

OfS public grant funding call for evidence: London Higher response

Question 1: What are your views on OfS course-based funding?

We support the principle that funding reflects the courses and subjects that students are studying but urge the OfS to reinstate appropriate regional uplifts to the allocation of this funding.

The removal of London Weighting in 2021/22 has created an uneven playing field for providers, with those operating in London having to pay academic staff costs that are estimated to be 12-14% higher than elsewhere in the country (even higher for non-academic staff), as well as higher land, building and maintenance costs.¹ For further information see the research commissioned by London Higher on the impact of removing London Weighting (https://londonhigher.ac.uk/wp-content/uploads/2022/05/RPT-LH-Impact-of-LW-Removal-FINAL-STC_spg.pdf) and this report by KPMG:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/909349/Understanding_costs_of_undergraduate_provision_in_higher_education.pdf.

The impact of the current approach, in which no regional uplifts are applied, is twofold. Firstly, it adversely affects the quality of provision in London as the higher operating costs incurred by providers in the capital divert funding away from supporting teaching. Secondly, it undermines the OfS' duty to promote equality of opportunity in English HE. This is because the current approach disproportionately impacts London providers that train essential workers (including nurses, teachers and social care workers), who are more likely to be commuter students, students from black and minority ethnic backgrounds, and/or mature students, and therefore at greater risk of experiencing inequality of opportunity. As a senior leader of a London HEI noted in 2021:

"This [the removal of London Weighting] will most penalise those London universities which can least afford it. And it's taking away capacity that is primarily being accessed by under-privileged students."

With reference to the courses and subjects aligned to the NHS Long Term Workforce Plan (LTWP), we support continued investment in these areas of training through the allocation of high-cost course funding. This is in recognition of the societal benefit these courses deliver. Given the need to recruit and train many more students in these areas between now and 2031/32, as set out in the LTWP, it is important that the scaling factor applied to these price groups is not reduced, as doing so would impede progress on delivering training at the scale envisaged in the Plan.

Question 2: What are your views on OfS student-based funding?

We support an allocation of student-based funding that takes into account the characteristics of students, but we believe the current formula, based on entry tariff, age and POLAR, overlooks important characteristics that serve as strong predictors of access and success. These include area-based measures such as IMD and individual-level measures such as free school meals eligibility. In London, living in an IMDQ1-2 postcode correlates strongly with lower levels of degree attainment, and students from IMD1 postcodes are much less likely to complete their qualification in the first place compared to those from IMD5. This suggests a possible role for IMD in the targeting of funding if the OfS wishes to support student success and progression in particular.

Question 3: What are your views on OfS capital funding?

The Government has previously emphasized a desire to make the impact of capital investment, as defined by its benefit to students and taxpayers, more transparent, hence moving towards targeted bidding as the basis for OfS capital funding. But this overlooks the additional burden placed on providers, the negative impact of which on value for money and student outcomes arguably outweighs any improvements to transparency.

The current balance between formula funding and competitive bidding is not appropriate. The skew towards competitive bidding places a disproportionate burden on small, specialist providers and works against long-term planning for estate development.

London Higher's members have highlighted to us that the current formula funding approach allows them to effectively plan future year student numbers, academic staffing and other resources such as space and equipment. This in turn enables more effective planning of research, innovation and enterprise activities. Any move towards a competitive bidding approach – especially an annual bid approach – could jeopardise our members' ability to plan beyond the next academic cycle.

Question 5: What are your views on OfS funding for national facilities and regulatory initiatives?

In London Higher's view, the OfS should fundamentally rethink the current approach of agreeing funding for key national programmes such as Uni Connect on an annual basis through the Strategic Priorities Grant. A key aim of the funding with respect to any national collaborative outreach programme should be to ensure long-term stability and an alignment with strategic access and participation priorities.

This would allow the programme to pursue more ambitious targets as its continuation would be assured beyond a 12-month funding window. We believe a 4-5-year funding agreement would be more appropriate – and the 2024 General Election, scheduled for 04 July, provides a golden window to make the case for this in a new parliamentary term, hopefully as part of a new long-term government Spending Review settlement.

As a delivery partner in the London Uni Connect consortium, we see first-hand the transformative impact that Uni Connect can have on programme beneficiaries, but we can also speak from experience as an employer to the acute challenges of recruiting and retaining Uni Connect staff on short-term contracts.

Uni Connect as an investment represents excellent value for money for the OfS, given it has been shown to deliver not only considerable economic impact (£5-9 return on investment for every £1 spent) but also to be effective in closing HE access gaps for underrepresented groups (see <https://www.hepi.ac.uk/2024/04/03/new-research-showing-the-impact-of-outreach-only-possible-through-collaboration/>). This value could increase further if the OfS is able to secure a longer-term funding commitment for the programme and in turn hold the partnerships delivering it to more stretching outcomes targets.

Question 6: What are your views about how we determine funding allocations?

We have presented suggestions for a more hypothecated approach to student funding in our response to Q2, above. However, if the OfS were to pursue this, we would argue in favour of delaying the adoption of 2022-23 HESA Data Futures data as the basis for determining student-based funding until the robustness of this data can be assured.