



The Rt Hon Robert Halfon MP
Minister for Skills, Apprenticeships and Higher Education

Sanctuary Buildings 20 Great Smith Street Westminster London SW1P 3BT
tel: 0370 000 2288 www.education.gov.uk/contactus/dfe

23 May 2023

Industry and Regulators Committee

By email: HLIndustryRegulators@parliament.uk

My Lords,

Higher Education (Registration Fees) (England) (Amendment) Regulations 2023

I am writing to let you know that I am today laying regulations under section 70 of the Higher Education and Research Act 2017 (HERA) and to set out the purpose of these regulations. They will come into effect on 13 June 2023.

The Office for Students (OfS), as the regulator for higher education for England, primarily funds its operating costs through registration fees charged to registered higher education providers. These fees currently range from £0 to £181,000 per provider per annum, depending on the provider's student numbers. The fees are set through regulations made under section 70 of HERA.

In the coming academic year, the OfS will be undertaking significant and important new work. This includes the implementation of the Higher Education (Freedom of Speech) Act 2023, to ensure that freedom of speech is protected and promoted within higher education. This will include developing guidance, consulting on a new free speech complaints scheme, developing new registration conditions and making changes to the regulatory framework.

The OfS will also be continuing its vital work in monitoring providers' compliance with their current registration conditions, particularly those relating to quality and governance, in distributing grant funding, and in preparing for the implementation of the Lifelong Loan Entitlement.

In addition, following the de-designation of the Quality Assurance Agency for Higher Education (QAA) as the designated quality body under HERA, the OfS has taken on functions relating to the assessment of quality and standards. These quality and standards assessments are necessary to determine whether a provider meets the OfS's registration conditions and are a pre-requisite to new providers joining the OfS register. I consider this work to be of the utmost importance in maintaining the quality and standards of our world leading higher education sector. This fee increase will enable the OfS to fund the infrastructure costs associated with the performance of these assessment functions.

Together, this work brings with it a need for considerable additional resource and funding for the OfS. As a result, the regulations which I have laid today will increase the OfS's registration fees for the 2023/2024 academic year. The OfS has not had a registration fee increase since 2018, when it was set up, and delivered a 3% reduction in 2021.

I want to assure you that the government has not taken this decision lightly. I understand the financial pressure the sector is currently facing. As a result, my Department will be providing £1.5 million of additional funding to the OfS this year, to help cover its costs and prevent these from being passed on to the sector in full.

I have set out in the Annex the increases to each registration fee band. In total, these regulations will increase the ongoing registration fees by an estimated £4.96 million. However, it should be noted that QAA previously charged registered providers an annual fee to cover its infrastructure costs in carrying out quality and standards assessments. As providers will no longer have to pay this fee, this element of the registration fee increase should not impact providers: it is just moving from being charged by QAA to being charged by the OfS.

When taking this into account, the net impact of this increase is estimated to be £2.33 million in total. This represents an increase of between 0 to 12% per provider, depending on their size. The smallest providers will face no increase at all. A provider with 1,000 students will pay the OfS £54,332 in academic year 2023/2024. This is an increase, net of the estimated QAA fees that would have been payable, of £3,116 compared with academic year 2022/2023 - only £3.12 per student (7%). A provider with 10,000 students

will pay £135,327, an increase (net of the QAA fees) of £11,741 - £1.17 per student (10.3%); and a provider with 30,000 students will pay £214,485, an increase (net of the QAA fees) of £21,072 - £0.70 per student (11.6%). Over 90% of the student population studies at providers with 5,000 or more students. The estimated overall cost of regulation will be only £15.54 per student, on average, and only £14.28 per student net of the estimated QAA fees.

With the introduction of the Lifelong Loan Entitlement from academic year 2025/2026, I am committed to ensuring that as many higher education providers as possible that are not currently registered with the OfS can continue to deliver HE provision under the new system. I do not want fees to be a deterrent to registration, and there are significant discounts available for new and micro-providers. For new providers entering the sector, there is a 75% discount for the first year of registration, which tapers to 25% in the third year, provided they meet the conditions set out in the regulations. New providers registering in academic year 2023/2024 will now be paying less than they would have done in academic year 2022/2023, as the QAA did not offer an equivalent discount. There is also currently a 100% exemption for micro providers that meet certain the conditions. Government is considering how the registration fees, including these discounts and exemptions, will apply to any new registration category for the LLE, and will share proposals in due course.

I hope I can rely on your support for these regulations as the OfS pushes ahead with its vital work. Without these registration fee increases, the OfS will not be able to continue its high priority and resource intensive work to protect students, assure taxpayers, and deliver on the three pillars of jobs, skills and social justice.

Please do not hesitate to get in touch with my office should you like any additional information about these regulations.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Robert Walpole', written in a cursive style.

The Rt Hon Robert Halfon MP
Minister for Skills, Apprenticeships and Higher Education

Annex

Table showing the registration fees bands

Registered providers are banded according to their student intake, with each band required to pay the following fees annually:

Band	Band Range	2022/23 Registration Band Fee	2023/24 Band Fee	Fee difference	Cost net of DQB fee	% net fee increase
A*	0 to 25	£11,900	£14,220	£2,320	£0	0%
B*	> 25 and <=50	£14,850	£17,597	£2,747	£79	0.5%
C*	> 50 and <= 75	£18,600	£22,041	£3,441	£373	2.0%
D*	> 75 and <= 100	£23,300	£27,611	£4,311	£783	3.4%
E*	> 100 and <= 300	£29,150	£34,543	£5,393	£1,336	4.6%
F	> 300 and <= 500	£36,550	£43,312	£6,762	£2,096	5.7%
G	> 500 and <= 1,000	£45,850	£54,332	£8,482	£3,116	6.8%
H	> 1,000 and <= 1,500	£57,550	£68,197	£10,647	£4,476	7.8%
I	> 1,500 and <= 2,500	£72,250	£85,616	£13,366	£6,269	8.7%
J	> 2,500 and <= 5,000	£90,800	£107,598	£16,798	£8,636	9.5%
K	> 5,000 and <= 10,000	£114,200	£135,327	£21,127	£11,741	10.3%
L	> 10,000 and <= 20,000	£143,750	£170,344	£26,594	£15,800	11.0%
M	> 20,000 and <= 30,000	£181,000	£214,485	£33,485	£21,072	11.6%
M**	>30,000	£181,000	£214,485	£33,485	£19,210	10.6%

*A micro provider discount will be applied. A provider is a micro-provider, and is entitled to a 100% discount on fees, if it meets the following criteria:

1. It has an HE Student FTE of 300 or less; and
2. It meets at least two of the following basic conditions:
 - its turnover must be not more than £632,000
 - the balance sheet total must be not more than £316,000
 - the average number of employees must be no more than 10

** this increase will be lower for providers with greater than 30,000 students