

CONSULTATION RESPONSE

Office for Students: Registration Fees (stage 2)

1. Do you support the proposal to charge Registered Basic providers a flat rate annual registration fee? Yes/No/Not Sure Please give reasons if your answer is 'No' or 'Not sure'

We do not oppose the proposal to charge Registered Basic providers a flat annual registration fee. However, the amount of this flat fee has not yet been confirmed. It is important therefore that there is a suitable level of fee to take into account the potential risk of new providers who may be registering within this category. The figure of £1,000 that is mentioned does not seem proportionate when compared to the registration fees that are proposed for Approved and Approved (fee cap) later on in the document, even if it is only covers the most basic category. There should be a notable level of financial commitment for those embarking on the path to degree-awarding powers or university title. This will ensure that those registering are fully and firmly committed to the endeavour and have considered the risks and hurdles that it will involve.

2. Do you support the proposal to charge Approved and Approved (fee cap) providers an annual registration fee varied by their size? Yes/No/Not Sure Please give reasons if your answer is 'No' or 'Not sure'

No. We do not support the proposal to charge Approved and Approved (fee cap) providers an annual registration fee based solely on their size in terms of student numbers. As we expressed in our response to questions of the initial registration fee consultation, we think it would be inappropriate for the OfS to determine registration costs purely on the basis of student numbers.

We believe the risk of providers should also be considered when calculating registration. This would be more consistent with the tone of the HERA and the OfS' stated intentions in other areas of the regulatory framework. Increased provider risk will require additional oversight from the Office for Students, and as such should lead to higher fees for those providers who carry this cost.

3. Do you support the proposal to measure the size of Approved and Approved (fee cap) providers for the purposes of calculating their annual registration fee on the basis of their full-time equivalent (FTE) higher education (HE) student numbers? Yes/No/Not Sure Please give reasons if your answer is 'No' or 'Not sure'

We do agree that the size of Approved and Approved (fee cap) providers, with reference to student body, should be measured on the basis of their full-time equivalent (FTE) student numbers. This is a fairer representation of the size of many providers, especially those with high numbers of part-time students. Once again, we would reiterate that which has been stressed in questions 1-3, namely that student numbers should not be the only determinant of registration fees.

4. Do you support the proposed banding model to group Approved and Approved (fee cap) providers by their size? Yes/No/Not sure Please give reasons if your answer is 'No' or 'Not sure'

No. We do not support the proposed banding model to group Approved and Approved (fee cap) providers by their size. As voiced in the previous questions, we think other considerations such as risk should be made when calculating the registration fee.

5. Do you support the proposed percentage distribution of costs between size bands? Yes/No/Not sure Please give reasons if your answer is 'No' or 'Not sure'

No. We do not support the proposed percentage distribution of costs between size bands. We believe that the degree to which this model has been tapered is too great. In other words, the range of fees is too large and does not adequately correspond to the range of potential providers in the sector. It would seem that such a banding model has been skewed in favour of smaller providers, in order to accommodate them, without any acknowledgement of the increased risk that they may bring.

Furthermore, the proposed model has very steep jumps from one indicative fee amount band to the next. If student numbers (FTE or otherwise) are used as the principal determinant of registration fees, some providers are liable to move up or down bands due to small fluctuations in their student populations. The new cost could present a challenge for those providers who have to adjust to the cost of a new band.

6. Do you support the idea of setting registration fees in the future to reflect the regulatory effort associated with the provider? What do you see as the advantages and disadvantages of this model compared with the proposed fee model? Yes/No/Not sure Please explain your answer, including what you see as the advantages and disadvantages

Yes. We would support the notion of introducing an assessment of regulatory effort into proceedings. This can be seen as a fairer way of distributing the relative costs of regulation within the sector. Smaller, more precarious new providers are more likely to require a greater level of effort to be monitored and assessed in the early years of their provision. It does not seem fair to make these providers unaccountable to this. The advantages of such a proposal, therefore, would be a fairer distribution of registration fees (reflecting the regulatory effort required for each provider). This would help reduce any moral hazard for new providers. Legislation and policy proposals thus far have outlined that the OfS seeks to create a "light-touch" form of regulation where it monitors and intervenes rather than micro-managing providers. The introduction of this element of assessment would therefore be in keeping with this approach.

7. Do you support the principle of a proposed discount for new providers in their first 3 years of fees? Yes/No/Not sure Please give reasons if your answer is 'No' or 'Not sure'

No. We oppose the principle of a proposed discount for new providers in their first three years of fees. The majority of new providers are likely to be placed in the smaller bands of the final registration fee model. This means that they would already be paying smaller fees than most of the providers within the sector under the proposed model. Newer, smaller providers are also likely to require more regulatory effort and carry a greater risk of sustained oversight even if they are financially secure. Removing or cutting fees for new providers in their first three years would therefore push the burden of regulatory costs (through registration fees) to larger, existing providers. This would seem undue for many providers who have a long track record of quality provision and who will require little regulatory effort. We refer here to our answer to question 6, and add that a discount on registration fees within the first three years for new providers could also serve to enable reckless behavior and a lowering of standards, creating moral hazard. There is an understandable emphasis on the need to have a sector that is open to "high-quality providers". While it is true that new entrants to the sector should be high quality, the regulatory framework needs to be structured in a way that it drives those providers interested in entering the sector to improve their quality.

8. Please provide any further views you may have on the government's proposals on registration fee subsidies and exemptions.