INDEPENDENT HIGHER EDUCATION

IHE response to the DfE consultation on the Office for Students' fee charging model

July 2026

Part 1: Annual Registration Fee

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

No.

IHE has consistently been clear that the best model for the annual registration fee is a per-student fee. The most effective way to remove the cliff edges evident in the consultation proposals is to move away from a banded model altogether. DfE is right to highlight the £591 per FTE headline for a 25-FTE provider at the top of Band A, but no weighting adjustment solves this. Under a banded structure the per-FTE cost spikes sharply at the bottom of every band, imposing a significant rise in regulatory cost for very little additional student income.

Regardless of the outcome of this consultation, IHE calls for a full review of the band model, which we believe is weighted poorly. The sharpest end of regulation is felt by providers in the 500–1,000 band (Band G), who face the highest regulatory burden relative to their income without the scale needed to absorb it.

Our data shows that providers between 500 and 1,500 students spend the highest proportion of their income on regulation: it is at this point that providers must recruit specialist staff in data, quality (with both TEF and B3 becoming materially more relevant above 500 students), and regulatory processes such as harassment and sexual misconduct, free speech, EDI and governance, and often invest in more complex student records systems. The balance between these fixed costs and student income does not even out until approximately 1,500 students.

Question 2: To what extent do you agree with the proposal to adjust the weighting of the current banding model as per Proposal 1?

Agree.

We welcome the recognition that the current structure is not balanced, and in particular the acknowledgement that the per-student cost falls disproportionately on smaller providers. In a system where the average student meets 84% of the cost of their qualification, and where students at Approved-category providers meet 100% of that cost, it is ultimately the student who pays for OfS regulation. This makes proportionality a matter of student interest, not simply provider affordability.

We agree that adjusting the formula would support continued sector diversity and, importantly, help more providers enter regulation, to the benefit of students and the sector. Smaller providers play a distinctive role in English higher education, delivering specialist provision alongside flexible, innovative models that support students who are underserved by larger institutions into and through a qualification.

However, weighting must represent real change, and neither model in Proposal 1 achieves this. Even under the large adjustment, a provider at the bottom of Band G (501–1,000) pays more per student than any provider above them, at either the top or bottom of any higher band. Summing the highest per-student cost across Bands H to M still produces a figure lower than the per-student cost at the bottom of Band G, and providers at the bottom of Band G pay almost ten times the per-student cost of those at the bottom of Band M. This is the core disproportionality the proposal claims to address, and it remains.

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

Larger.

As set out above, we do not think either weighting delivers real change. If Proposal 1 were chosen over Proposal 2, IHE would support the larger adjustment. A larger adjustment redistributes the cost of regulation across Bands A to G, where the smallest providers sit, and produces a slightly better balance in per-student cost in the higher bands.

The larger adjustment also better addresses IHE's concern that cliff edges between bands discourage well-paced growth and create unnecessary financial risk. IHE Members are clear that the step-change in cost on entering a new band is prohibitive for smaller providers. Band G is where the bands widen sharply, from a 200-student band in F to a 500-student band in G, so providers spend longer in G as they grow, taking longer to halve their per-student cost. It is therefore appropriate that, under the large adjustment, the cliff edge between the top of Band F and the bottom of Band G is only £22.09 per student, whereas under Proposal 2 the same step is roughly twice as expensive at £43.22 per student.

The larger adjustment likewise avoids the substantial cost shift Proposal 2 imposes on Band G. An increase of over £7,000 a year for providers with more than 500 students does not represent a fair distribution of cost. Under Proposal 2, students at the bottom of Band G would pay twelve times more than those at the bottom of Band M. Band G is also the second largest of the small-provider bands, with 51 providers, behind only Band E with 102; by contrast, Bands H to K together contain only 59 providers, with no more than 18 in any single band. Under the current bands, the per-student cost at the bottom of Band I is half that at the bottom of Band G; under Proposal 2 that gap narrows to only a third, representing minimal savings for Band G students relative to peers two bands above them. The large adjustment in Proposal 1 restores the current balance, where the per-FTE cost is £105.36 for a 501-student provider and £57.36 for a 1,501-student provider.

IHE advocates for Proposal 2, but only with a genuine per-student fee applied above the flat fee. If government does not take that route, the larger adjustment is the fairer distribution and avoids the substantial cliff edge as providers cross 500 students.

Question 4: Please provide any additional comments on Proposal 1.

Proposal 1 works within a banded structure that IHE believes is fundamentally the wrong tool for a diverse sector, and no re-weighting of that structure removes the per-student spikes at the foot of each band. We would caution DfE against treating a weighting change as a substitute for the wider review of the band model that we are calling for. Any adjustment made now should be explicitly framed as interim, pending a fuller move toward a per-student model, so that providers are not asked to plan around a structure that DfE itself may revise within a fee cycle. We would also ask that any modelling published alongside a final decision shows per-FTE cost at both the top and bottom of every band, since band-level headline fees mask precisely the transition points that drive provider behaviour.

Question 5: To what extent do you agree, as per Proposal 2, with moving the existing fee structure to a model which combines a flat fee for all providers with a variable component based on the FTE student number?

IHE strongly advocates for a per-student model but accepts that a base fee would help the OfS to budget in the face of fluctuating student numbers. Members regard this as a fair way to share the risk of a changing market between the OfS and providers. Of the options presented, we therefore support the direction of Proposal 2, but we advocate for a flat fee plus a genuine per-student charge, not the flat-plus-banded-midpoint model as drafted.

The model as presented reintroduces the very cliff edge it should remove. The change for a provider moving from Band F to Band G is over £20,000: the band price difference from the 2025-26 baseline is −£2,375 for Band F but +£7,910 for Band G. Under this model a provider with 501 students would pay £128.50 per student, while the most a Band M provider would pay is £10.30. A true marginal per-student rate above the flat fee, which is an approach used elsewhere in the sector, including by HESA, would smooth this entirely and is the only version of Proposal 2 IHE can support.

IHE is deeply concerned about the jump between Bands F and G, and that this is precisely where a provider's operating model shifts to incur materially higher costs. Our evidence shows this group already spends the largest share of income on regulation, because of growth patterns and the relatively high fixed spend required for compliance. Beyond 500 students, providers must invest in larger systems and additional regulatory staff; growth happens over several years, and significant economies of scale are not reached until around 1,500 students, where additional overheads are finally met more comfortably by additional student income. Providers in this band receive limited if any public funding and are highly unlikely to have alternative sources of revenue.

In IHE's 2025 Survey, we asked providers what share of annual turnover they spent on regulation. Providers at the bottom of the 500–1,000 group reported spending 10% of turnover on regulation; those at the top of the band reported 6%. Only when providers reach Band L does spend fall below 5% of turnover. The survey also showed a clear link between financial pressure and regulatory spend: providers that took on additional debt in the last year spent an average of 9.7% of turnover on compliance, and all sat in Bands A to G; those whose reserves fell spent the most, at 8.4% on average; while those taking no strategic action to change their financial position spent just 2.1%. Regulatory cost is therefore concentrated precisely where financial vulnerability is greatest - the opposite of a proportionate outcome.

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

The principal benefit is transparency and predictability. A flat fee plus a marginal per-student rate is far easier for a provider to understand and forecast than the current weighting mechanism, and it removes the perverse incentive to grow, or avoid growing, purely to change fee band. It also distributes the risk of market fluctuation fairly: the flat element gives the OfS a stable core income, while the variable element flexes with the sector's actual size.

The main challenge is that the model as drafted does not deliver these benefits, because it retains banded midpoints and therefore retains cliff edges, most severely at the F–G transition. A second challenge is calibration: the flat element must be set low enough to remain affordable for the smallest providers while still yielding sufficient core income, and the annual re-setting of both elements during business planning must be transparent, with clear notice to providers, or the predictability advantage is lost. Finally, DfE should model the transition carefully for providers whose fees rise sharply under any new structure, and consider phasing, so that a single provider does not face a step-change of tens of thousands of pounds in one year.

Question 7: Please provide any additional comments on Proposal 2.

If Proposal 2 is adopted, IHE asks that the per-student mechanism be a true marginal rate applied to actual FTE, rather than to band midpoints, and that DfE publish the flat fee, the marginal rates, and worked examples at the point of decision. We would also welcome a commitment that the annual recalculation of the flat and variable elements is published with a clear explanation of any change, so that providers can distinguish movements driven by the OfS's own cost base from those driven by shifts in the sector's total student numbers. This distinction matters: providers should not absorb the cost of the OfS's inefficiency through an opaque annual reset.

Question 8: To what extent do you agree with Proposal 3, that the current banding structure should be expanded to include a new upper band for the largest providers (30,000+ FTE)?

We fully support an additional band for the largest providers. This group is growing and is likely to continue growing as the sector sees further mergers between large institutions, consolidation that is already visible at the top of the sector. Mergers among smaller providers are captured as they move up the existing bands, but growth at the very top is not, and the current Band M gives the largest providers a proportionally lower per-student cost than their scale and regulatory footprint justify. A new Band N corrects this.

Question 9: What impact, if any, do you think Proposal 3 would have on the fairness and proportionality of the fee model?

Proposal 3 improves proportionality at the top of the distribution by ensuring the largest providers contribute in line with their scale and the regulatory oversight they require. On the consultation's own illustrative figures, a Band N provider would pay £274,545, some £51,695 more than under the current Band M, a meaningful correction to the current position, in which providers of 20,000 and 40,000 students pay the same fee despite very different footprints.

We would, however, caution against viewing Proposal 3 as sufficient on its own. It addresses fairness at the top without resolving the disproportionate burden on small and mid-sized providers, particularly Band G, which is where our evidence shows the acute pressure sits. Proposal 3 should be implemented alongside, not instead of, meaningful change lower down the structure, and DfE should be transparent that any additional yield from Band N is redistributive rather than a net increase in the OfS's total recovery.

Question 10: Please provide any additional comments on Proposal 3.

Proposal 3 can and should be implemented alongside either Proposal 1 or Proposal 2, and IHE would support it in combination with our preferred version of Proposal 2. We would ask DfE to keep the 30,000 FTE threshold under review as the sector consolidates, so that a single upper band does not, in a few years, replicate at the top the same compression that Band M shows today. If the number of very large providers continues to grow, a further band may be warranted, and the model should be designed to accommodate that without wholesale redesign.

Question 11. To what extent do you agree that the current discounts (micro-provider and new provider) support fairness and proportionality within the annual registration fee model?

IHE strongly advocates for a fully regulated higher education sector, in which all providers delivering higher education are regulated transparently, proportionately and to a high standard. The current discount model is essential to that goal: it enables all providers to register, including micro-providers and those entering regulation for the first time.

The discounts are necessary to support financial sustainability in the early years of registration, when the regulatory burden is at its heaviest as initial data and processes embed. That burden is not confined to the OfS: providers must simultaneously set up with the SLC and the designated data body (HESA/Jisc) and implement policies on free speech and harassment and sexual misconduct. For many providers, registration brings no immediate, and sometimes no eventual, increase in income; many are moving from subcontractual delivery to validation, or registering so their students can access student finance, without any change in student numbers.

Micro-providers face the largest proportionate burden of any group in the system. Registration is a significant investment for them, requiring reporting processes and functions they did not previously hold in formalised form. Our survey evidence consistently shows the smallest providers spending the highest share of turnover on regulation, and the discount is what makes registration viable for them at all. Large providers from our survey spend only 1.1% on regulation versus Micro providers at 7%. Without it, the sector would lose exactly the specialist and innovative provision that widens choice for students.

Question 12: What positive or negative impacts do the current fee discounts have on your organisation, and on the sector more broadly?

The discounts encourage providers to register in circumstances where the principal financial benefit accrues to students rather than to the provider, most obviously by giving students access to student finance where they would otherwise pay up front. This directly supports access and widening participation, and it brings provision into the regulated sector that might otherwise sit outside it.

We are not aware of significant negative impacts from the discounts themselves. The risk lies in their absence: were the discounts removed or narrowed, the barrier to entry for micro and new providers would rise, registration would become uneconomic for some, and the diversity of the sector, and the choice available to students, would narrow. The discounts should be seen as an investment in a fully regulated, diverse sector rather than as forgone income.

Question 13: Are there any other categories of providers who may require a discount to ensure proportionality and fairness? If so, which and why?

Yes. IHE encourages DfE to consider three groups:

- Charities for which higher education is a small but essential element of a wider mission. The charity as a whole may not be a micro-provider, but its higher education provision would meet the definition. OfS fees fall disproportionately on these providers, and there should be an option for a charity to apply for micro-provider status where the staffing and turnover of the higher education provision within it meet the criteria.

- Providers required to register solely to maintain access to student funding, for example those affected by the closure of Advanced Learner Loan route, who gain no advantage from registration and are simply preserving the status quo. These providers should receive a 100% discount on registration fees. This is a consequence of a government decision and should be costed as part of that decision, exactly as when providers moved from HEFCE/Alternative Provider course designation to the OfS.

- Where government implements a policy that requires a specific group of providers to register to maintain their existing model, and does not give them the choice to retain their current arrangements with their existing regulator, government should meet the cost of registration and cost it into the policy change, rather than transferring it to providers who derive no benefit.

Question 14: Please provide any additional comments you have on the discounts.

We would ask DfE to ensure that eligibility for any discount is assessed on a basis that reflects the scale of a provider's higher education activity rather than the scale of the organisation as a whole so that the charity case above is captured rather than excluded on a technicality. We would also welcome clarity that discounts apply consistently across annual and initial fees and any new fees introduced under Part 2, so that a new or micro-provider is not exposed to the full weight of the Part 2 charges at the very point when the registration discount recognises their vulnerability.

Part 2: Other Fees

Question 15: To what extent do you agree with Proposal 4 — that applicants should cover the cost of the initial registration to the OfS Register?

Agree.

We have long called for a more efficient and timely registration and DAPs process, and we support the introduction of registration fees, but only where they are accompanied by transparent service level agreements (SLAs) that are reported against annually with genuine consequences where they fail to be met. Providers must be able to challenge the OfS for failing to meet the relevant SLA, and the OfS must be held to account, especially where delays cause significant financial loss. Members have lost as much as £1.5 million over three years as a result of OfS delays, indecision and eventual "pauses"; they would much rather pay a reasonable fee for a service that works.

We therefore support fees only where the arrangement comes with clear SLAs; represents a more stable and efficient delivery model; uses fixed costs wherever possible to enable financial planning; and charges only for each stage reached so that a provider that does not progress to the final stages does not pay for them.

Question 16: Do you support the Initial Application Fee (Proposal 4) being charged on a cost recovery basis?

Not sure.

We support a cost recovery model only in part, and only subject to the SLA conditions above being in place, measured and reported annually, with DfE holding the OfS to account where timescales are missed.

We do not support the cost recovery model as proposed. The OfS can and should be able to publish standard fees for most stages of registration that cover the cost of that stage, limiting variable cost recovery charges to genuinely minimal elements. The initial assessment stage, for example, should now be standardised under the new submission model and should not cost one provider more than another. The quality assessment should move to a banded model priced on the size of the review team and the number of days required: a provider with a single programme and a small cohort will plainly need fewer reviewers and days than a much larger applicant.

The proposed range of £68,000–£105,000 is the core problem. That degree of variation is unmanageable for micro and small providers, who cannot budget against it. The OfS must define clearly what constitutes a "complex" case and exactly what the additional c.£40,000 pays for. Variable cost recovery charges should apply only after the initial application period, once complexity is genuinely established and assessable; initial registration and the quality assessment should be flat fees.

Question 17: Please provide any additional comments on Proposal 4.

The justification for Proposal 4 rests on cases where registration is ultimately refused yet still consumes OfS resource. IHE accepts that assessment carries cost whatever the outcome, but this strengthens the case for stage-by-stage charging rather than a single large cost recovery fee: a provider that is refused early should pay only for the stages reached. We would also note the interaction with the discounts in Part 1, a small new or micro-provider facing a five- or six-figure application fee, even before registration, would face a barrier to entry that the registration discount is specifically designed to remove. Any initial application fee must therefore be structured, discounted or staged so that it does not undo the access the discount regime protects.

Question 18: To what extent do you agree with Proposal 5, that the full cost of the DAPs process should be funded by the applicant, rather than through the annual registration fee?

Agree.

DfE should recognise that the current cost of DAPs scrutiny is already very high, and that the OfS itself has acknowledged the process is not efficient. Providers currently pay more to manage the instability within that system, not less. We can support the principle that applicants meet the cost of a process they initiate, but only where doing so is coupled with reform of the process itself.

As with registration, we support fees only where the arrangement comes with clear SLAs; represents a more stable and efficient delivery model; uses fixed costs wherever possible to support financial planning; and charges only for each stage reached, so that providers do not pay for stages they do not progress to.

Question 19: For Proposal 5, which types of DAPs should this fee apply to?

All of the above.

We support fees across Foundation, Taught, Research and Variation of DAPs, but only where the model comes with clear SLAs; represents a more stable and efficient delivery model; uses fixed costs wherever possible; and charges only for each stage reached. Applying the fee consistently across all DAPs types is defensible only if the underlying process is efficient and the charging is staged; without those conditions, a uniform fee simply spreads an inefficient cost more widely.

Question 20: Do you support Proposal 5's fee being charged on a cost recovery basis?

Only with a genuine and independent right of appeal on any charge. Providers must be able to challenge the OfS's cost recovery estimates, and the OfS must justify any figure presented. Given the OfS's own acknowledgement that the DAPs process is not efficient, cost recovery without an appeal route risks charging providers for that inefficiency; a right to challenge is the minimum safeguard, and here too we would prefer standardised or banded costs for the predictable stages, with cost recovery reserved for genuinely variable elements.

Question 21: Please provide any additional comments on Proposal 5.

Proposal 5 should not proceed without a more efficient and transparent process for changing registration category, and the fee should be staged so that providers pay only for the stages their application reaches. We would also stress the interaction with wider policy: a punitive charge for category change works against students, for the reasons set out in Question 22.

Question 22: To what extent do you agree with Proposal 6, that applicants should cover the cost of changing their registration category?

Agree.

This proposal requires a much more efficient and transparent process for changing registration category before any fee is justified. The OfS must be clear about what constitutes a "complex" case and must justify where additional cost arises. To date, the guidance provided to members is that cost is incurred where a fresh quality assessment is required, yet in practice each such assessment has focused on specific changes within the provider rather than a genuine reassessment against the baseline, which calls into question the scale of cost being attributed to it. OfS has far more information on registered providers than those seeking registration for the first time, so costs cannot be comparable where the activity is assessing available information rather that gathering and assessing new information.

With the introduction of a cyclical quality assessment model under the new TEF, much of this should become unnecessary, as changes within a provider will be tracked more consistently. The OfS should also recognise that switching to the fee-cap category is often not about accessing public grant funding, but simply about enabling students to access the full student loan. Many IHE Members who have switched have reduced their fees to fit the category, accepting a loss of revenue per student in the interest of widening access. Punitive registration costs will discourage a move that is clearly designed in students' interest, and the fee regime should not penalise it.

Question 23: Do you support Proposal 6's fee being charged on a cost recovery basis?

Not sure.

As with initial registration, we support fees only where the arrangement comes with clear SLAs; represents a more stable and efficient delivery model; uses fixed costs wherever possible to support financial planning; and charges only for each stage reached, so that providers do not pay for stages they do not progress to. Because category change is frequently a student-interest move rather than a commercial one, we would place particular weight on predictability and on keeping the charge proportionate to the actual regulatory work involved.

Question 24: Are there any circumstances in which a provider should be exempt from paying the fee under Proposal 6?

Yes.

Micro-providers should be exempt from this fee. A provider that moves category to enable its students to access the full student loan — typically at a lower fee, and therefore at a loss of per-student revenue — is acting in students' interest, and a micro-provider doing so should not face a charge that deters it.

Question 25: Please provide any additional comments on Proposal 6.

The strongest argument against a full cost recovery fee here is that the underlying assessment is, on the OfS's own current practice, targeted at specific changes rather than a full reassessment, so the "new registration application" framing overstates the work genuinely required. IHE would ask DfE to press the OfS to align the fee with the actual scope of assessment, and to reflect the efficiencies that the cyclical TEF model should deliver, rather than defaulting to a figure benchmarked against a full initial registration.

Question 26: To what extent do you agree with Proposal 7, that applicants should pay a fee of £11,000 to apply for University Title or University Title name changes?

Agree.

An £11,000 fee is justifiable for an initial University Title application, given the assessment involved and the significant reputational and recruitment benefit the title confers. We are unclear, however, why the same fee would apply to a name change, which is a materially lighter process. The charge for a name change should be transparent and separately justified, and we would expect it to be lower than the charge for an initial grant of title.

Question 27: What impact, if any, do you think the introduction of Proposal 7 might have on providers considering applying for University Title or a University Title Name Change?

For a provider seeking University Title for the first time, £11,000 is unlikely on its own to deter an application, given the value of the title. The risk lies with name changes, and particularly with providers required to change their name for reasons outside their control — for example those leaving a franchise arrangement who can no longer use "university campus" or "university centre" (see Question 28). For that group, a fee at the same level as an initial application would be a charge for a change they gain nothing from and did not choose, and could deter or delay a change they are effectively required to make. Differentiating the two cases would remove this risk.

Question 28: Are there any circumstances under which a provider should be exempt from Proposal 7?

Yes.

Providers moving away from a franchise model, who will no longer be permitted to use titles such as "university campus" or "university centre", should be exempt. These providers see no financial benefit from the name change but are nonetheless required to make it, and it would be inequitable to charge them a fee designed to capture the value of a benefit they are not receiving.

Question 29: Please provide any additional comments on Proposal 7.

We would ask that DfE distinguish clearly in regulation between an initial grant of University Title, a voluntary name change, and a name change compelled by a change in a provider's regulatory or contractual status, with the fee calibrated to the actual work and benefit in each case. A single flat fee across all three, while administratively simpler, would over-charge the lighter and involuntary cases and undermine the fairness the wider consultation is seeking to achieve.

Overall questions

Question 30: To what extent do you agree that the current approach to OfS fee charging (including the annual registration fee and other fees) is transparent and fair?

Disagree.

We do not consider the current approach either fully transparent or fair. There is no meaningful recourse for a provider that considers a fee unfair, and there is no transparency on the OfS's own efficiency. Providers cannot see how the operating cost that drives their fees is arrived at until it is presented to them, or whether it reflects an efficient use of resource as they cannot see comparable fee justifications. Because these fees are ultimately met by students, that lack of efficiency and accountability is a matter of public, not merely provider, interest.

Question 31: Do you think the proposals in this consultation would improve the transparency and fairness of the approach to fees charged by the OfS?

The proposals can improve transparency at the margin, but only if they are accompanied by genuine accountability, which is currently absent. The OfS should face financial consequences for failing to meet an SLA. There must be an independent complaints and appeals process: at present, the only route to challenge the OfS is judicial review, which requires the decision to be “unlawful” rather than merely so inefficient as to cause significant financial loss.

The OfS operates on a self-reporting, self-defining model in which it sets its own standards, and there is no statutory outer limit on how long its processes may take — unlike, for example, the FCA. A statutory limit would protect students directly, since these fees are students' money and students themselves have no route to challenge the OfS over how it is spent. Providers owe it to students to hold the OfS to account for inefficiency, particularly where students lose out: in one case registration process was delayed unnecessarily by six months due to staff turnover and holidays and students were unable to access maintenance support for the full duration of that period. Without these accountability mechanisms, transferring more cost to providers through the Part 2 fees will not improve fairness; it will simply move the cost of inefficiency onto providers, and through them onto students.

Question 32: Are there any unintended consequences of the proposals that should be considered?

The central risk is that shifting the cost of registration and other activities onto providers, without any accountability in the system for efficiency, and without SLAs to track it, means providers end up paying for OfS inefficiency in place of government, which is the party that holds the regulator to account. Cost transfer without accountability transfer is the core unintended consequence.

There are two further risks:

- Part 2 fees fall hardest on precisely the small, new and specialist providers that the Part 1 discounts are designed to protect, so the two parts of the consultation can work against each other unless discounts and exemptions are applied consistently across both.

- Fees that deter student-interest actions, such as moving to the fee-cap category to widen loan access, or completing a compelled name change, would produce outcomes contrary to the sector's and government's own access objectives.

Both risks are avoidable through the exemptions and staged charging set out above.

Question 33: Do you have any other comments or proposals on the future design of the OfS's fee model?

We make four suggestions:

- DfE should commit to a full fee band review, for the reasons set out throughout this response.

- DfE should explore a model in which providers pay for DAPs in the first years of delivery, aligning the cost with the point at which providers begin to see the financial benefit of degree-awarding powers.

- DfE and the OfS could consider a "premium" service allowing providers to accelerate specific parts of the system, including New DAPs during registration, for a transparent additional charge, giving providers a route to the timeliness they need.

- DfE should address the treatment of subcontractual and franchise provision. Under the current data model, providers teaching wholly under subcontract have no "registered" students and therefore sit in the lowest band. While there are strong arguments that these providers are not responsible for every regulatory area or risk associated with those students, since the lead provider contracts with the student, the OfS nonetheless applies standard regulatory expectations to them regardless of size or teaching model. It is not proportionate for a large subcontracted provider teaching as many students as a small university to pay the same as a validated provider with 25 students. With DfE now requiring all subcontracted providers to register in order to maintain student finance access for the students they teach, it is right that these providers contribute more to the cost of OfS regulation. We ask DfE and the OfS to explore how to distribute the cost of regulation more fairly across providers operating wholly under franchise or subcontract models. The intention is not to increase the OfS's total income, but to rebalance the contribution made by these larger subcontracted providers now in the system and to adjust the distribution of cost across the bands accordingly. In creating a more equitable fee, DfE should not seek to charge two providers for the same student but create a model that reflects the shared nature of risk for the students taught at one provider but registered at another.

Question 34: To what extent, if any, do the level of OfS fees impact the business planning choices of HE providers?

Fee levels have a material effect on business planning. IHE strongly supports managed and appropriate growth and would like to see more small providers able to widen access — including those in the Approved category who are not required to do so by set targets. But OfS fee levels act as a barrier to growth for providers facing a significant cost increase on moving between bands.

Worse, the banded structure can actively encourage growth simply to lower per-student cost, even where that growth is not in the best interests of students or the provider's longer-term sustainability. Fluctuations in student numbers between cohorts make resource planning harder and can exacerbate other costs while a provider chases a lower regulatory cost per student. As noted, for many small providers regulation represents 6–10% of annual turnover, so significant management attention is directed at reducing it; because many of these costs are fixed, including the annual registration fee, increasing student numbers becomes one of the few available levers — which is precisely the wrong incentive for a regulator concerned with sustainability. This matters especially now, when the OfS's own data indicates that 42.7% of institutions could report deficits in 2025-26 without mitigating action; fee design should not push financially pressured providers toward risky growth.

Question 35: To what extent, if any, do you agree that the OfS as the regulator for higher education should be reasonably and proportionately funded by those they regulate?

Agree.

IHE accepts the principle that a regulator may be funded by those it regulates, but only where that funding is genuinely reasonable and proportionate and, crucially, where it is matched by accountability. The central problem is that the regulator is funded by providers yet answerable only to government, leaving providers with little or no mechanism outside the courts to hold it to account.

IHE Members are unconvinced by a regulator funded almost entirely by those it regulates but accountable only to government. Members routinely spend tens of thousands of pounds responding to OfS consultations, only to find their input largely set aside, and there is no evident incentive on the OfS to control cost and burden. Providers have no recourse where the OfS is inefficient with what is, ultimately, providers' and students' money. Proportionate funding by the regulated sector is defensible only if it comes with proportionate accountability to that sector, through SLAs, an independent appeals route, and a statutory limit on the OfS's processes.

Contact IHE

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