

## UA submission to the OfS consultation on recurrent funding for 2021-22

### About us

University Alliance (UA) is the voice of professional and technical universities. We represent 12 large to mid-sized universities working at the heart of their communities. Alliance universities partner with industry and the professions to deliver the workforce of today and tomorrow through practical, skills-based learning and applied research. Our members are:

- Anglia Ruskin University
- Birmingham City University
- University of Brighton
- Coventry University
- University of Greenwich
- University of Hertfordshire
- Kingston University
- Leeds Beckett University
- Oxford Brookes University
- University of South Wales
- Teesside University
- University of the West of England, Bristol

We welcome the opportunity to make a submission to the OfS consultation on recurrent funding for 2021-22 focused on our two primary areas of concern:

- 1) The reduction by half to the rate of high-cost subject funding for C1 subjects (performing and creative arts, media studies and archaeology)
- 2) The withdrawal of the targeted allocation for students attending courses in London and removal of London weighting from the student premium allocations.

Although some Alliance universities will be net beneficiaries from the proposals due to their large healthcare and STEM portfolios, we nonetheless believe they will have several unintended consequences, namely that they will adversely affect a thriving, world leading part of the UK economy and make it more difficult for the Government to deliver on its levelling up agenda. They will also have a disproportionate impact on students from disadvantaged backgrounds.

### Reduction in funding for most C1 subjects

The additional funding for high-cost subjects identified as supporting the NHS and wider healthcare policy, high-cost science, technology, engineering, and mathematics (STEM) subjects is welcome. These subjects are costly to deliver and have long formed a significant component of the portfolios of Alliance universities, notably nursing and allied health. Alliance universities collectively train around a quarter of nurses in England each year.

However, this uplift should not come at the expense of other subjects. Another equally valued component of our collective Alliance portfolio is the creative arts. We are therefore strongly opposed to the reduction by half to high-cost subject funding for C1 subjects. These courses, as the OfS notes, are expensive to deliver due to the specialist facilities, equipment and staff required, which is why they have long been subject to supplemental funding from government.

The reason given for the removal of the funding for these subjects is that the Department for Education (DfE) no longer considers them to be as strategically important as other high-cost areas such as healthcare, engineering, and IT. We think this is extremely short-sighted, and at odds with other key government priorities. The benefit to society and culture of these disciplines is well known – and perhaps become even more so during the pandemic. However, there are two other key reasons why they should continue to be proactively supported by government – or at the very least not actively disincentivised. Firstly, they make a significant contribution to the UK economy and provide crucial skills needed by UK businesses, both within and beyond the country's world leading creative industries. Secondly, as the OfS notes, they 'make a particularly important contribution to access and participation'. This is particularly the case when they are delivered outside of small specialist providers, which tend to attract more advantaged students, and in large, diverse institutions such as Alliance universities.

#### [Skills for UK plc](#)

The OfS notes the fact that many of the affected C1 subjects are relevant to professions in the Government's [shortage occupation list](#), allowing suitably qualified non-UK nationals to qualify for a Skilled Worker visa. According to this list, the country does not have enough architects, graphic designers, arts officers, producers and directors, musicians, dancers, and choreographers. It is unclear why the Government wishes to actively disincentivise institutions from offering provision directly linked to shortage occupations, favouring recruitment from overseas over the upskilling of the UK workforce.

Moreover, the Creative Industries form an important part of the government's [Plan for Growth](#). According to the Creative Industries Federation, almost one in eight UK businesses are creative businesses. The latest estimate, pre-pandemic, was that the creative industries contribute £115.9bn gross value added (GVA) to the UK economy, which is greater than the automotive, aerospace, life sciences and oil and gas industries combined. It is also growing four times faster than the rest of the economy, according to recent DCMS figures.

The [Creative Industries Sector Deal](#), launched in 2018, includes investments in creative clusters with university involvement across the UK. Alliance universities have a long and deep heritage of transforming their regions and accelerating business growth and employability within local economies through partnerships with key sectors and industries. Working with the local and regional creative and digital sectors to help businesses start, grow, and innovate is currently a key priority for UA members. In the aftermath of COVID-19, many communities will need economic transformation, and the creative industries will

be central to the recovery across the UK. [Recent research](#) has shown how UK creative degrees are internationally competitive and are an important exporting sector, bringing economic advantage to university towns across the UK. Reducing funding for creative subjects could significantly compromise the role of universities as a talent 'pipeline' for these industries.

However, it is not just creative businesses that value creative arts graduates. There is a growing amount of evidence, for example from Nesta's [Creative Industries Policy and Evidence Centre](#) (PEC), that a wide range of employers recognise the value of a creative education. Sir Peter Bazalgette's 2017 [Independent Review of the Creative Industries](#) found that "the skills and business models of this sector and of the wider creative economy are those which many experts judge to be of increasing importance: blended technical and creative skills; collaborative interdisciplinary working; entrepreneurialism and enterprise".

### Levelling up

In the consultation document, the OfS notes that students studying design, and creative and performing arts have the highest proportion of any broad subject group to have a reported disability and a higher-than-average proportion coming from POLAR quintiles 1 and 2. However, they are less likely than average to be mature students or to come from a black, Asian or minority ethnic background. Whilst the additional funding for small specialist providers proposed is welcome, disincentivising creative arts provision at non-specialist institutions will only exacerbate these inequalities. Specialist institutions tend to be clustered in London and the South East and attract students from more advantaged socioeconomic backgrounds.

A key priority of the Creative Industries Sector Deal is to open up the sector to a more diverse workforce. It is therefore vital that creative arts courses are available at a wide range of high-quality providers across the UK, and particularly to those which attract non-traditional and local students. In 2019-20, 33% of students studying across Alliance universities were aged 25 or over, 12% were Black, 14% were Asian and 13% were known to have a disability. Part-time students made up 20% of all students studying across Alliance universities. The proposals in the consultation threaten to make studying creative arts the preserve of a small group of elite students who can study away from home. This is completely contrary to the Government's levelling up agenda.

### Removal of London-specific funding

The consultation proposes the withdrawal of the targeted allocation for students attending courses in London and removal of London weighting from the student premium allocations. This additional funding has been given to London providers for decades to reflect their higher operating costs, with [government-commissioned evidence](#) showing that higher education costs 14% more to deliver in London on average than elsewhere in the country.

[Analysis from London Higher](#) has shown that the proposed cuts will mean at least three London universities will go from having comfortable surpluses to deficits. Others will only just break even. London-based Alliance universities stand to lose over £2m each in 2021-22 because of the proposals.

The OfS justifies the proposed cuts on the grounds that London universities have a unique ability to raise income from other sources, recruiting high numbers of international students who pay significantly higher fees. However, as the [London Higher report](#) points out, this is simply not the case for most London universities; only five London universities account for around half of all international students in the capital.

Moreover, many London universities have a high proportion of commuter students, many of which live in some of the country's most deprived areas. This is certainly the case for London Alliance universities. For example, at the University of Greenwich, around 70% of students commute to university from home; 65% are the first in their family to attend higher education; and 52% come from BAME backgrounds. Although it is a wealthy global city, London is far from homogenous, and certain parts of the city are as much in need of levelling up as other parts of the country.

Teaching-intensive HEIs in London such as Alliance universities train a significant proportion of London's public sector workforce, such as teachers, social workers, nurses, and allied health professionals. As many of these courses are already lossmaking, any further funding reductions could put their viability at risk. Other potential impacts of the proposals include a reduction in staff and cuts to student services, which could adversely affect the quality of higher education in London.

## Summary

At a time when institutions are still recovering from the impacts of COVID, the proposed funding reductions present significant financial challenges for universities, particularly this late in the budget planning cycle. At an absolute minimum there should be a phased approach to any cuts, and a scheduled review of their impact. University Alliance is calling on the DfE and OfS to rethink the proposed cuts to C1 subjects and London weighting. These cutbacks are short-sighted, and likely to slow the UK's recovery in the long run. They are ultimately contrary to the Government's levelling up agenda.