholders will commit towards the project.

23. Bids for this funding competition will be considered and assessed against the following criteria:

- a. The extent to which the proposed activities will address barriers and challenges associated with the lower mobility of graduates and students, which affects their ability to fulfil their potential and achieve successful employment outcomes.
- b. The extent to which activities will test new and innovative approaches or are extending or scaling up from existing practice. The ambition in the bid should be underpinned by appropriate risk management and mitigations and should demonstrate clear additionality to any activities which are already planned or underway.
- c. The extent to which the proposed activities support the specific needs of the identified student population and local area, and the extent to which students and graduates are directly involved in the development of key activities where appropriate.
- d. The extent to which proposals are supported by external investment and funding from partners, particularly employers. We expect to see a proportionate funding contribution from all the partners involved in the proposal. This will help to evidence demand and share risk.
- e. Value for money for OfS investment.
- f. The extent to which the bid will form part of a balanced portfolio of funded activity for this scheme overall – we will seek as far as is possible a spread of regional activity to test interventions and innovations for different types of students and graduates and in different types of regions.
- g. The ambition and likelihood that the activities will secure a significant change in current practice and continue to sustain improved outcomes for students and local areas over the medium to long term.

24. Funding will be awarded to the successful bidders on the following basis:

- a. A maximum level of £300,000 and a minimum level of £100,000 for individual providers. We welcome collaborative bids involving different types of higher education providers, particularly those providers which are not yet eligible to lead a bid. We will offer up to £500,000 for collaborative bids. We will look more favourably on bids which involve a collaboration of higher education providers and other strategic partners working together to address progression issues in their regional or local area.
- b. The funding available is revenue only and must not be used for capital expenditure.

- c. Projects must not run beyond three years, so must be completed by 31 March 2022. There is no minimum term, but we will only fund viable projects which will deliver value for money and which, according to the consideration and judgements through the assessment process, most effectively meet our criteria.
- d. In order to capture the maximum information about the outcomes and impacts from this competition, the funded projects will be required to form a network to disseminate and learn in real time the emerging lessons from their work. We will appoint an external evaluator to work with the successful projects. We will expect active engagement with the network and evaluation throughout the funding period and for the life of this programme overall.
- e. We will accept no more than one individual bid per provider. Through collaboration, providers may be involved in additional bids, with each collaborative bid requiring an eligible lead provider for funding purposes. Providers may not act as the lead on more than one bid.
- f. This funding is intended to support new activity. We do not expect to fund activities already underway, or those which would take place irrespective of this competition. If proposals build on already planned activity, or overlap with existing activities (e.g. access and participation plan commitments or the National Collaborative Outreach Programme), they should make clear how the requested funding will provide genuine additionality and avoid duplication.
- g. We expect any provider that is involved in a consortium that has been invited to submit a full-stage proposal to UK Research and Innovation's Strength in Places Fund (SIPF) to make us aware of any relevant or complementary activity between the SIPF proposal and any bid for this competition. Where activity between the two bids shares a similar focus, we would also expect bidders to explain clearly how the activity proposed as part of this competition does not duplicate any proposed SIPF activity and, where relevant, make explicit how the activities will be complementary.
- h. To capture the full impact of this funding, the successful projects will need to continue to measure graduate outcomes beyond the life of the funding.
- i. We anticipate supporting a wide range of projects, to deliver a diverse set of evidence-based bids.

Bidding process and timescales

- 25. Eligible providers are invited to submit bids for funding using the template at Annex A. Proposals must be emailed to localgradsCC@officeforstudents.org.uk by 1700 on Monday 26 November. Late submissions will not be accepted. Bids not using the template, or altering it, will be deemed invalid and will not be assessed. Bids should not exceed the maximum length specified in Annex A.
- 26. Following submission, bids will be assessed internally and considered by a panel comprising of external experts. Final decisions will be made by the OfS's chief executive or board, depending on considerations of cost and risk.

27. The timetable for this competition is as follows.

Date	Activity
1700 on 26 November 2018	Deadline for bids.
December 2018 and January 2019	Assessment process and panel meeting to review and recommend bids for funding.
February and March 2019	Decisions communicated to bidders and public announcements made.
April 2019	Funding commences.

Monitoring requirements

28. Funded projects will be subject to individual monitoring arrangements depending on the level of funding awarded and risk assessment. We will issue grant award letters to all funded projects setting out the terms and conditions of the funding, which must be formally agreed before grant payments will commence. We will take a risk-based, proportionate approach to monitoring, to ensure value for money and the delivery of targets, objectives, outputs and outcomes. We will undertake visits to and meetings with projects to better understand the activities, impacts and outcomes and to support analysis and dissemination.
29. The selected projects will be required to form a network, to share information and learning between themselves and with the OfS. We will also commission an independent evaluation of the overall scheme, and will notify the funded projects of this work accordingly. We expect all funded projects to work with us and the evaluators in an open and transparent way throughout, to share expertise, learning and best practice for the benefit of students and the wider higher education sector, and to provide detailed analysis of successful and unsuccessful activities in order to understand lessons learnt.
30. Funded projects will need to be able to measure the graduate outcomes for those involved beyond the funded programme.

Next steps

31. Interested and eligible higher education providers are invited to complete the bid template at Annex A and email it to localgradsCC@officeforstudents.org.uk by 1700 on Monday 26 November 2018. The template is available to download on our website at www.officeforstudents.org.uk/publications/office-for-students-challenge-competition-industrial-strategy-and-skills-support-for-local-students-and-graduates/.



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