Office for Students' Fee Charging Model: University Alliance Response

Part 1 – Annual Registration Fee

Question 8

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

No.

Please explain your response.

University Alliance supports the principle of an effective, independent and appropriately resourced regulator. The question for this consultation is not whether regulation should be funded, but how those costs can be distributed fairly, transparently and proportionately while ensuring that resources remain focused on improving outcomes for students.

Our starting point is that the overall cost and burden of regulation is already too high and should not increase further. Universities are making deep and painful cost reductions, with significant job losses across the sector, while the cost of the OfS has grown substantially. Registration fees increased by 18 per cent in 2023, with a further increase in 2025. The OfS's 2025–26 annual report and accounts show staff costs alone exceeding the £32.5 million raised in registration fees. University Alliance does not consider that this growth has been matched by a commensurate improvement in the value delivered to providers or students.

This consultation should therefore focus on the fairer distribution of a stable – and ideally falling – cost base, rather than becoming a vehicle for increasing the total fee income raised from the sector.

The current annual registration fee model has advantages in terms of predictability, stability and administrative simplicity. However, it is not fully proportionate. While smaller providers face significantly higher costs per FTE student, provider size alone is not a good proxy for regulatory burden. The current model does not sufficiently reflect:

- regulatory risk;
- organisational complexity;
- compliance history; or
- the actual regulatory effort required.

The OfS's regulatory framework is explicitly risk-based, and the fee model should reflect the same principle. Providers that consistently demonstrate strong governance, compliance and student outcomes should not bear a disproportionate share of the costs associated with regulatory intervention elsewhere in the sector.

It is also important to recognise that these fees form only part of a wider and growing regulatory burden, the costs of which are ultimately borne by students through tuition fees. Any future model should improve proportionality while avoiding excessive complexity, unpredictability and disincentives to growth.

Question 9

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

Neither agree nor disagree.

Question 10

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

Smaller.

Question 11

Please provide any additional comments on Proposal 1.

We recognise the rationale for reducing the disproportionate burden on smaller providers. However, we are not convinced that further redistribution based solely on provider size is the most effective route to improving proportionality. The proposal would increase costs for larger providers without demonstrating that larger providers necessarily generate greater regulatory effort.

Indeed, the consultation's own evidence points the other way. The technical annex indicates that the two largest fee bands (L and M) contain 87 providers – around a fifth of the register – yet on the published 2025–26 band fees they already contribute approximately half of all annual registration fee income *[our calculation, based on the illustrative provider counts in the technical annex].*

Meanwhile, Part 2 of this consultation shows where regulatory effort is actually concentrated: the OfS estimates that registering a single new provider costs £68,000–£105,000. Established large providers are therefore already funding the majority of the regulator while generating comparatively little of its casework. Shifting further cost onto them moves in the opposite direction to the cost-causation principle on which Part 2 of this consultation is explicitly based.

If Proposal 1 were adopted, we would favour the smaller adjustment. The smaller adjustment would provide support for smaller providers whilst minimising unintended consequences for larger institutions and avoiding significant changes in charging patterns.

We note, however, that fees for providers in the largest bands would rise under either adjustment – by £5,720 (Band M) under the smaller adjustment and £15,246 under the larger. Given the financial pressures across the sector, we do not believe increases of this scale are justified without clear evidence of a corresponding regulatory cost. Any adjustment should be supported by clear evidence that it better reflects regulatory burden.

University Alliance would also encourage DfE to consider whether factors beyond FTE numbers should be incorporated, including risk profile and levels of regulatory intervention required.

More broadly, we note that the sector continues to face significant financial pressures and believe any increase in regulatory costs should be approached cautiously.

Question 12

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 FTE student numbers?

Neither agree nor disagree.

Question 13

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

The principle of a flat fee combined with a variable component has some merit. It provides a clearer explanation of how fees are calculated and creates a more direct link between provider size and contributions. However, significant concerns remain regarding predictability, transparency and potential unintended consequences. Annual recalculation could create uncertainty and additional bureaucracy.

Potential benefits:

- Greater transparency.
- Easier explanation and understanding.
- Clearer distinction between fixed and variable costs.

Potential challenges:

- Reduced predictability of costs.
- Potential disincentives to growth.
- Increased volatility in fee levels.
- Difficulty forecasting future liabilities.
- Risk that providers become liable for increases in the OfS cost base over which they have little control.

The consultation's own illustrative figures (Table 4) also undermine the proposal's proportionality rationale. The largest increases fall not on the very largest providers but on those with 5,000–20,000 FTE: Band K would rise by £37,657 and Band L by £18,801, while Band M would fall by £17,046. A model justified on proportionality grounds that delivers its biggest increases to mid-to-large providers – and a reduction to the largest – suggests the redistribution is an artefact of parameter choices rather than a reflection of regulatory burden.

The model is also less simple than it first appears. If the flat and variable elements are recalculated each year against the OfS's cost base, a provider could recruit fewer students and still pay more, because it is the distribution of the total cost – not a provider's own numbers – that ultimately drives individual fees. Considerably more detail is needed before the distributional effects of this model can be properly assessed.

We have also identified a potential perverse incentive: a model that ties income more closely to regulatory activity could encourage the regulator to expand that activity and could in effect penalise providers already subject to enhanced monitoring – for example, on financial sustainability – at precisely the point they can least afford it.

Question 14

Please provide any additional comments on Proposal 2.

If DfE wishes to pursue this option, safeguards should be considered, including:

- greater transparency regarding OfS costs;
- limits on annual fee increases, with any increases capped at or linked to inflation;
- multi-year funding settlements where possible;
- consultation on changes to methodologies.

Question 15

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)?

Disagree.

Question 16

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

University Alliance does not believe the creation of a new 30,000+ FTE band would improve fairness or proportionality. The proposal assumes that size is an appropriate proxy for regulatory effort. We strongly question that assumption.

The OfS regulatory framework is founded on risk-based regulation. It follows that the fee model should also be primarily risk-based. Providers with strong track records of compliance, governance and student outcomes should not bear a disproportionate share of the costs associated with regulatory intervention elsewhere in the sector.

The OfS already collects extensive information regarding:

- provider risk;
- complexity;
- delivery models;

- compliance history.

These factors are likely to be more closely linked to regulatory costs than absolute student numbers.

As set out in our response to Question 9, providers in the largest bands already contribute around half of annual registration fee income while generating comparatively little of the OfS's casework. A further premium on size would compound, not correct, the disconnect between fees and regulatory effort.

The proposal would also create potential cliff-edge effects, where relatively small changes in student numbers could trigger significant fee increases.

These effects would be compounded by factors outside providers' control. International recruitment, for example, is highly sensitive to visa policy, so a provider could move above a threshold one year and back below it the next through no decision of its own, while paying the higher fee for a year in which its numbers had already fallen.

Question 17

Please provide any additional comments on Proposal 3.

If DfE remains interested in a separate category for very large providers, any threshold should be supported by robust evidence and be significantly higher than 30,000 FTE.

The available data supports this. In 2024–25, around 24 providers – approximately 8 per cent of registered institutions – had more than 30,000 students, while only five had more than 40,000 and two more than 50,000. A threshold set at 30,000 would therefore capture a sizeable cohort of mainstream institutions rather than genuine outliers. If a band for the very largest providers is pursued, a threshold of [40,000–50,000] FTE, or a percentile-based approach, would better reflect the stated rationale.

However, our preference would be for a more nuanced and risk-based approach rather than further segmentation by size.

Question 18

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?

Agree.

Question 19

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

Positive impacts:

- Support innovation and new provision.
- Reduce barriers to entry.

- Encourage provider diversity.
- Improve proportionality for very small providers.

Potential negative impacts:

- The costs of regulating new and smaller providers are in practice met by established providers through the annual fee; this cross-subsidy should be transparent and evidence-based.

University Alliance broadly supports retaining these discounts.

Question 20

Are there any other categories of providers who may require a discount to the annual registration fee to ensure proportionality and fairness? If so, which and why?

DfE should consider whether time-limited relief would be appropriate for providers undertaking mergers, consolidation or other structural change aligned with government priorities, given the substantial professional, legal and implementation costs such activity already involves.

It should also carefully consider the interaction between the fee structure and wider policy objectives, including:

- innovation;
- modular provision;
- Lifelong Learning Entitlement reforms;
- strategic restructuring.

Question 21

Please provide any additional comments you have on discounts.

The discounts embody an important principle: that fee design should be sensitive to proportionality and to providers' differing circumstances. We would encourage DfE to apply that principle consistently across the fee model as a whole.

That principle cuts both ways. Much of the OfS's regulatory effort is generated by new and smaller providers entering and establishing themselves on the register, while the discounts mean those costs are met by established providers. We support the discounts' market-entry objectives, but DfE and the OfS should publish evidence on the relationship between provider characteristics, regulatory activity and regulatory cost, so that the scope and level of the discounts remain evidence-based and the resulting cross-subsidy is transparent.

Part 2 – Other Fees

Question 22

To what extent do you agree with Proposal 4, that applicants should cover the costs of the assessment of their applications to join the OfS Register?

Agree.

Question 23

Do you support the principle of cost recovery for the fee of Proposal 4?

Yes.

Question 24

Please provide any additional comments on Proposal 4.

There is a reasonable argument that existing registered providers should not subsidise all registration activity. However, DfE should recognise that new entrants can bring innovation, competition and diversity to the sector.

The proposed fees (£68,000-£105,000) risk creating significant barriers to entry.

We recommend:

- proportionality safeguards;
- transparency regarding cost calculations;
- periodic review of impacts on market entry and innovation.

The scale of this activity is material. The OfS's 2025–26 annual report records 43 initial registration applications in progress at the year end, alongside seven applications to change registration category. At the OfS's own estimated cost of £68,000–£105,000 per registration case, this is a multi-million-pound activity currently funded from the fees of registered providers.

More broadly, we are concerned that introducing activity-based charges sets a precedent for a continually expanding list of chargeable activities. Any move to cost recovery must therefore be accompanied by a closed, clearly defined list of chargeable activities that cannot be extended without full consultation with the sector. We would also encourage DfE to consider the interaction with the Lifelong Learning Entitlement: high upfront charges risk deterring exactly the new and flexible provision those reforms are designed to encourage.

Question 25

To what extent do you agree with Proposal 5, that the full cost of assessing a Degree Awarding Powers (DAPs) application (or alteration to DAPs) should be funded by the applicant?

Neither agree nor disagree.

Question 26

For Proposal 5, which types of DAPs should the fee apply to?

All of the above.

Question 27

Do you support the principle of cost recovery for the fee of Proposal 5?

Yes.

Question 28

Please provide any additional comments on Proposal 5.

There is a reasonable case for applicants to meet some additional costs. However, Degree Awarding Powers deliver wider benefits to the higher education system and should not be treated solely as a private benefit. The costs of DAP applications should not become a barrier to institutional development or autonomy.

If a fee is introduced, it should apply consistently across:

- Foundation DAPs
- Taught DAPs
- Research DAPs
- Variations

Our support is conditional on the following:

- methodologies are transparent;
- fees are proportionate;
- charges remain predictable;
- providers have opportunities to challenge calculations.

Full cost recovery also creates a reciprocal obligation. Where applicants meet the full cost of a process, they are entitled to expect a commensurate service: clear service standards, published target timescales and reporting on performance. We would expect the OfS to accompany any move to cost recovery with transparency about how these processes are performing, so that applicants can be assured they are receiving an efficient and timely service in return for the fees charged.

Question 29

To what extent do you agree with Proposal 6, that applicants should cover the costs of changing their OfS registration category?

Neither agree nor disagree.

Question 30

Do you support the principle of cost recovery for the fee of Proposal 6?

Not sure.

Question 31

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

Yes.

Merger activity and structural changes undertaken in support of system sustainability, efficiency, collaboration or government priorities should not attract significant charges.

This exemption should extend to associated applications, including changes of university title arising from mergers (see our response to Question 35).

Question 32

Please provide any additional comments on Proposal 6.

Providers initiating discretionary regulatory activity should contribute towards associated costs. However, caution is required.

We have concerns about the very wide range of potential charges (£4,000 to £105,000). A range this wide offers providers little basis for planning. DfE should set out clearly what drives costs at each level and should consider a cap on the maximum charge

Neither DfE nor OfS should create financial disincentives to:

- mergers;
- acquisitions;
- collaboration;
- strategic restructuring.

At a time when providers are being encouraged to explore new operating models, cost recovery arrangements should support rather than inhibit transformation.

There is also a direct conflict in the policy narrative. DfE, the OfS and ministers have repeatedly urged providers to collaborate, merge and pursue structural efficiencies. Charging up to £105,000 for the regulatory processing of a category change arising from a merger would contradict that message and penalise precisely the behaviour government is seeking to encourage.

Question 33

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

Agree.

Question 34

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?

Limited impact on most providers.

A modest fee for university title applications is more easily justified than some other activity-based charges. However, it may discourage some providers from seeking university title where the financial benefits are uncertain.

Question 35

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

Possibly where a title change is required as part of a merger, restructuring exercise or government-supported reorganisation.

Question 36

Please provide any additional comments on Proposal 7.

If implemented, the fee should remain fixed and transparent. DfE should also publish the cost basis for the £11,000 figure, including why a full University Title application and a name change would attract the same charge. Providers paying the fee should also be able to expect a clear, efficient and timely process, supported by published target timescales.

Overall Questions

Question 37

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.

Members consistently identified concerns regarding:

- transparency;
- value for money;
- understanding of what activities are covered by fees.

The OfS's own key performance measures illustrate the problem: KPM 9 shows that in 2023–24 the OfS spent 72p on enabling functions for every £1 spent on core regulatory activity. While that ratio has since improved (63p in 2025–26), it remains difficult for providers to give informed assent to changes in how fees are charged without a clear account of what the money is spent on and why the current level of expenditure is necessary.

Universities also question what direct benefit students receive from the regulator. The independent (Behan) review highlighted the OfS's limited engagement with and visibility to students, and there is little evidence that students are aware of, or make effective use of, its services – despite fees being calculated per student and ultimately funded from tuition fees.

The 2025–26 annual report and accounts reinforce these concerns. The OfS has continued to increase its staffing and expenditure while universities are making significant reductions in both. We acknowledge that the OfS reports achieving a £1.2 million cost-saving target this year, but this represents only around 2 per cent of its running costs. Universities are being required to go much further simply to remain financially sustainable. Against this backdrop, UA questions whether the current trajectory of regulatory expenditure represents sufficient value for money.

Question 38

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

Not sure.

The activity-based charging proposals may improve transparency by making explicit which activities are being funded.

However, fairness is dependent on:

- proportionality;
- predictability;
- transparency of cost calculations.

More fundamentally, the proposals do little to address the concerns our members raise most consistently: the overall cost of regulation, the efficiency of the regulator, and value for money. Changing the mechanism by which costs are distributed does not, in itself, demonstrate that those costs are justified. For most providers, the overall level of regulatory cost matters more than the mechanism used to allocate it.

Question 39

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

Yes.

Potential unintended consequences include:

- disincentives to institutional growth;
- barriers to innovation;
- reduced provider diversity;
- barriers to mergers and restructuring;
- reduced participation in activities linked to LLE and modular provision;

- increased uncertainty in provider financial planning.
- gradual expansion of chargeable activities through cost-recovery mechanisms, increasing overall costs over time.

Threshold-based approaches may also create behavioural distortions and incentives for institutions to manage activity around regulatory thresholds rather than focusing on educational and strategic priorities.

Cost-recovery models may inadvertently discourage early engagement with the regulator if providers perceive that seeking advice, discussing emerging risks, or initiating change could expose them to additional regulatory costs. DfE should ensure that fee structures encourage proactive engagement and early resolution of issues.

There is also a potential tension between the two parts of the consultation. While Part 1 is presented as improving affordability for smaller providers, the introduction of substantial activity-based fees could have the opposite effect by increasing costs associated with registration, DAPs and institutional development. The cumulative effect of the proposals on smaller and newer providers should therefore be assessed holistically.

Question 40

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

We encourage DfE to consider:

- Greater use in fee design of the risk, complexity and compliance data the OfS already holds – while avoiding effort-based charging that could penalise providers under enhanced monitoring or incentivise the expansion of regulatory activity.
- Increased transparency regarding the OfS cost base.
- Stronger accountability for efficiency.
- Safeguards around annual increases, including capping increases at or linking them to inflation.
- A closed, defined list of chargeable activities that cannot be extended without consultation.

Changes associated with mergers, collaborative restructuring and provider consolidation undertaken in pursuit of financial sustainability should either be exempt from activity-based fees or subject to significantly reduced charges.

Any significant changes should be introduced gradually, supported by impact assessments and transitional arrangements that allow providers to adjust their financial planning.

The Department should also consider the wider public value delivered by universities. Many institutions make substantial contributions to government priorities including healthcare workforce development, teacher education, skills provision, widening participation, productivity and regional economic growth. Regulatory charges should not inadvertently reduce institutional capacity to deliver these objectives. The Department should consider whether additional regulatory costs may reduce institutional capacity to deliver these objectives.

Question 41

To what extent, if any, do you think the level of OfS fees impact the business planning choices of HE providers?

Currently, the direct financial impact is generally limited in comparison to overall institutional budgets.

However:

- cumulative regulatory costs matter;
- fees affect resource allocation decisions;
- increases ultimately reduce resources available for students and staff.

To illustrate the point made by members: every additional £50,000 of regulatory cost is broadly equivalent to one member of staff a university cannot employ to teach or support students. These costs are ultimately met from students' tuition fees and should be treated with corresponding care.

Predictability also matters in practice: one member reported that recent fee increases were confirmed only after institutional budget-setting had concluded, creating unplanned in-year pressures. Fee levels should be confirmed in good time for providers' planning cycles.

Question 42

To what extent, if any, do you agree that the OfS as a regulator for Higher Education should be reasonably and proportionately funded by those they regulate?

Agree.

Providers should make a reasonable contribution to the costs of regulation.

However, higher education creates substantial public benefits and there remains a legitimate role for taxpayer contribution.

DfE should continue to consider the appropriate balance between:

- provider contributions;
- student contributions; and
- public funding.

The current review provides an opportunity to revisit that balance alongside consideration of fee structure changes.

Ultimately, confidence in the funding model depends less on the principle of provider contributions than on confidence that regulatory costs are justified, controlled and clearly linked to outcomes for students and providers. The regulator should demonstrate the same discipline on efficiency and prioritisation that is currently being demanded of the institutions it regulates.

The published accounts put the funding balance in context: registration fees raised approximately £32.5 million in 2025–26, while the Department contributed a further £16.7 million towards the OfS's running costs of around £50 million. Providers therefore already meet roughly two-thirds of the cost of their regulator. Any further shift of that balance onto providers – and, through them, onto students – should be explicitly justified rather than assumed.

We would also encourage DfE to publish its benchmarking of regulatory funding models in other regulated sectors and internationally so that the sector can see how the balance between taxpayer and provider funding of regulation in England compares. This question is particularly acute at a time when the government contribution to the OfS is reducing and the Strategic Priorities Grant is under pressure.

The consultation assumes that the primary question is how regulatory costs should be distributed between providers. We encourage DfE also to ask whether the underlying cost of regulation is itself proportionate. Improvements in efficiency should be considered before additional costs are transferred to providers and students.

About University Alliance

University Alliance represents some of the UK's leading professional and technical universities. Our members work with industry and the professions to deliver career-ready skills and applied research, and are among the largest providers of healthcare education and degree apprenticeships in England.

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