

The OfS's operating environment

Board's primary role in relation to this paper:

- ☐ A. Set strategy
- ☐ B. Set risk appetite
- ☐ C. Oversee performance
- ☒ D. Understand context

Purpose

1. To support the board's understanding of the context for the OfS's work. This paper provides an overview of recent political, sector and student developments that shape our operating environment.
2. Exempt from publication.

Developments

Budget

3. In the budget the government confirmed the introduction of an international student levy to start from 2028-29, which will be a flat fee of £925 per student with no charge for the first 220 students. Exempt from publication. The OfS was confirmed as the delivery partner on behalf of the government. Exempt from publication.
4. The government also set out plans in relation to fees and grants.¹ From 2028-29, the international student levy will fund the reintroduction of targeted, means-tested maintenance grants for students studying courses aligned with the government's missions and Industrial Strategy. We believe these proposals – alongside a focus on student priority issues such as accommodation and mental health – will support a sector that better meets students' needs.
5. The NUS welcomed the reintroduction of maintenance grants. However, they called on the government to go further and introduce grants that cover all subjects.²
6. The government announced a decision to charge employer and employee National Insurance contributions on pension contributions above £2,000 per annum made via salary sacrifice from

¹ See [Changes to tuition fees: 2026 to 2027 academic year and 2027 to 2028 academic year - GOV.UK](#)

² See <https://www.nus.org.uk/autumn-budget-2025>

6 April 2029. Early analysis from the Universities and Colleges Employers Association suggests this could equate to an aggregate cost of c. £50 million per year.

7. The budget reinforced the government's ambition to reduce regulatory burden across different sectors to drive growth and confirmed it will undertake work to make arm's length bodies more efficient, effective and accountable ahead of the next spending review. While we acknowledge the need to minimise burden and encourage innovation, the white paper has given a clear indication there will be a greater role for regulation as a means both of incentivising improvement and managing risk.

Industrial action

8. The University and College Union (UCU) balloted its members for industrial action over a pay rise offer of 1.4 per cent from the Universities and Colleges Employers Association, citing concerns about growing job cuts.³ The ballot was lost due to low member turnout, although of those who did take part, 70 per cent backed strike action, and 83 per cent backed taking other forms of industrial action.⁴ Other sector unions, including Unison and Unite are also considering strike action.
9. We know from our research that industrial action can significantly disrupt students' academic experience, progression through their course, and ability to achieve their qualifications.⁵
10. We will continue to remind providers of our expectations for how they should support students affected by industrial action. We will also share that we have referred providers to National Trading Standards in relation to student contracts with terms that limit an institution's liability to students affected by industrial action or other circumstances within its control.⁶
11. In the event of widespread strike action taking place, we will issue communications about students' rights during industrial action on our student-facing communications platforms.

Free speech

12. Student protests took place in some English providers on the second anniversary of the Hamas attack on Israel on 7 October 2023. Later in October, news broke of a campaign at City St George's targeted at an Israeli lecturer, which appeared to include disruption of his lecture, calls for his dismissal and alleged death threats.
13. These incidents raised serious concerns about the experiences of Jewish and Israeli students and staff in universities, highlighting the need for institutions to respond decisively where necessary and appropriate.
14. On 11 November the Director for Freedom of Speech and Academic Freedom wrote to all accountable officers to remind them that the free speech guidance permits and may require

³ See [UCU - New analysis shows over 15,000 university job cuts as UCU launches UK wide strike ballot](#)

⁴ See [UCU strike ballot fails after 60 per cent of members don't vote](#)

⁵ See [Student insight report - March 2025](#)

⁶ See [Protecting the interests of students during industrial action - Office for Students](#)

proportionate steps to regulate protest that chills Jewish and pro-Israeli expression, and disciplinary steps against disruption of teaching and unlawful antisemitic harassment.⁷

15. In November disclosures came to light about alleged suppression of research at Sheffield Hallam University due to pressure from the Chinese government.
16. Counter terrorism police are assessing the allegations to determine any possible offences and if any further police action or investigation is therefore required. The House of Commons Foreign Affairs Committee has also announced it will expand its China Audit to include a review of Chinese state influence in higher education.⁸
17. In our free speech guidance we are clear that suppression of research because of the disapproval of a foreign (or domestic) government is unacceptable in practically any circumstances. Exempt from publication.

Legislation affecting higher education

18. The Renters' Rights Bill received royal assent and is now law. Commentary and analysis in the sector is mixed. Some argue it could end up draining the supply of student homes in the private rented sector, while others have been supportive of the measures giving students giving flexibility.

19. Exempt from publication.

Headlines from OfS engagement

20. On 26 November the chief executive and the Director for Free Speech and Academic Freedom met with the Minister for Safeguarding and Violence Against Women and Girls, Jess Phillips MP, about the findings of our sexual misconduct survey and the steps the sector is taking in response. We discussed our expectation that the prevalence survey would act as an incentive for providers to take action locally in response to their own data and the Minister expressed her full support for our work.
21. The Director of Strategy and Delivery delivered a keynote speech at the GuildHE annual conference on 20 November. His remarks challenged attendees to turn risks in higher education into opportunities, including in relation to grade inflation and quality.
22. The Director of Regulation spoke at Wonkhe's Festival of Higher Education on 11-12 November. The session focused on the role of regulation to ensure effective governance.
23. The OfS's new five year strategy launched on 13 November. Early engagement on the 'I statements' with mission groups was positive and several sector groups are listed as having informed their development on our website. In response to feedback that sector groups would like to discuss 'I statements' with their members, we have committed to further engagement as we seek to advance a shared understanding of what students expect from higher education.

24. Exempt from publication.

⁷ See [Harassment and intimidation of Jewish students and staff](#)

⁸ See [The UK Government's China Audit - Committees - UK Parliament](#)

Provider panel

25. The first meeting of the provider panel will be held in person in early February. Exempt from publication.

Paper publication

26. To be published alongside board papers, subject to appropriate redactions. The annexes will be exempt from publication.