

Our response to the DfE consultation on ‘Office for Students’ fee charging model’

Background

Universities UK (UUK) is the collective voice of 143 universities in England, Scotland, Wales, and Northern Ireland. Its mission is to create the conditions for UK universities to be the best in the world, maximising their positive impact locally, nationally, and globally. Universities UK acts on behalf of universities, represented by their heads of institution.

Summary

Effective regulation of higher education cannot be achieved without an appropriate level of resourcing and support. However, the mechanisms through which the Office for Students (OfS) are currently funded to perform this role lack transparency and fairness. We welcome proposals to charge providers directly for those additional provider-initiated activities that are currently being cross-subsidised by other registered providers. However, we encourage the DfE to re-consider its approach to the annual registration fee and to explore a more risk-based approach. Larger institutions are not inherently higher risk, nor will they necessarily generate more regulatory activity.

We also strongly encourage the Department for Education (DfE) to introduce greater accountability mechanisms, to ensure the OfS is spending its income in an efficient and transparent way. We recommend introducing new annual public reporting requirements for the OfS, requiring the OfS Chief Executive(s) to report annually to the Education Select Committee to account for regulatory performance, and extending the OfS’s current Key Performance Measures (KPMs) to include an assessment of value for money in its performance as a regulator.

The Government must also carefully consider the scope and scale of the regulation it expects of the OfS. Where DfE seeks to introduce new regulatory powers or administrative responsibilities, including the International Student Levy, the DfE should consider where it can provide direct funding to cover this.

Our response

Part 1: Annual Registration Fee (Questions 1–14)

1. Do you think the current annual registration fee structure is proportionate?

Without transparent reporting and data from the OfS and DfE on how the current annual registration fee is spent, it is difficult to assess whether the structure is proportionate and fair. While we understand that student numbers offer one mechanism for categorising providers, it is not clear that larger student numbers produce greater regulatory risk and therefore cost. The DfE should keep the annual registration fee structure under review and consider what intelligence the OfS holds on where and on what it is spending most of its income to determine whether a student-numbers based structure is appropriate.

As part of this recommendation to increase transparency, we would welcome the OfS assessing how costs are generated in postgraduate-only institutions. Their (current) absence from the Teaching Excellence Framework and their exclusion from access and participation plans, for example, means they are cross-subsidising regulatory activity they are not subject to.

2. To what extent do you agree with the proposal to adjust the weighting of the current banding model (Proposal 1)?

N/A

3. For Proposal 1, which adjustment do you think is best: the smaller or larger adjustment?

N/A

4. Please provide any additional comments on Proposal 1.

N/A

5. To what extent do you agree with moving to a model combining a flat fee and variable (FTE-based) component?

N/A

6. What benefits or challenges do you foresee in implementing Proposal 2?

N/A

7. Please provide any additional comments on Proposal 2.

N/A

8. To what extent do you agree with introducing a new upper band (30,000+ FTE)?

N/A

9. What impact, if any, would Proposal 3 have on fairness and proportionality?

N/A

10. Please provide any additional comments on Proposal 3.

N/A

11. To what extent do you agree that current discounts (micro-provider and new provider) support fairness and proportionality?

N/A

12. What positive or negative impacts do these discounts have?

N/A

13. Are there any other provider categories that should receive a discount? If so, which and why?

N/A

14. Please provide any additional comments on discounts.

N/A

Part 2: Other Fees (Questions 15–29)

15. To what extent do you agree that applicants should cover the cost of initial registration?

Strongly agree

16. Do you support charging this fee on a cost-recovery basis?

Yes

17. Please provide any additional comments on Proposal 4.

N/A

18. To what extent do you agree that DAP costs should be funded by the applicant?

Strongly agree

19. Which types of DAPs should the fee apply to? (Foundation, Taught, Research, Variation, All/None)

All of the above

20. Do you support charging this fee on a cost-recovery basis?

Yes

21. Please provide any additional comments on Proposal 6.

N/A

22. To what extent do you agree applicants should cover the cost of changing registration category?

Strongly agree

23. Do you support charging this fee on a cost-recovery basis?

Yes

24. Should any providers be exempt from this fee?

No

25. Please provide any additional comments on Proposal 6.

N/A

26. To what extent do you agree applicants should pay £11,000 for university title/name change applications?

Agree.

In principle, we are not opposed to applicants paying a fee for changing their university title.

Where universities are exploring potential mergers or transformation activities that would require a university title/name change application, having a clear understanding of the associated costs will support appropriate planning and cost-benefit analysis to determine whether to proceed.

However, it is critical that OfS provides a transparent process setting out the timescales for the process of changing titles and what support will be offered to higher education providers and clear timescales for the process of changing titles, especially as collaboration is likely to become more common across the sector.

27. What impact might this have on providers considering applying?

N/A

28. Should any providers be exempt?

No

29. Please provide any additional comments on Proposal 7.

We note that in the recent OfS response to its consultation on a future approach to quality regulation, the regulator states it will consult in stage two about assessment costs for providers. This will include the extent to which they should be added to the annual registration fee or charged as separate assessment fees. UUK's view remains that regulation of quality should be a core purpose and function of the OfS which should be covered by a provider's registration fees.

Overall / Cross-cutting Questions (Questions 30–35)

30. To what extent do you agree the current OfS fee approach is transparent and fair?

Disagree.

The current OfS approach to additional charges is neither transparent nor fair, with the financial burden of provider-initiated fees being cross-subsidised by the registration fees of all registered providers. This is particularly evident in applications to join the register, which can be as high as £105,000.

At a time when sector finances are highly constrained, the DfE and OfS should not expect universities to absorb these costs through an ever-increasing annual registration fee, particularly when providers could direct such funding towards investment in teaching, learning, and student support. Equally, students would benefit from an OfS that can allocate more of its 'business as usual' funding towards regulation in their interests.

The system also lacks transparency, as there is no detailed breakdown of how the OfS allocates registration fee income, including the proportion directed towards registration, degree awarding powers (DAPs), category changes, and university title applications.

We have broader concerns regarding how the OfS accounts for and spends income from the annual registration fee. In 2023, the DfE increased OfS registration fees by 18.5% to fund additional capacity, including expanded responsibilities relating to freedom of speech and academic freedom. However, with the DfE only commencing the complaints scheme in September 2026 – and currently only for staff and external speakers, not students – it is unclear how the additional funding from previous years has been used.

We recommend:

- The DfE introduces new annual public reporting requirements for the OfS, setting out how registration fee income is spent and the returns delivered to students, the sector, and the public.
- The OfS Chief Executive(s) report annually to the Education Select Committee to account for regulatory performance, including how income from the annual registration fee has been spent, how effectively regulatory requirements are supporting objectives, and what steps are being taken to minimise unintended consequences, including regulatory burden.
- The OfS extends its current Key Performance Measures (KPMs) to include an assessment of value for money in its performance as a regulator.

The DfE must also consider the fairness and transparency of the annual registration fee in the context of the indirect costs of OfS regulation and compliance. An effective regulatory framework is essential to maintaining public and political confidence in universities. However, this should not come at the expense of providers' ability to

deliver for students. On average, universities employ the equivalent of 17.6 full-time staff dedicated to regulatory compliance. The OfS should seek to streamline its requirements, adopt a more risk-based approach, and reduce unnecessary regulatory burden.

To achieve this, we recommend the OfS:

- Develop a transparent, consultative cost-benefit methodology to assess current and proposed regulation, building on the existing Higher Education Statistics Agency (HESA) 'burden assessment methodology'.
- Pause activity that duplicates work already underway within the sector, explore non-regulatory approaches in collaboration with the sector, and provide evidence of their effectiveness before introducing new conditions of registration or regulatory expectations.
- Provide greater clarity on the status of non-condition-of-registration expectations, particularly where compliance requirements and consequences of alternative approaches are unclear (for example, on degree algorithms and a new disability statement of expectations).
- Work with UUK to revisit its approach to engagement with providers before, during, and after investigations.
- Communicate a clear operational plan for regulatory delivery, including milestones and consultation timelines, to give universities greater clarity on expectations and timing.

31. Do the proposals improve transparency and fairness?

Yes.

For the reasons set out in Q30, we think the introduction of Other Fees for provider-initiated activities on a cost-recovery basis will improve transparency and fairness.

As we have previously stated to the OfS, we agree with the principle that low-risk providers which consistently demonstrate compliance with OfS conditions of registration should not face increases in their registration fees to meet the costs of investigations into other institutions where breaches have occurred. While not being consulted on here, we want to reiterate that transparency and fairness would also be improved if the OfS could be clearer in the processes that will trigger an investigation. It should not enact lengthy and costly investigations unless there are clear grounds for doing so, particularly where the OfS – and therefore the wider sector – must cover more of the costs of the investigation.

32. Are there any unintended consequences?

N/A

33. Any other comments or proposals on the future design of the fee model?

N/A

34. To what extent do OfS fee levels affect provider business planning?

Depending on when the annual registration fee amount is confirmed, universities may set their budgets prior this. This can require in-year budget adjustments to accommodate fee increases. The DfE and OfS need to give providers as much notice of changes to fee levels as possible.

35. To what extent should the OfS be funded proportionately by those it regulates?

Neither agree nor disagree.

We agree that providers should contribute to the costs of regulation. However, in a financially challenging environment, the Government must consider the scope and scale of regulation it expects of the OfS. Where DfE seeks to introduce new regulatory powers, for example, historically the expansion of responsibilities relating to freedom of speech and academic freedom, or requirements for franchised providers to register with the OfS, the Government should include a clear assessment of the likely costs and how these will be funded. When and where there will be additional 'start-up' activity needed, the Government should provide direct funding to the OfS rather than relying solely on increased fees for providers. For example, it has been confirmed that the OfS will be responsible for administering the International Student Levy, so the funding required to resource this should come directly from Government to avoid introducing a double taxation on universities.