

Office for
Students

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OfS

Annual report and accounts 2022-23

June 2023

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The Office for Students
Annual report and accounts 2022-23
For the period 1 April 2022 to 31 March 2023

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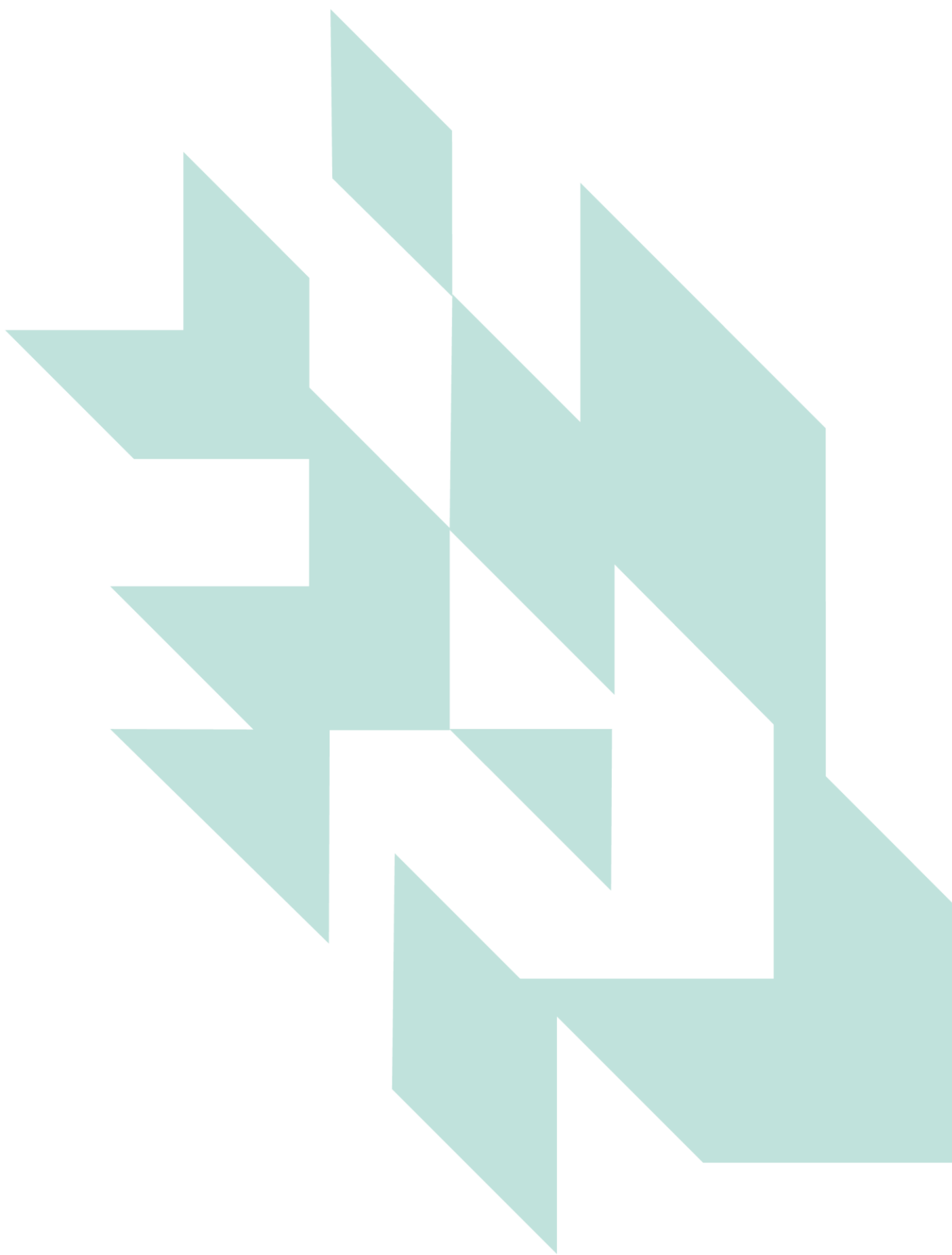
The Office for Students

Annual report and accounts 2022-23

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Performance report



Performance report

This section is an overview of the work of the Office for Students (OfS). It sets out our purpose, our work, the key risks to the achievement of our objectives, and how we performed during the 2022-23 operating year.

Chair's foreword

In previous years, I have focused on the intense impact of the pandemic on the lives of students. So it is good to be able to report on a year where students have overwhelmingly returned to campus and can enjoy a more normal experience of higher education – both academically and socially.

However, there is no doubt that students still face significant challenges. These challenges underline the importance of our more active regulation this year. We regulate to ensure students have a good academic experience and that they and taxpayers get value for the significant public investment in higher education. In a year where students faced added cost of living pressures, this is even more important.



Our strategic plan sets out two areas of focus – quality and standards and equality of opportunity. Susan Lapworth's confirmation as Chief Executive from September 2022 brought her wealth of experience to help us deliver these priorities.

At its best, English higher education is world-class, with significant benefits to our economy and society as well as individual advancement. And there is no doubt that many of the universities and colleges we regulate already offer good or outstanding teaching. But maintaining such quality requires effective and risk-based regulation of the sector. The work of the OfS is to challenge those providers that don't meet the expectations that we impose to protect the interests of students.

As we have moved into a more active phase of regulation we have launched over 30 targeted quality investigations with a focus on learning, teaching, assessment and outcomes. We focus our resources where we have potential concerns about compliance with our revised quality conditions, based on robust data and regulatory intelligence. Our assessors engage with staff and students and assess the quality of what students are actually receiving rather than focusing on process. We expect to publish outcomes of these investigations during the summer of 2023.

While we have minimum expectations for all, we want to encourage universities and colleges to aim higher in their teaching. We have done so through our refreshed Teaching Excellence Framework. We will announce outcomes during the autumn of 2023.

Freedom of speech is integral to the quality of higher education. As legislation progressed through Parliament this year, we prepared for a stronger regulatory role in freedom of speech and academic freedom in universities, colleges and students' unions. We are ready to play our part in protecting and promoting free speech in the sector.

Equality of opportunity is as much about progression and good graduate jobs as it is about fair access. Our latest reforms to access and participation plans and a new risk register will help deliver those goals, not least by ensuring closer work between higher education providers and schools to raise attainment.

There has been growing concern among students about the incidence of harassment and sexual misconduct on campus and beyond. We initially asked universities to address these by responding to a voluntary statement of expectations. An independent evaluation found that progress through that process had been too slow and too patchy. So we have been consulting on direct regulation with a proposal to impose a new condition of registration. This would ensure the consistent level of protection for all students that has not been delivered by self-regulation.

In the wake of the pandemic and other pressures, student mental health continues to be of concern. We were pleased to have received additional funding of £15 million for the 2022-23

academic year from the Department of Health. We have used this funding to continue to support the development of good practice in student mental health.

Our priorities for our enabling regulation concern the work necessary for the higher education system to work effectively and efficiently. This includes monitoring the financial sustainability of the universities and colleges we regulate, and intervention to protect students should this become necessary. There has, rightly, been significant scrutiny of financial sustainability in higher education. Our own analysis and intelligence gathering has found the sector in good shape overall, but with variations for individual providers.

Central to our approach is a commitment to minimise the regulatory burden on universities and colleges that do not represent increased regulatory risk, where we can do so and maintain protection for students and taxpayers. This means we target our interventions where we judge the risks to be the highest.

In the coming year we also plan to focus on student choice. We want to see a wide range of flexible and innovative courses, with new higher apprenticeships and more flexible modular courses. If Parliament passes the Lifelong Learning (Higher Education Fee Limits) Bill, student loans will support such flexibility.

Finally, in a year of much change at the OfS and beyond, I would like to thank our board, committee, and panel members and staff, for their continued commitment to our important work.

Lord Wharton of Yarm, OfS chair

Chief executive's statement

The OfS regulates a large and diverse higher education sector including multi-faculty universities, small specialist institutions, private companies and further education colleges. We operate a registration system for eligible higher education providers, and we set and enforce regulatory standards through 'conditions of registration'.

Registration with the OfS unlocks significant income for universities and colleges in the English higher education sector – £19.8 billion through student loans for tuition fees, maintenance and other support, £7.8 billion in course fees from international students entering the UK on a student visa, and £7.9 billion of registration-contingent research and other public funding in 2021-22.



In the same academic year, over 400 OfS registered providers were teaching or supervising a total of approximately 2.5 million students, with student populations varying widely in their characteristics and numbers – from less than 200 to over 20,000.¹ Our aim is to ensure that every student, whatever their background, has a fulfilling experience of higher education that enriches their lives and careers.

Students make a considerable financial investment in their studies and need assurance that they will receive high quality courses from financially sustainable providers. We also want to ensure that all who are capable have a fair opportunity to attend higher education, and that the wider public purposes of higher education are met, such as the free exchange of ideas.

Over the past year, students faced the longer-term impact of the pandemic and the challenges of the effects of industrial action on teaching as well as the significant rise in the cost of living. We worked hard to protect the interests of students against this backdrop, with strengthened regulation of quality, reforms to our approach to access and participation and interventions to protect students where providers were at financial risk. These are also at the heart of our new three-year strategy for 2022 to 2025. We see quality and standards and equality of opportunity as mutually reinforcing, as improving equality of opportunity without ensuring that quality and standards are maintained will fail to deliver good outcomes for those who could benefit most from higher education.

Quality and standards

We completed significant reforms of our approach to regulating quality during 2022-23 to enable us to intervene appropriately where we have concerns about the quality of courses or providers. We also revitalised the Teaching Excellence Framework (TEF), to encourage improved teaching.

All students should be able to study on a high quality course which broadens their knowledge and skills and equips them for future work or further study. Our quality system has two aspects: a high regulatory baseline and a cyclical review to incentivise enhancement. The baseline – which is delivered through our B conditions of registration – is intended to ensure that all students can expect a high quality course and successful outcomes, whatever and wherever they chose to study. Many universities and colleges sit comfortably above this high quality regulatory baseline, but where we identify potential concerns that require further scrutiny, we can investigate these. We

¹ The number of providers is likely to change within a year based on new registrations and providers leaving the Register, for example through mergers. The number of registered providers as of 31 March 2022 was 418. Providers are listed in our online Register – see '[The OfS Register](#)'. Our remit covers undergraduates, postgraduates and students studying other levels of higher education; UK-based and international students; those studying full-time or part-time; and those based on campus, learning at a distance or in work-based settings, or anything in between. Students have a broad range of characteristics, including characteristics protected by the Equality Act 2010.

opened over 30 investigations at universities and colleges – including in response to concerns about student outcomes that focused on particular subjects, and some looking at the reasons for increases in degree classifications over time. We expect to publish the outcomes of investigations in the summer of 2023, and we plan more investigations in the 2023-24 operating year. In our investigatory fieldwork there is a strong emphasis on interviews and other information gathering directly from staff and students.

The TEF provides an independent assessment by academic experts and students of the quality of courses and outcomes delivered in universities and colleges, incentivising excellent teaching and outcomes above and beyond our regulatory baseline. This year we prepared for TEF 2023, publishing guidance on making submissions in May 2022 and appointing to 62 expert academics and students to the TEF panel. We received submissions from 228 universities and colleges, and 204 student submissions, in January 2023. We expect to publish the TEF panel's judgements from September 2023.

The pandemic led to a growth in blended learning, and students told us this could be of variable quality. We commissioned an independent expert review of the efficacy of blended learning in universities and colleges. In October 2022 we published our response to the panel's report, which included practical examples of good practice that would meet our regulatory expectations and help ensure that students benefitted from well delivered blended courses.

We prepared to take on from 1 April 2023 the quality and standards assessment activities which were previously provided by the Quality Assurance Agency for Higher Education (QAA) in its role as the designated quality body (DQB). To support both this work and our wider programme of investigations, we appointed over 70 assessors with experience in designing and delivering learning, teaching and assessment in higher education, to provide academic judgements to inform our regulatory decisions. We are prepared to recruit substantially more assessors, including those with expertise in the assessment of degree apprenticeships to support the expansion of our work in this area.

As the Higher Education (Freedom of Speech) Bill progressed through Parliament we prepared for the likely strengthening of our role in relation to freedom of speech and academic freedom in higher education, holding a major event in December 2022, and published a supporting Insight brief on these issues. Students are entitled to be taught by people with the widest range of views, and will not receive a high quality education if lawful speech is limited. The OfS's regulatory role in this context is to apply our understanding of the law to the facts of any case, and to reach an impartial view. Our event drew universities and colleges' attention to the legal and regulatory framework for freedom of speech and I encouraged them to take a fresh look at their approach to prepare for new obligations, including a likely future duty to promote the importance of freedom of speech and academic freedom in higher education.

Equality of opportunity

We understand equality of opportunity to mean that a student's background should not be a barrier to benefiting from higher education. Our ambition is that no student or prospective student is prevented from accessing, succeeding or progressing in higher education by factors beyond their direct and meaningful control, and that no aspect of their experience will limit their choices or outcomes unfairly.

Universities and colleges wishing to charge higher tuition fees are required to have an access and participation plan (APP) approved by the OfS. This year we worked with universities and colleges to vary their APPs for the 2023-24 academic year, including setting out how they would address our four new priorities: improving the transparency of plans for students; raising attainment in schools; ensuring better student outcomes in higher education; and developing more flexible and diverse pathways into higher education. We were pleased that 90 per cent of universities and colleges with an APP submitted variations responding to our priorities.

In October 2022 we consulted on a refreshed approach to the regulation of equality of opportunity, proposing that APPs be improved beyond the 2024-25 academic year so they clearly focus on risks to equality of opportunity.² A new OfS Equality of Opportunity Risk Register published in March 2023 set out our view of the most significant risks, and we are asking universities and colleges to explain how they plan to respond to these.

Universities and colleges should ensure that students are protected from harassment and sexual misconduct. When an evaluation showed limited progress in the sector in response to our voluntary statement of expectations, we published a consultation on proposals to introduce a new condition of registration to make preventing and addressing harassment and sexual misconduct part of our regulatory framework. In the coming year, we will run a pilot prevalence survey asking students about incidents of sexual misconduct in higher education, to better understand the scale and nature of the problem.

We are keen to ensure that the right routes into and through higher education are available for all students, whatever their background or aspirations. In March 2023 we announced a mid-year allocation of £8 million to encourage provision of Level 4 and 5 qualifications, and £8 million to accelerate the growth of Level 6 degree apprenticeships. We are also working with the Department for Education to support the delivery of the lifelong loan entitlement that will make student finance available for students wishing to study individual modules.

Financial sustainability

Our work on the financial sustainability of universities and colleges includes monitoring individual providers, gathering intelligence to identify risk, and taking regulatory action to protect students' interests where providers have financial difficulty. In a challenging external environment, we successfully intervened with providers at significant financial risk, ensuring students were supported to continue their studies. Much of this work is necessarily behind the scenes, and our interventions can ensure that providers address issues before they lead to closure. We published case studies which demonstrate the collaborative approach we have taken alongside use of our formal regulatory tools.³ Where there is a likelihood of market exit, our main goal is to protect students. In the last year, we did so by managing our first market exit case following the closure of a performing arts college, ensuring the vast majority of students could continue their studies at a different institution.

Our approach to regulation

The OfS's regulatory approach is set out in our regulatory framework – it is principles- and risk-based and focused on outcomes.⁴ In a year when we have become much more active in our regulation, universities and colleges have voiced concerns about regulatory burden. Our interventions are underpinned by an assessment of risk and we aim to minimise regulatory burden where we can do so without affecting our ability to regulate in the interests of students. For example, this year we used the data we already hold to determine whether or not we would require individual universities and colleges to submit an access and participation monitoring return, significantly reducing the number that had to do so.

In pursuing our ambitious regulatory agenda, our communications with stakeholders and the publication of data showing the performance of individual providers act as a powerful regulatory tool. This year government gave us new powers to publish information about our work, and we

² See OfS, '[Consultation on a new approach to regulating equality of opportunity in English higher education](#)'.

³ See OfS, '[Financial sustainability and market exit cases](#)'.

⁴ Available at OfS, '[Securing student success: Regulatory framework for higher education in England](#)'.

would normally expect to publish reports on the outcomes of our investigations when they have concluded.

In the last year, we delivered 12 in-person and online events with a combined attendance of over 3,700 people. Following research we commissioned with providers, we committed to more extensive engagement with universities and colleges, including a programme of visits for senior staff and board members to providers, improvements in future consultations and regular interactive events with groups of providers.

In developing our regulatory approach, it is important that students influence our work and decisions. This year we published our student engagement priorities for 2022-23.⁵

We have a student experience board member and a student panel, and we seek students' views through stakeholder activity, surveys and student-facing communications. Over the past year, student panel members have made important contributions to our work on quality and standards, the TEF, access and participation plans, tackling harassment and sexual misconduct, student wellbeing and mental health, and work on how the cost of living crisis is affecting students.

We have also introduced a revised National Student Survey, working with our partners in Scotland, Wales and Northern Ireland, following extensive review. We implemented the revised survey early in 2023, including new questions on student mental health and views on freedom of speech.

I am grateful to my OfS colleagues for continuing to deliver the extensive and high quality work described in this report. I anticipate that in the next operating period our impact as an independent regulator will be increasingly evident as the outcomes of investigatory work become visible. I look forward to continuing our work on the issues that matter most to students.

Susan Lapworth, chief executive

⁵ See OfS, '[Student engagement](#)'.

About us

The Office for Students (OfS) is the independent regulator of higher education in England. The OfS was established by the Higher Education and Research Act 2017 (HERA). As an independent public body, we report to Parliament through the Department for Education (DfE).

The OfS's aim is to ensure that every student, whatever their background, has a fulfilling experience of higher education that enriches their lives and careers. We regulate in the interests of students and prospective students from all backgrounds, whether they are:

- undergraduates, postgraduates or studying other levels of higher education
- UK-based or international
- studying full-time or part-time
- based on campus, learning at a distance or in work-based settings, or anything in between.

How we regulate

The OfS regulates a diverse higher education sector of more than 400 universities and colleges. For the English higher education sector as a whole, we regulate to create the conditions for competition, continuous improvement, and informed choice for students.

Not all providers of higher education in England are registered with the OfS. A higher education provider must register with the OfS if it wishes to:

- access public grant funding, such as funding to support teaching, or student support funding, such as enabling a provider's students to access student finance, or both
- apply to the Home Office for a student sponsor licence to recruit international students, or to maintain an existing licence
- apply for degree awarding powers to award its own degrees, for university title, or for both.

Providers can apply to register in one of two categories – Approved (fee cap) and Approved – which provide access to different benefits.

We take a predominantly principles-based approach to regulation. We set minimum expectations that we refer to as the 'regulatory baseline'. These expectations represent the minimum performance to which students and taxpayers are entitled.

The baseline is predominantly expressed through our conditions of registration. All registered providers are required to satisfy these. We also use statements of expectations and other tools to express the minimum level of performance we expect from providers.

Our strategy

The OfS's regulatory framework contains four primary regulatory objectives, and we have regard to these as we shape our policy approach. These are that all students, from all backgrounds, and with the ability and desire to undertake higher education:

- Are supported to access, succeed in, and progress from, higher education.
- Receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure.

- Are able to progress into employment or further study, and their qualifications hold their value over time.
- Receive value for money.⁶

We continue to draw on these objectives in our strategy for the period from 2022 to 2025, and to focus on two areas to deliver that strategy: on quality and standards, and on equality of opportunity. We consider these aspects to be mutually reinforcing, as improving equality of opportunity without ensuring that quality and standards are maintained will fail to deliver the outcomes we wish to see, and ensuring quality and standards without improving equality of opportunity means that students who could benefit from higher education will not.



A third area – enabling regulation – encompasses our underpinning regulation that enables quality and standards and equality of opportunity and supports our ability to deliver regulation that protects the interests of students and taxpayers. Our strategy has 11 goals for the period 2022 to 2025, falling into the three areas of quality and standards, equality of opportunity, and enabling regulation. This performance overview is structured around those 11 goals.⁷

This year we published revised key performance measures (KPMs), which reflect the areas of focus in our 2022 to 2025 strategy and are designed to show the impact of our regulation. The KPMs comprise those aligned to our corporate strategy, and ‘operational measures’ (OMs) reporting on our operational performance.

⁶ Available at OfS, [‘Office for Students strategy 2018 to 2021’](#).

⁷ Available at OfS, [‘Office for Students strategy 2022 to 2025’](#).



Quality and standards

KPM 1: Extent of poor student outcomes

KPM 2: Student outcomes for all registered providers

KPM 3: Assessment and awards

KPM 4: Students' views on aspects of quality



Equality of opportunity

KPM 5: Access to higher education

KPM 6: Success and progression

KPM 7: Degree attainment by ethnicity

KPM 8: Student choice



Enabling regulation

KPM 9: Value for money

KPM 10: Student protection

KPM 11: Efficient regulation



Operational measures

Our operational measures report on our core regulatory activity.

Measuring and reporting our progress

We measured our progress against our objectives in several ways in 2022-23.

We undertook frequent reviews of our business plan to take account of changes in the external environment and staff capacity. Our Portfolio Management Office (PMO) completes six-weekly updates on the progress of the business plan, and three-weekly updates on priority areas of activity. Our senior team closely monitored our progress, took decisions about reprioritisation and considered the associated risks.

We maintained a cycle of quarterly in-depth reviews of progress in relation to: the organisational score card; activity-level progress within the business plan; strategic risks; technology issues; staff resource; and the OfS's financial position.⁸

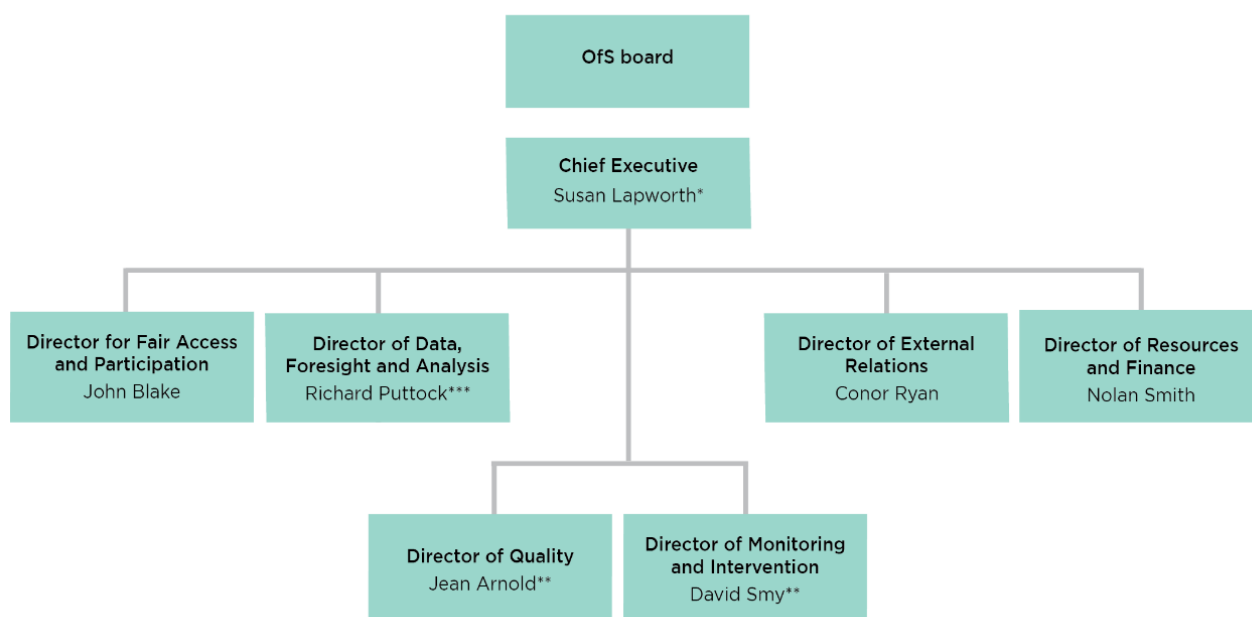
The OfS board and its Risk and Audit Committee received updates and reviewed performance and the risks to delivery.

We tracked our performance against our KPMs and OMs.

We reported to the DfE on our progress.

How we were organised during the operating year

More detail on the OfS board can be found online and in the corporate governance report (see page 126).⁹



* Susan Lapworth became interim chief executive on 1 May 2022 following the end of Nicola Dandridge's term of office. Susan was confirmed as chief executive on 1 September 2022.

**On 1 May 2022, when Susan Lapworth became interim chief executive, the policy responsibilities of the Director of Regulation role were split between two temporary director-level roles of Director of Quality, held by Jean Arnold, and Director of Monitoring and Intervention, held by David Smy. The two temporary directors were jointly responsible for delivery of the operational work of the Compliance and Student Protection directorate.

*** Richard Puttock, Director of Data, Foresight and Analysis, left the OfS at the end of January 2023. While we considered the longer-term arrangements for our data and analysis functions, Nolan Smith took on responsibility for the DFA directorate.

Like the chief executive, the Director for Fair Access and Participation is an executive member of the OfS board and is a public appointment as set out in HERA.

⁸ The organisational score card includes selected internal performance indicators to support understanding of progress and achievement of goals.

⁹ See OfS, '[Who we are](#)'.

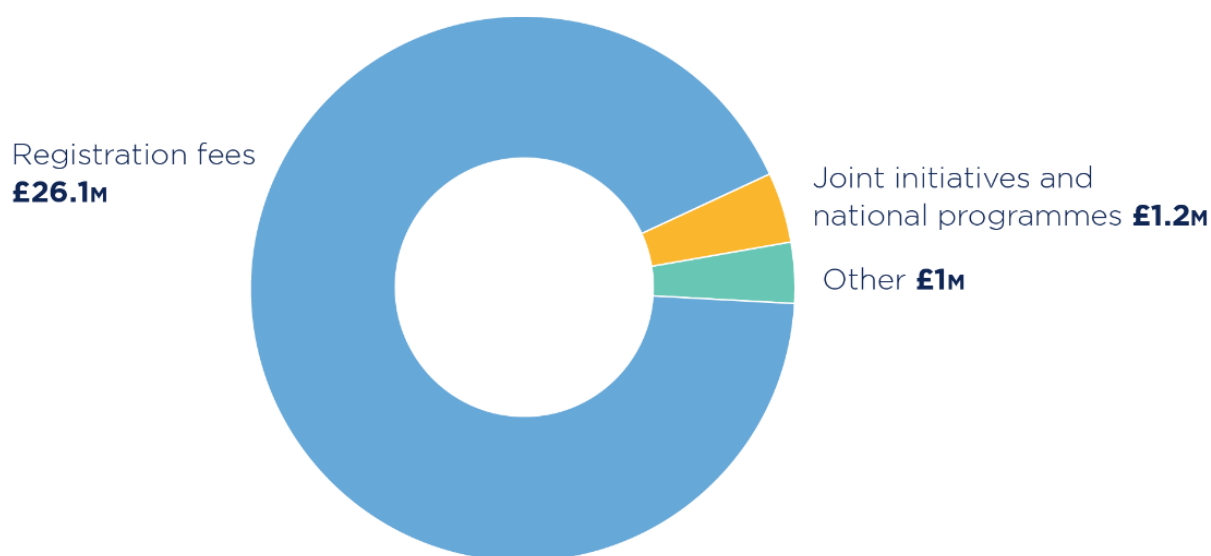
OfS income

Most of our operational income comes from an annual registration fee charged to all registered providers. Our £27.3 million administration costs spend this year were 95.5 per cent funded through registration fees from providers.

The mechanism and rates charged are set in secondary legislation, which is determined by the DfE. We also receive grant-in-aid from the DfE to provide grant funding to our registered Approved (fee cap) providers.

The total value of regulatory fees paid by registered providers on average in 2021-22 represented 0.13 per cent of the income to which they gain access by virtue of registration with the OfS.¹⁰

Income in the 2022-23 operating year

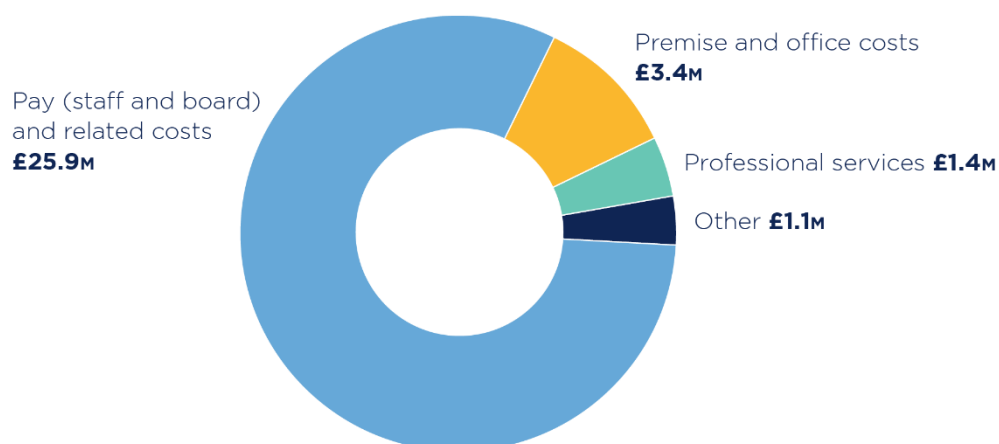


OfS expenditure

Our running costs in financial year 2022-23

Most of our running costs relate to staff. Other significant spending areas include IT and premises.

¹⁰ Total registration-contingent income of providers for 2021 financial year end (£28,542m) divided by fees income for 2021-22 (£26.2 million). Further details available at OfS, [‘How providers and the regulatory system are funded’](#).



Programme expenditure in the 2022-23 financial year

While the most significant source of funding for teaching to providers is through tuition fees charged to students, it is not the only source of funding. We allocate government funding to 338 providers in England registered in the Approved (fee cap) category.

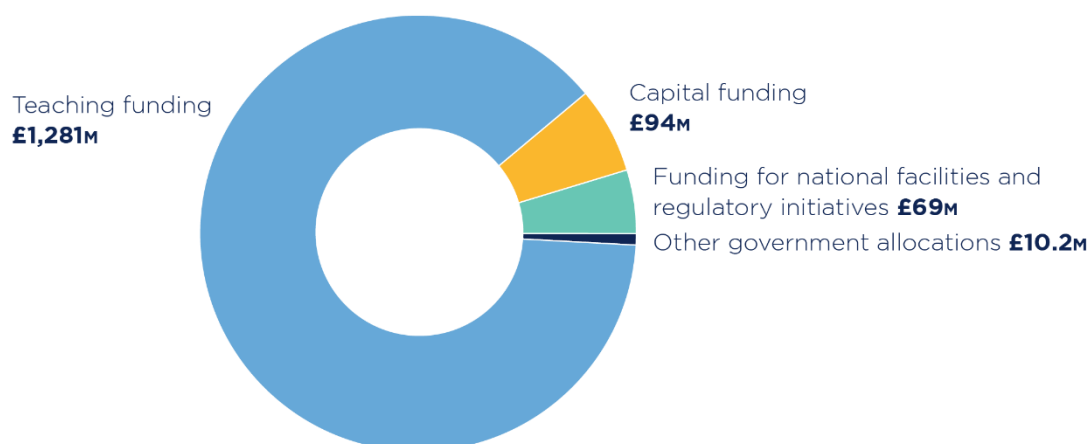
OfS funding supports:

- Areas where teaching costs are particularly high (such as science, engineering and medicine).
- Particular policy areas and government priorities. Funding includes targeted funding such as the nursing, midwifery and allied health supplement, funding for specialist providers judged to offer world-leading teaching, and student premium funding to support successful student outcomes.

We allocate most of our funds by academic year (August to July), though some funding – such as capital funding – is allocated by financial year (April to March). Most funding is allocated by formula as recurrent grants, based on the numbers and types of students at a provider. The 2022-23 academic year overlaps two financial years: the last eight months of the 2022-23 financial year and the first four months of the 2023-24 financial year.

We distributed £1,454 million in the financial year 2022-23.¹¹ Most of this is in the form of recurrent teaching grants paid directly to providers.

¹¹ The total programme spend also includes £5 million of staff costs (costs of staff working exclusively on programme related activities), giving a total figure of £1,459 million.



Consistent with our role as an independent regulator, we work with the DfE and other government agencies. We also engage with student and sector organisations, UK Research and Innovation (UKRI), the devolved administrations and a range of other stakeholders.

HERA makes provision for the OfS to work with two designated bodies. The designated data body that compiles and publishes data on English higher education changed during the operating year. The Higher Education Statistics Agency (HESA) merged with Jisc in October 2022, and Jisc was designated by the Secretary of State to perform the information duties as set out in sections 64 and 65 of HERA.

In the 2022-23 operating year, the designated quality body, performing the assessment functions in relation to quality and standards in English higher education, was the Quality Assurance Agency for Higher Education. It is important that the designated body operates in a way that enables the OfS to regulate effectively. We reported concerns about the QAA's performance as the designated body in September 2022 in the report we are required to make to the Secretary of State.¹² In July 2022 the QAA had announced its decision not to continue as the designated quality body for England, but continued in this role until the end of March 2023. During the period from July 2022 to March 2023, we expanded the infrastructure we had previously established to deliver our programme of quality investigations, to prepare to take on additional functions from the QAA from 1 April 2023.

¹² Available at OfS, [‘Summary of the OfS’s triennial report on the performance of the Quality Assurance Agency for Higher Education as the designated quality body’](#).

Funding initiatives

This year we delivered two significant funding initiatives, which had regard to guidance from the Secretary of State on the approach to be taken.

Our recurrent funding for teaching in academic year 2022-23 included formulaic funding of £56.8 million to 20 **specialist higher education providers** that were assessed as providing world-leading teaching by an expert panel this year. The additional funding recognises the public value and distinctive nature of teaching at (primarily small) specialist higher education providers.

Decisions on the funding to be allocated were announced in December 2022.¹³ The 20 universities and colleges assessed as world-leading will retain that assessment for at least five years, and will be funded accordingly, provided that they also continue to be registered with the OfS in the Approved (fee cap) category and continue to meet eligibility criteria. We also awarded 15 specialist higher education providers a share of £9.6 million to improve teaching and access to performing arts courses for the academic years 2022-23 to 2026-27. Of these, six will receive the maximum amount of £1 million per annum.

Teaching capital funding is additional funding provided by the government to support sustainable investment in higher education. It can be used to acquire or maintain fixed assets, such as land, buildings and equipment to enhance the student experience. Following consultation on proposals, we adopted a new approach for funding for 2022-23 to 2024-25 whereby capital funding is distributed through two mechanisms:

- a small annual formula allocation to all eligible providers
- the majority of capital funding, allocated in response to bids in a competitive exercise.

Priorities for funding were identified as projects benefiting high-cost subjects of strategic importance, enhancement of graduate employability and the skills needs of employers and industry and local and regional economies, in particular supporting technical provision at Levels 4 and 5, degree apprenticeships, and part-time and other forms of flexible provision. In our competition, 208 eligible universities and colleges submitted capital bids totalling £830 million for assessment to receive a share of £399 million over the 2022-23 to 2024-25 financial years. In December 2022 we announced allocations to 100 providers, of which 47 will receive the maximum allocation of £5.8 million over the three financial years.¹⁴

Our approach to risk management

We identify, assess, manage, review and record risks in line with our risk management policy and approach. This is described in more detail in our governance statement. An annual internal audit of our risk management processes this year found that there was strong design of controls in the management of corporate and operational risks, and openness of risk discussion at the OfS.

Our approach involves:

- identifying and managing risks at strategic, corporate and operational levels
- aligning risk with planning and project management at corporate level
- systematic use of risk appetite in determining the risk response

¹³ Available at OfS, [‘World-leading specialist provider funding: Outcome’](#).

¹⁴ Available at OfS, [‘Capital funding for financial years 2022-23 to 2024-25’](#).

- integration of assurance and internal control review
- building our risk maturity through our work on a consistent organisation-wide culture relating to risk.¹⁵

There is discussion of our principal risks on page 79.

¹⁵ A summary of the strategic risks we faced during the operating year is on page 79, and a more detailed account of risk management systems is described on page 132.

Quality and standards



Quality and standards

We significantly **reformed our approach to regulating quality and standards**, revising our quality conditions.

TEF 2023 We prepared for **TEF 2023** and received **228 submissions** from universities and colleges, and **204 submissions** from their students.

We set up a highly credible **assessment regime** for quality, recruiting **73 high calibre academic assessors**, and we are in the process of recruiting a **further 180**.

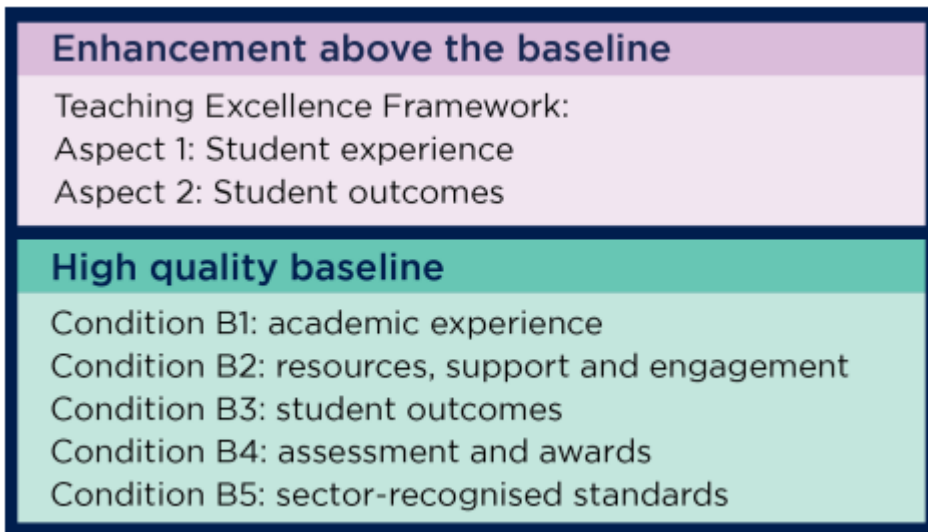
We opened more than **30** quality investigations.

This section considers our progress towards our four goals relating to quality and standards in higher education. This year we strengthened our regulation of quality to ensure we have the right tools to intervene to protect the interests of students where we consider that appropriate. Most universities and colleges, and most courses, are delivering a high quality academic experience and successful outcomes, but we know from regulatory intelligence that significant variability exists in the quality of courses. Student outcomes data, student perceptions about quality (measured by our KPM 4), and intelligence from our notifications process through which students or others contact us about concerns, all suggest areas of potential concern.

We also consider our progress on free speech, and impact in supporting graduates to contribute to local and national economies, facilitating study opportunities that meet employers' needs.

Students receive a high quality academic experience that improves their knowledge and skills, with increasing numbers receiving excellent provision.

Our quality system has two aspects: a high regulatory baseline and a cyclical assessment to incentivise enhancement of courses.



The lower box in the diagram shows our revised B conditions of registration. These conditions set a high quality baseline of performance for providers so that all students can expect a high quality course and successful outcomes wherever they chose to study. Many universities and colleges sit comfortably above this high quality regulatory baseline.

The upper box in the diagram describes the TEF, which provides an independent assessment by academic experts and students of the quality of courses and outcomes delivered by universities and colleges. It is central to our approach to quality and standards, incentivising excellent teaching above and beyond our regulatory baseline (see page 26).

Implementing our revised approach to quality and standards

This year we concluded a comprehensive consultation process on changes to our regulation of the quality of higher education courses in England. This sharpened our overall approach to quality and standards, revising our conditions of registration and revitalising the TEF.

Previously, in a second phase of consultation on quality and standards, we had consulted on changes to the more qualitative conditions of registration to make sure, for example, that every course is up to date and offers educational challenge, and ensures that students develop the skills they need for their careers and receive the resources and support needed to succeed. Our proposed changes were clear that we expected students to be proficient in the use of the English language, and providers to stop the inappropriate practices that led to grade inflation over the past decade.

In a third phase of consultation in January 2022 we published three linked consultations. The first of these concerned condition B3, which relates to student outcomes. We consider student outcomes in relation to three measures: continuation, completion, and progression to graduate level employment or further study. A second consultation concerned data indicators. It sought views on constructing student outcome and experience indicators for use in OfS regulation. The third consultation concerned the future development of the TEF. The consultations were linked because we wanted to ensure consistency between our use of data and indicators underpinning the regulation of student outcomes and the TEF.

During the late spring of 2022, we analysed over 240 responses to the linked consultations, leading to some changes to our proposed approach, and in July and September 2022 published final policy decisions, including guidance on the approach we will take to regulating student

outcomes under condition B3.¹⁶ Additionally, we published guidance on the Teaching Excellence Framework for 2023.¹⁷

Changes made to our B (Quality and standards) conditions this year following consultation

1. Revised ongoing conditions of registration B1, B2, B4 and B5 came into effect from 1 May 2022. They deal with academic experience; resources, support and engagement; assessment and awards; and sector-recognised standards.
2. Additionally, new initial conditions of registration, B7 and B8, applied to applications for registration made on or after 1 May 2022. These conditions facilitate registration for providers without a track record of delivering higher education by demonstrating their plans for compliance with ongoing quality and standards conditions.
3. Revised initial and ongoing condition of registration B3 concerning student outcomes came into effect from 3 October 2022.
4. A revised condition of registration, condition B6, came into effect on 6 October 2022, setting out requirements for providers' participation in the Teaching Excellence Framework.

Student outcomes (condition B3)

An important change this year was the introduction of a revised approach to regulating student outcomes. We set numerical thresholds for courses at different modes and levels of study. In setting our thresholds we took account of the historic differences in outcomes for students with particular characteristics. As an example, for full-time students studying for a first degree, the numerical thresholds are for:

- 80 per cent of students to continue their studies
- 75 per cent of students to complete their course
- 60 per cent of students to go on to further study, professional work, or other positive outcomes, within 15 months of graduating.

We published dashboards of student outcomes, which show the performance for each university and college registered with the OfS in relation to the numerical thresholds.¹⁸ This provides transparency and incentivises universities' and colleges' compliance without the need for formal regulatory intervention.

We use this data and our numerical thresholds to identify providers that may not be delivering positive outcomes for their students. Our assessment process takes account of the context in which providers are operating and allows us to intervene if positive outcomes are not being delivered. Our approach also enables us to look at performance in particular subjects and in

¹⁶ Available at OfS, [‘Regulatory advice 20: Regulating student outcomes’](#).

¹⁷ Available at OfS, [‘Regulatory advice 22: Guidance on the Teaching Excellence Framework 2023’](#).

¹⁸ See OfS, [‘Student outcomes and experiences data dashboards’](#).

partnership arrangements, to ensure pockets of poor performance can be identified and addressed.

In November 2022 we set out which student outcome measures, modes and levels of study and subjects we would use as the basis for selecting universities and colleges to prioritise for assessments relating to condition B3. We announced that in the first assessment cycle, our focus will be on continuation, completion and progression to professional or managerial employment or further study outcomes in relation to undergraduate first degree and postgraduate taught masters' courses. Additionally, there would be focus on specific subjects, including business and management and computing, where there were large numbers of students and considerable variation in student outcomes performance across providers.

Conscious of regulatory burden, we did not open these B3 investigations until after the TEF submission deadline in January had passed. In conducting the investigations, we have been clear about our intention to make a rounded judgement about a provider's performance, and a provider's position in relation to a numerical threshold would not, by itself, determine whether it was compliant with the B3 condition.

Two of our key performance measures draw on student outcomes data. The annex to this section of the report includes commentary on KPMs 1 and 2.

Protecting quality and standards

The requirements in our B conditions include how courses are designed and delivered, the academic support that particular cohorts of students need, and whether assessment is rigorous in practice. Those are all matters of academic concern. We use a combination of data and regulatory intelligence to identify courses and providers that may not satisfy our regulatory requirements for quality.

In May 2022 we announced our intention to launch investigations into the quality of the business and management courses at eight universities and colleges. This was followed by opening of investigations into computing courses at three providers in November 2022.

Independent academic judgement is an important aspect of our assessment of quality, and will often involve a visit by a team of expert assessors. During the year we built a high-calibre team based on academic experience to undertake our work on quality assessment.

We recruited 73 members of academic staff in this operating year – 60 as assessors and 13 as lead assessors – and prepared them for their roles. We ask assessors to use their academic judgement to assess whether, for example, a particular course provides educational challenge and is effectively delivered, or whether students on a particular course are assessed effectively in a way that provides stretch and rigour consistent with the level of the course.

We also recruited assessors to provide expert judgements to inform our regulatory decision-making on whether quality is good enough, or standards set appropriately, to register a provider on the OfS Register or to allow it to award its own degrees. We also began to recruit assessors to carry out assessment activity and provide external quality assurance of end-point assessment for integrated higher and degree apprenticeships.

We also made key appointments to guide our approach. An academic practice development lead, with a background in academic staff development in higher education, supports the development of our approach to the assessment of academic practice. We also appointed two principal assessors with senior experience in the sector. They have led teams to undertake a number of the individual provider assessments and more generally play a lead role in the delivery and development of our approach to investigations, including in the appointment and training of the panel of assessors and quality assessment of their work.

More recently, we worked to significantly expand our assessment activity so that we can deliver the quality and standards assessment functions from 1 April 2023 onwards, following the de-designation of the QAA as the DQB.

This year we also completed our review of blended learning, amid concerns that a poor quality online experience for some students during the pandemic had undermined the positive potential of mixing in-person and online course delivery. We appointed an independent panel chaired by Professor Susan Orr to review universities and colleges' approaches to blended learning. We responded to the panel's report with consideration of whether the approaches identified were likely to comply with our quality requirements – in particular conditions B1 (academic experience) and B2 (resources, support and student engagement).¹⁹ We also published advice on our website to help students understand whether we may have concerns about their university or college's approach to blended learning, and how to report any concerns.²⁰

The TEF 2023

The revised TEF is an integral part of our regulatory framework and our approach to regulating quality. Universities and colleges with more than 500 undergraduate students are required to participate. It is a cyclical assessment process, which takes place every four years. This year we prepared for the exercise, publishing guidance on submissions in October 2022, recruiting 62 expert academics and students to join the TEF panel and setting up IT systems.²¹

The TEF provides an independent assessment by academic experts and students of the academic experience and outcomes delivered by universities and colleges, and is the mechanism we use to drive improvement and enhance provision beyond the requirements in our conditions of registration. Using ratings of Gold, Silver, Bronze and Requires Improvement incentivises universities and colleges to achieve excellence in teaching, learning and student outcomes, in a way that recognises the full diversity of higher education courses and the many ways people study.

Universities and colleges make a submission, as do their students if they wish. In January 2023, 228 universities and colleges made submissions to us, with 204 student submissions. The TEF outcomes will be announced from September 2023.

¹⁹ Available at OfS, ['Blended learning and OfS regulation'](#).

²⁰ Available at OfS, ['Online and blended learning'](#).

²¹ See OfS, ['Regulatory advice 22 Guidance on the Teaching Excellence Framework 2023'](#).

	Summary of the TEF					
Ratings	Overall rating	Overall provider rating				
	Aspect ratings	Student experience rating				Student outcomes rating
	Categories	Gold, Silver, Bronze, Requires improvement				
	Duration	Outcomes last for four years until the next TEF exercise concludes.				
Aspects and criteria	What the aspects cover	Academic experience and assessment	Resources, support and student engagement		Positive outcomes	Educational gains
	Ratings criteria	The extent to which a provider has very high quality and outstanding quality features across the range of its courses for all its groups of students.				
Participation and scope	England	Participation in TEF is mandatory if condition B6 of the regulatory framework applies to a provider. A provider can participate voluntarily if B6 does not apply to it.				
	Devolved nations	Providers in Scotland, Wales and Northern Ireland can participate on a voluntary basis.				
	Courses in scope	All a provider's undergraduate courses, and the students on those courses, are in scope of the assessment. Certain courses are in scope optionally.				
Published information	TEF outcomes	OfS publishes the ratings and the panel's reasons for them, the submissions and other information. A provider can display its own rating.				
	Annual indicators	OfS publishes TEF indicators annually as official statistics for all registered providers.				
Evidence	Provider submission	A provider submits evidence of excellence in relation to the experience and outcomes of its students (up to 25 pages).				
	Student submission	A provider's students can optionally contribute their views on the quality of their experience and outcomes, in a single independent student submission (up to ten pages).				
	Indicators	OfS produces indicators based on National Student Survey responses.				OfS produces continuation, completion and progression indicators.
	Contextual data	OfS produces data about the size and shape of provision for each provider.				
Assessment	Expert review	A panel of experts, including academic and student members, conducts the assessments and makes decisions about ratings.				

Students' views on the quality of courses

The National Student Survey (NSS) gathers final year undergraduate students' views on their courses. This helps to:

- inform prospective students' choices
- provide data that supports universities and colleges to improve the student experience
- support public accountability.

Both our KPM 4 and KPM 9B draw on data from the NSS on final year students' academic experience. The survey took place between January and April 2022. The 2022 NSS ratings for most of these aspects of quality were similar to the previous year, when teaching was online for many students. However, as face-to-face learning resumed for most courses, the percentage of students responding positively to NSS questions about learning resources has increased: 80.9 per cent in 2022, compared with 73.3 per cent in 2021.

In the same survey, 80 per cent of students in England gave positive responses about the quality of their teaching. This was unchanged from the 2021 response, but lower than the 84 per cent in the 2020 survey. The section on value for money (see page 62) provides more information about what this KPM shows.

Students are rigorously assessed, and the qualifications they are awarded are credible and comparable to those granted previously.

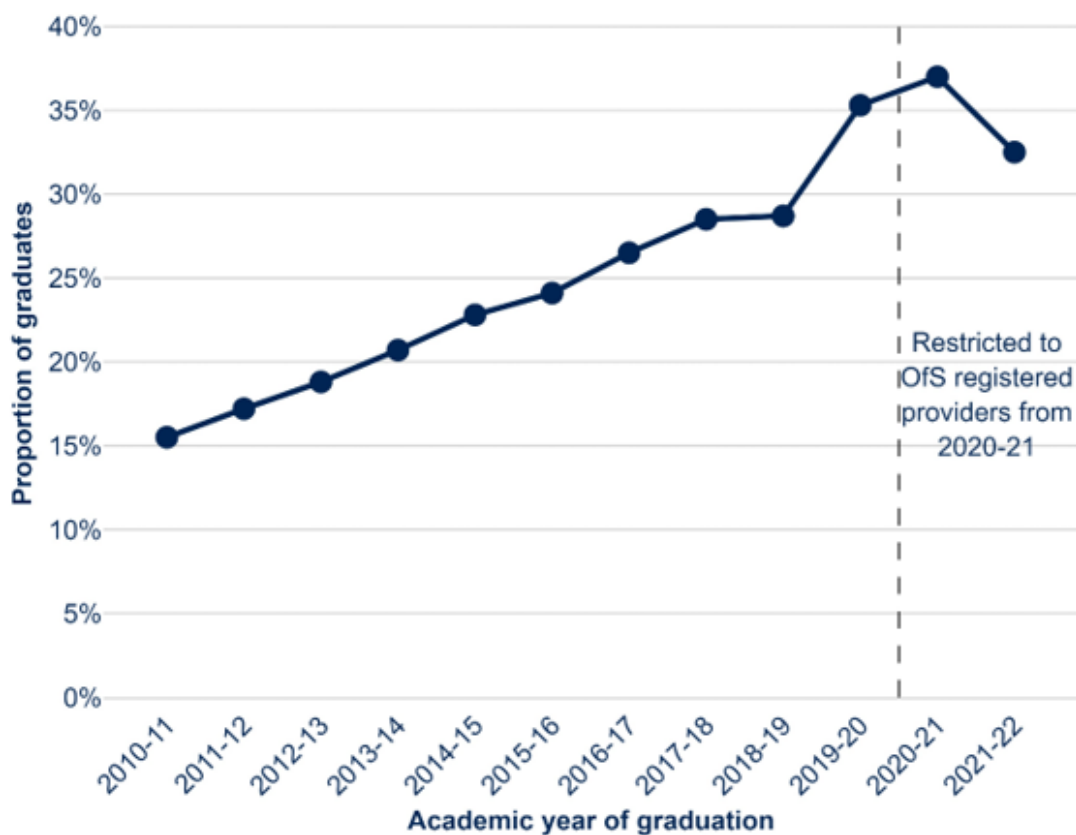
Assessment and awards

We are concerned to ensure that the assessment of students is rigorous, and that the awards and qualifications granted to students are credible and hold their value over time.

In recent years the proportion of students attaining 1sts and 2:1s has increased significantly. The proportion of students awarded first class degrees at English universities and colleges increased from 15.7 per cent in 2010-11 to 37.9 per cent in 2020-21. Statistical models show that changes in other factors (such as prior attainment or choice of subject) can explain only a small proportion of the increase.

KPM 3: Assessments and awards

KPM 3 measures the proportion of students who graduate with first class degrees.



Why are we measuring this?

One of our strategic goals is that students are rigorously assessed, and that the qualifications they are awarded are credible and comparable with those granted previously. Our strategy says that we will investigate where providers' assessment and awarding practices may not meet our requirements and take action to address any issues.

If our approach to regulating assessment and awards is having the desired effect, providers that do not meet our minimum regulatory requirements for credible and comparable awards will be incentivised to do so. The substantial increase in the proportion of students achieving first class degrees over the past decade, shown by KPM 3, should therefore slow, level off or reverse.

What does this show?

KPM 3 shows that the proportion of students awarded first class degrees in the 2021-22 academic year was 32.5 per cent. This proportion had increased every year between 2010-11 and 2020-21, but in 2021-22 it decreased for the first time from a high of 37.0 per cent in 2020-21.

During the coronavirus pandemic, many providers made changes to their assessment and awarding practices. This was to ensure that students were not disadvantaged by the impact of the

pandemic. Providers did not adopt a single approach and the impact of these changes will have varied from provider to provider. It is not possible to determine the extent to which these actions contributed to the large increase in the proportion of students receiving first class degrees in 2019-20, or to the further increase in 2020-21.

Investigations

As part of our regulation of quality we continue to engage with public concerns about grade inflation. While the decrease towards pre-pandemic levels in the proportion of first class degrees awarded to students graduating in the 2021-22 academic year is welcome, we consider that it remains important that the OfS can and does intervene where it has potential concerns about the credibility of degrees. Universities and colleges must ensure that the degrees they award are credible and properly represent students' achievement.

In 2022 we opened desk-based investigations into the credibility of awards at three providers.²² These investigations are examining providers' compliance with condition B4, which requires universities and colleges to assess students effectively, and to award qualifications that are credible compared with those granted previously and that are based on the knowledge and skills of students.

Providers secure free speech within the law for students, staff and visiting speakers.

We consider that freedom of expression is fundamental to a high quality educational experience. Students must be able to learn in a culture which values rigorous inquiry and allows open debate of conflicting views, where legitimate issues for discussion are not seen as off limits, and those who teach or supervise students do not feel silenced. Our public interest governance principles already require providers to take reasonably practicable steps to ensure that freedom of speech within the law is secured for students, staff and visitors. It reflects the statutory duty on free speech with which higher education providers must comply.

Currently, the OfS regulates matters relating to free speech and academic freedom through the relevant public interest governance principles, which underpin our conditions of registration relating to management and governance (the E conditions). This year the government progressed a Higher Education (Freedom of Speech) Bill through Parliament that would strengthen the legal requirements on higher education providers in relation to free speech and academic freedom. The bill includes an enhanced role for the OfS in promoting the importance of freedom of speech and academic freedom in higher education. The Higher Education (Freedom of Speech) Act 2023 received royal assent in May 2023.

The extent of risks to free speech in higher education is not easy to measure, and some research findings on the subject have been contested or interpreted differently. Research from the Higher Education Policy Institute suggests an increased perception among students that free speech is being inhibited at university.²³ Through a new survey question in the 2023 NSS, we are gathering views on how able students in England feel to express themselves freely at university.

In December 2022 we held an event which discussed the regulatory and legal landscape and our views about how universities should interpret the law on free speech and equality matters. The OfS

²² See OfS, [‘New OfS investigations to examine credibility of degrees’](#).

²³ See Higher Education Policy Institute, [“‘You can’t say that!’ New polling shows students want more controls on free expression”](#).

chief executive urged universities and colleges to use our Insight brief on freedom of speech to take a fresh look at the steps they are taking to secure free speech.²⁴

Graduates contribute to local and national prosperity, and the government's levelling up agenda.

Postgraduate conversion courses in data science and artificial intelligence

In a first round of funding a total of £13.5 million of funding was provided between April 2020 and March 2023.

- £3.5 million was provided to develop postgraduate conversion courses.
- £10 million was provided to deliver 1,000 scholarships, worth £10,000 each, to groups underrepresented in the artificial intelligence (AI) and data science sector to increase diversity, particularly for black, women and disabled students.

Findings from an independent evaluation of the programme show a high proportion of enrolments on the conversion courses from women, black and disabled students, all of whom are underrepresented in the sector.²⁵ The programme has already exceeded its aim to enrol 2,500 AI and data science students by autumn 2023, with 6,317 students enrolled up to December 2022.

In September 2022, in partnership with the Department for Science, Innovation and Culture, a new funding competition was launched to distribute up to £17 million of funding to deliver up to 2000 further scholarships between April 2023 and March 2025. Following a competitive selection process, we announced that 30 universities had been awarded a share of £8.1 million to deliver up to 817 scholarships (worth £10,000 each) in the 2023-24 academic year. Funding for scholarships to be delivered in 2024-25 is subject to confirmation.²⁶ The funding aims to continue the progress to increase diversity in the UK AI and data science workforce. The scholarship eligibility criteria was widened to include students from lower socioeconomic backgrounds. Industry is also being encouraged to support the programme by co-investing in scholarships to increase the size and diversity of the AI and data science talent pool. An employer engagement partner, Group GTI, has been appointed to engage with industry and support collaboration with higher education providers.

The Performance analysis section of this report details a number of other activities that contribute to the development of graduate skills and address disparities in graduate employment prospects.

This section sets out in more detail our KPMs relating to student outcomes. This information, including further detail about how the measure is calculated, is available on our website.²⁷

²⁴ Available at OfS, [‘Freedom to question, challenge and debate’](#).

²⁵ See OfS, [‘New analysis shows big boost in numbers of women enrolling on AI and data science courses’](#).

²⁶ See OfS, [‘£8 million boost for digital student scholarships’](#).

²⁷ See OfS, [‘Key performance measures’](#).

KPM annex

KPM 1: Extent of poor student outcomes²⁸

KPM 1 measures the proportion of students at higher education providers where student outcomes indicators are below the minimum thresholds we have set at disaggregated levels of study.²⁹ If our approach to regulating student outcomes is working, we anticipate that the proportion of students on courses with continuation, completion and progression outcomes below our numerical thresholds will decrease over time. KPM 1 data suggests there has been positive progress over time, but we also note that this KPM is subject to volatility that can affect year-on-year comparisons. This KPM is closely related to KPM 9C on value for money, which draws on the same data (see page 65).

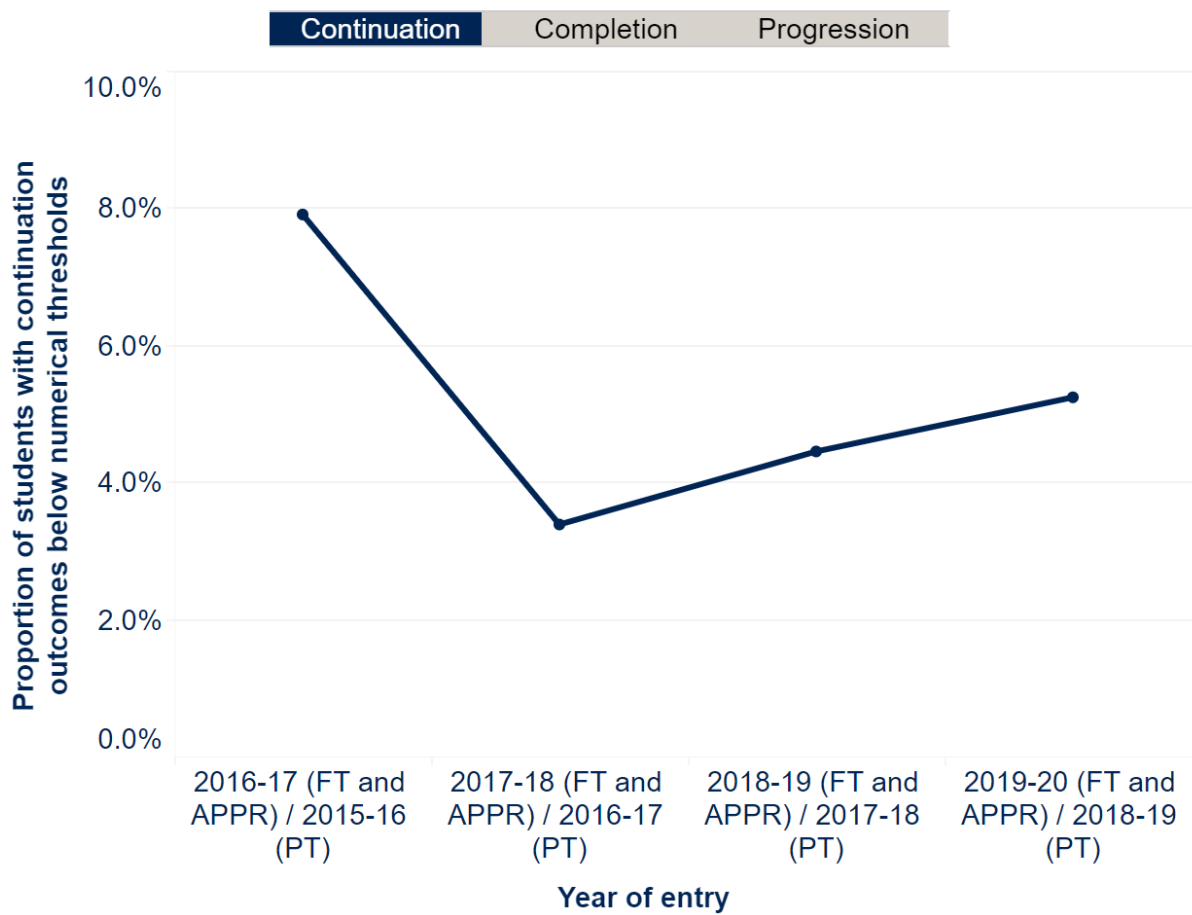
The most recent data available for these measures relates to the 2020-21 academic year. The measures involve time lags in production because of the need to track cohorts of students over time to a census date. For example, in the case of completion, for full-time students and apprenticeship students we identify a cohort of entrants to higher education qualifications and follow them through subsequent years of their course to track how many continue in active study or qualify four years and 15 days after they started.³⁰

²⁸ Continuation, completion and progression figures measure full-time (FT), apprenticeship (APPR) and part-time (PT) students.

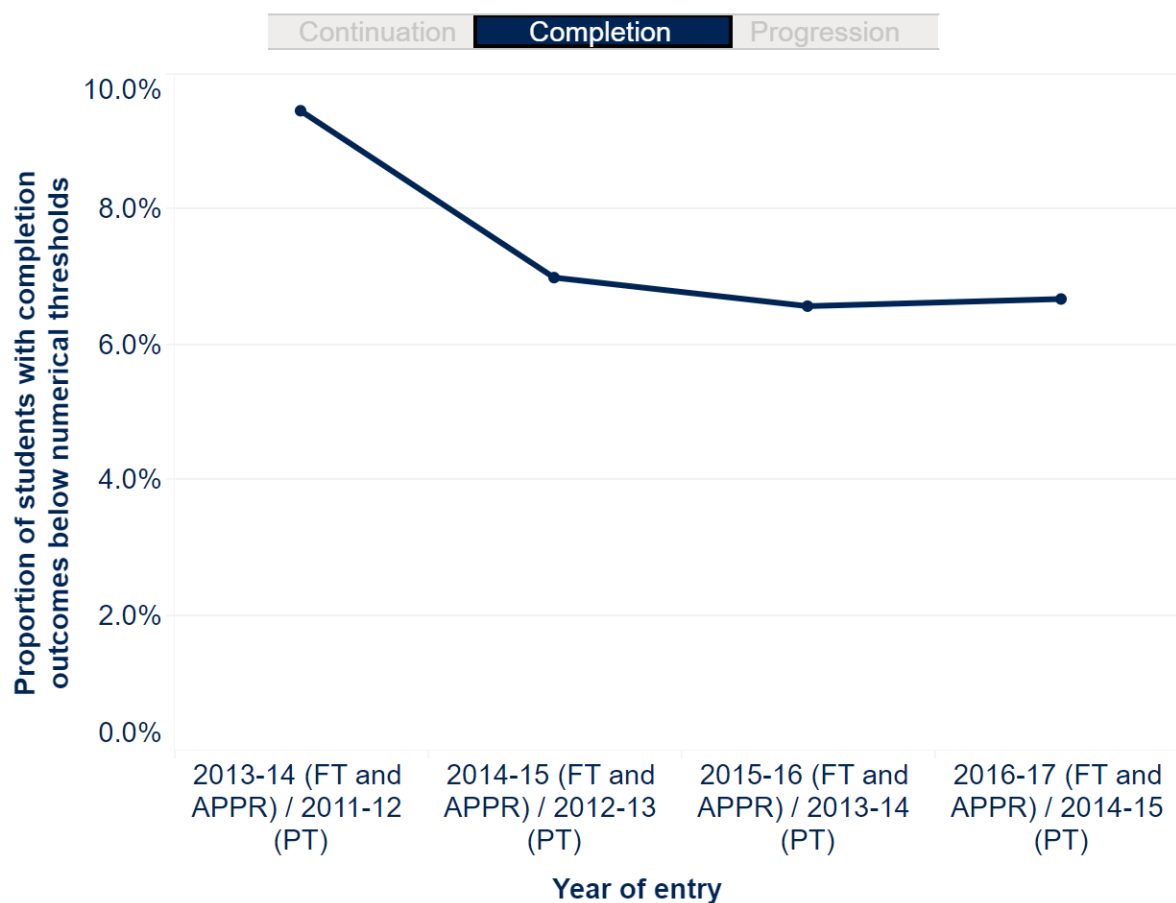
²⁹ See OfS, [‘KPM 1: Extent of poor student outcomes’](#).

³⁰ Information about the construction of continuation, completion and progression measures is available at OfS, [‘Outcome and experience data’](#).

Proportion of student providers with student outcomes below our numerical thresholds



The proportion of students at providers where the relevant continuation indicator is below our numerical threshold (at 95 per cent statistical confidence) is 5.2 per cent for the most recent year. This decreased from 7.9 per cent over the previous three years.



The proportion of students at providers where the relevant completion indicator is below our numerical threshold (at 95 per cent statistical confidence) is 6.7 per cent for the most recent year. This decreased from 9.4 per cent over the previous three years.



The proportion of students at providers where the relevant progression indicator falls below our numerical threshold (at 95 per cent statistical confidence) is small. It was 1.6 per cent for the most recent year, a rise from 0.7 per cent two years previously.


KPM 2: Student outcomes for all registered providers

KPM 2 measures overall student outcomes across all registered higher education providers and compares these with the numerical thresholds we have set. It shows that overall, sector-level measures (continuation, completion and progression) are above our numerical thresholds for almost all modes and levels of study.³¹ As the data can be interrogated in four modes and seven levels of study for each aspect of student outcomes (continuation, completion and progression), the results are best viewed on our website.³²


³¹ The completion indicator in the most recent data that is closest to the numerical threshold we have set is for part-time students on undergraduate courses with postgraduate components. Across all providers, 58.3 per cent of these students complete a higher education qualification, which is 1.7 percentage points below our numerical threshold of 60 per cent for this indicator. This is the only indicator value across all modes and levels of study that is below our numerical threshold. The number of students on these courses is very small – less than 0.1 per cent of the sector population (190 students) – and the upper limit of the 95 per cent confidence interval is 5.1 percentage points above the numerical threshold.

³² See OfS, '[KPM 2: Student outcomes for all registered providers](#)'.


Equality of opportunity



Equality of opportunity




We **consulted on a new approach to equality of opportunity**, and our expectations for access and participation plans.



We developed the concept of an **Equality of Opportunity Risk Register**, launching it in March 2023.

We developed our approach to **partnerships** between higher education **providers and schools**.



We launched a consultation on a new policy to **tackle sexual misconduct and harassment**.

We have four goals relating to equality of opportunity in higher education:

- Students' access, success and progression are not limited by their background, location or characteristics.
- Prospective students can choose from a diverse range of courses and providers at any stage of their life, with a wide range of flexible and innovative opportunities.
- Providers act to prevent harassment and sexual misconduct and respond effectively if incidents do occur.
- Providers encourage and support an environment conducive to the good mental health and wellbeing that students need to succeed in their higher education.

Underpinning these goals is a commitment to improving the evaluation of activities and interventions providers are delivering. Better evaluation helps us all to understand the impact of this work and ensure it is delivering the best outcomes for students.

Our ambition is that no student or prospective student is prevented from accessing, succeeding or progressing in higher education by factors beyond their direct control. Students should be empowered to make choices about their lives and learning. They should also be confident that no aspect of their life experience or background will limit those choices or their consequences unfairly. This is what we mean by 'equality of opportunity'.

We regulate providers in this area primarily through access and participation plans. Providers wanting to charge tuition fees up to £9,250 a year (and have access for their students to student loans) must set out how they will improve equality of opportunity for underrepresented and disadvantaged students to access, succeed in and progress from higher education. We monitor their progress in delivering these plans. This also helps improve our understanding of the nature, causes and effective mitigations of risks to equality of opportunity.

Despite sustained progress in recent years – for example, in the rates of students from disadvantaged backgrounds entering higher education – huge challenges remain in securing equality of opportunity for all students. The OfS has an important role to play in building a framework that effectively supports students to overcome these challenges. We have made clear our expectation that access and participation plans must be ambitious, drive change, and deliver impact, and we will work collaboratively and constructively with the universities and colleges we regulate to make this happen.

During 2022-23 we consulted on and began to implement a new approach to regulating equality of opportunity.³³ The new approach reflects the four goals set out in our strategy and the steps we need to take to deliver these goals. These include an increased focus on what happens at school – encouraging partnerships between schools, colleges, universities and third sector bodies to raise pupil attainment – and on student outcomes – ensuring that all students are supported to succeed on good quality courses that set them up for work or further study. We also published a register (described in the next section) that captures significant sector-level risks to equality of opportunity.³⁴ To ensure transparency, we asked providers to ensure that their access and participation plans are easy to find on their websites, and able to be understood by students and others. To enhance accountability and impact, our expectation is that providers will significantly expand the scale and quality of evaluation of their activity on equality of opportunity and ensure that the results of such evaluations are published to ensure practitioners across the sector can be evidence-led in their activity.

Students' access, success and progression are not limited by their background, location or characteristics.

Access and participation plans and the Equality of Opportunity Risk Register

In the first part of the reporting year, we asked providers to submit variations to their access and participation plans, to take effect from 2023-24, to reflect our new priorities for access and participation. We requested rather than mandated this: more than 90 per cent of universities and colleges responded.

An analysis of the variations was encouraging. 94 per cent of providers were already working with schools to raise attainment, or planning engagement activity.³⁵ There was evidence of sustained activity to support students through their studies and prepare them for life after graduation. Universities and colleges are thinking about how they can expand flexible provision, and more than four in five are either already offering, or planning to offer, degree apprenticeships and foundation degrees. It was also welcome to see them taking steps to make their access and participation plans more accessible.

³³ Available at OfS, [‘Consultation on a new approach to regulating equality of opportunity in English higher education’](#).

³⁴ See OfS, [‘Equality of Opportunity Risk Register’](#).

³⁵ Available at OfS, [‘Outcomes report: Variations to access and participation plans for 2023-24’](#).

In October 2022 we launched a substantive consultation on our new approach.³⁶ The outcomes of that consultation were published in March 2023 alongside revised regulatory guidance that reflects feedback from consultation responses.³⁷

A key element of the new approach is a requirement that APPs from 2024-25 must identify risks to equality of opportunity faced by current and prospective students and set out how they will be addressed. To help providers with this, we have published a register of sector-wide risks to equality of opportunity.³⁸ The register, which is underpinned by a range of data and evidence (including from our access and participation data dashboard), will allow them to understand performance and risk in their own contexts, and therefore what they should be focusing on as they develop their individual plans.³⁹

The register is designed to help all universities and colleges as they draw up their APPs. It is designed to be a dynamic document, which changes as the risks change. It should be helpful for all providers as they draw up their APPs as it will allow them to consider which risks apply in their context, and so what they should focus on. We looked at various sources of data – including from our access and participation data dashboard. We also wanted to consider other provider- and sector-level data and evidence related to equality of opportunity.

This year, for the first time, we added completion data to our access and participation data dashboards. What the data reveals is concerning. Higher education in England has historically high completion rates, but this data shows that students from disadvantaged backgrounds and underrepresented groups have been much more likely to drop out than their more advantaged peers. These gaps are significant and in some cases are growing. Of students who were eligible for free school meals, in the latest year of data available, 82.5 per cent went on to complete their studies, compared with 90.8 per cent of students not eligible. Just 81.6 per cent of students from the most deprived backgrounds completed their course, compared with 92.2 per cent of students from the most advantaged group. Students who have overcome obstacles to get into higher education should not find further barriers in their way through their studies. By understanding this data, and the risks to equality of opportunity it represents, universities and colleges will be able to see where they stand and how they can best make progress.

The revised guidance also reiterates our expectation that providers should evaluate the effectiveness and impact of the activities they deliver through their plans. The Centre for Transforming Access and Student Outcomes in Higher Education (TASO), the independent hub that publishes research and evaluation guidance to help improve equality in higher education, will be recording the interventions and evaluations that providers have committed to in their APPs, and gathering and sharing the evidence generated.

Studying during rises in the cost of living

We are highly aware of the potential effects on student outcomes and equality of opportunity from cost of living pressures. In our student polling this year, almost one in five respondents said they

³⁶ Available at OfS, [‘Consultation on a new approach to regulating equality of opportunity in English higher education’](#).

³⁷ See OfS, [‘Analysis of consultation responses and decisions: Consultation on a new approach to regulating equality of opportunity in English higher education’](#).

³⁸ See OfS, [‘Equality of Opportunity Risk Register’](#).

³⁹ See OfS, [‘Data dashboard’](#).

had considered dropping out of university or college as a result. Additionally, survey results published by the Office for National Statistics (ONS) found that more than three-quarters of students polled were concerned that the rising cost of living may affect how well they do in their studies, and more than one-third reported they are now less likely to do further study after their course has completed.⁴⁰ In March 2023 we published an Insight brief summarising the outcomes of information gathering from our student polling and roundtable discussions with students' unions, mission groups and universities and colleges.⁴¹ This evidence will feed into our work on risks to equality of opportunity.

Supporting disabled students

Disabled students make up a sizeable minority of the student population. Many face challenges during their time at university or college that students without a disability do not, and there are clear attainment and outcome gaps between disabled and non-disabled students. Disabled students are one of the groups referenced frequently in the Equality of Opportunity Risk Register, and we expect to see many providers undertaking interventions in this area in their new APPs, but in recognition of some of the specific challenges faced by disabled students, we have also undertaken additional work in their interests.

This has included funding the Disabled Students' Commission (DSC), an independent group of experts committed to bringing about positive change for disabled students, over the past three years.⁴² During this time, the commission published guidance, challenged the sector to improve models of support for disabled students, and identified and promoted effective practice to help students with disabilities have a positive and successful experience at university.

In April 2023 the DSC launched the Disabled Student Commitment – a call to the sector and its representative bodies to make the step change required to create a more inclusive higher education environment for disabled students.⁴³

The Disabled Student Commitment calls on universities and colleges, government, funders, agencies, regulators, and professional, statutory and regulatory bodies to bring about a step change in disabled students' higher education experience and outcomes.

The commitment encourages providers and other organisations to review their practices and policies in consultation with disabled students, looking at what they currently do, what innovative practices they can share, and how they plan to deliver improvements.

Uni Connect

Ensuring every student has the information and support they need in deciding whether to go on to higher education and if so, what and where to study, is essential to building equality of opportunity. Uni Connect, a national collaborative outreach programme funded by the OfS, brings together 29

⁴⁰ See ONS, '[Cost of living and higher education students, England](#)'.

⁴¹ See OfS, '[Studying during rises in the cost of living](#)'.

⁴² See Advance HE, '[Disabled Students' Commission](#)'.

⁴³ See Advance HE, '[The Disabled Student Commitment](#)'.

partnerships of universities, colleges and other local partners to offer activities, advice and information on the benefits and realities of going to university or college. The partnerships work mainly with secondary school learners from underrepresented groups in higher education, helping them to explore their education and training options.

In the past year, Uni Connect partnerships delivered collaborative approaches with higher education providers and other organisations to support young people from underrepresented groups in three priority areas:

- **Targeted outreach** – assisting young people from specific local areas to make well informed decisions about their future education.
- **Strategic outreach** – supporting strategic activity and engagement to address local outreach ‘cold spots’.
- **Signposting** – offering an efficient and low-burden route for schools and colleges to engage with higher education outreach.

In support of our increased focus on raising school attainment, in 2022-23 Uni Connect partnerships developed evidence-based collaborative approaches to raise attainment at Key Stages 3 and 4 in local state secondary schools, drawing on the expertise and resources of local higher education providers. These approaches will be implemented into the next academic year.

The Uni Connect programme is evaluated at national and local level.⁴⁴ We use evaluation evidence to inform our funding decisions and refine guidance for partnerships at a local level, and the partnerships draw on it to improve their delivery. This strand of work contributes to a fourth programme priority: the development of a stronger evidence base around ‘what works’ in higher education outreach and an increase in the volume and quality of evaluation practice across the sector.

We are intending to review the Uni Connect programme in the upcoming year to ensure that its mission, funding and accountability best match the needs of students, the sector and wider policy.

International students

In our 2021-22 annual report we explained that we had launched a call for evidence in partnership with the UK Council for International Student Affairs and the Department for Education to identify ‘what works’ in supporting the integration and wellbeing of international students. We commissioned LSE Consulting to evaluate the submissions we received, review relevant academic and policy literature, and analyse data from a survey of international students and evidence from a series of focus groups and interviews with international students and staff at the London School of Economics and Political Science. We published the evaluation in January 2023 alongside a topic briefing on supporting international students which discussed belonging, accessibility, practical advice, employability and tackling issues of harassment and sexual misconduct.⁴⁵

Measuring equality of opportunity

The questions of who is able to go to university or college and which one they attend are important for individual students and for the higher education sector as a whole. Students with certain characteristics are underrepresented in higher education or do less well if they go to university or

⁴⁴ See OfS, [‘Evaluating Uni Connect’s impact’](#).

⁴⁵ Evaluation available at OfS, [‘Working in partnership to improve international student integration and experience: Evaluation report’](#); see OfS, [‘Topic briefing: Supporting international students’](#).

college. This year we used revised KPMs to consider our performance in this area. We also used a new approach to identifying whether students were significantly disadvantaged or economically precarious in our KPMs.

The most recent available data relates to academic year 2021-22, beginning in August 2021. This was the second of two admission cycles to higher education in which A-level and equivalent results were determined by teacher assessments rather than examinations. It was also a year in which more UK-domiciled students were accepted by universities and colleges on courses in England than in the previous year.

This section provides an overview of what our KPMs are showing. The statistical annex to this section provides more detail; our website is the most comprehensive source of data on our KPMs.⁴⁶

KPM 5: Access to higher education

KPM 5 measures the number of young, full-time undergraduate students entering higher education, by differing levels of individual disadvantage.

Why are we measuring this?

If our approach to regulating student access and participation is working, we anticipate that the number of young, full-time undergraduate entrants at degree level and below, across groups with differing levels of disadvantage, shown by KPM 5, will increase. We recognise that student demographics may play a part in any such changes.

What does this show?

KPM 5 shows that, in 2021-22, approximately 286,700 young, full-time, England-domiciled students (who could be linked to their school record in their GCSE year) entered undergraduate higher education in England, the highest total in the past five years. This included 49,600 students categorised as 'significantly disadvantaged'. This number has decreased from 51,100 in the previous year.

For more information and to download the data, please see our website for more information about KPM 5.⁴⁷

KPM 6: Success and progression

KPM 6 measures the completion and employment from entrant data (CEED) rate over time for full-time undergraduate students at different levels of individuals' disadvantage.

⁴⁶ See OfS, '[Key performance measures](#)'.

⁴⁷ Available at OfS, '[KPM 5: Access to higher education](#)'.

Why are we measuring this?

If our approach to regulating student outcomes is working, we anticipate that more students will succeed in, and progress from, higher education, and that any improvement in these student outcomes will extend to students from disadvantaged backgrounds. Combined completion and progression rates, including those for disadvantaged students, as measured by KPM 6 using the CEED methodology, should therefore increase, while the gap between CEED rates from disadvantaged backgrounds and other groups should close.

What does this show?

Completion and progression rates have been combined to create the CEED measure. This is used in KPM 6 to consider the likelihood of students from different disadvantage groups both completing their course and progressing into highly skilled employment or further study. KPM 6 shows that CEED rates across all three groupings of students has stayed broadly constant over the three years, although the rates declined very slightly in the second year of the time series before rising again in the most recent year. Students classed as 'other' have the highest CEED rates, followed by 'economically precarious' students, with the lowest CEED rates being among 'significantly disadvantaged' students.

In the most recent year, the CEED rate was:

- 53.6 per cent for 'significantly disadvantaged' students and 60.6 per cent for 'economically precarious' students.
- 68.4 per cent for students from the 'other' group. This is 7.8 percentage points more than 'economically precarious' students, and 14.8 percentage points more than 'significantly disadvantaged' students.

When separated by level of study, KPM 6 shows that the highest CEED rates across all three groups of students, across the time scale, was among students on undergraduate courses with postgraduate components, followed by first degree students, and lastly other undergraduate students.

For more information and to download the data, please see our website for more information about KPM 6.⁴⁸

KPM 7: Degree attainment by ethnicity

KPM 7 measures the proportions of graduates within broad ethnic groups who achieve first class degrees, and compares this with the proportion of all students receiving a first class degree.

⁴⁸ Available at OfS, '[KPM 6: Success and progression](#)'.

Why are we measuring this?

Although black, Asian and minority ethnic students have higher rates of participation in higher education than white students, they experience year-on-year inequalities in relation to their outcomes. If our interventions are having the desired effect, we would expect gaps in degree attainment for different groups to close.

We recognise that some will see a tension between our overall goal to curb grade inflation and our goal of narrowing the degree attainment gap for different ethnic groups. We are clear that providers should not close any awarding gaps simply by awarding more first class degrees to some groups of students, without ensuring that such awards properly reflect students' knowledge and skills. This would not be consistent with our work to ensure awards are credible and comparable with those granted previously. Instead, we expect the proportion of students gaining first class degrees to fall overall, while more black students gain the knowledge and skills to achieve a higher proportion of the firsts awarded.

What does this show?

KPM 7 shows that the proportion of white students receiving first class degrees in 2021-22 was 3.9 percentage points higher than the proportion for all students. For students in all other ethnic groups, the proportion who achieved first class degrees was lower than the proportion for all students.

The proportion of Asian students who achieved firsts in 2021-22 was 4.9 percentage points lower than the proportion for all students. This is wider than the gap in 2020-21, when it was 3.3 percentage points lower.

For students of mixed ethnicity, the proportion of firsts was 1.4 percentage points lower than the proportion for all students in 2021-22, the same gap as the previous year. For those of other ethnicities the gap was 7.5 percentage points, widening from 6.3 percentage points the previous year.

The degree attainment gap for black students was larger. The proportion of black students receiving first class degrees in 2021-22 was 15 percentage points lower than the proportion for all students. This is a reduction from 2020-21, however, when it was 16.7 percentage points below the rate for all students. The first class degree attainment gap between black and white students has narrowed slightly.

For more information and to download the data, please see our website for more information about KPM 7.⁴⁹

Prospective students can choose from a diverse range of courses and providers at any stage of their life, with a wide range of flexible and innovative opportunities.

⁴⁹ Available at OfS, '[KPM 7: Degree attainment by ethnicity](#)'.

Lifelong loan entitlement

We are working with the Department for Education to support the delivery of the government's lifelong loan entitlement (LLE), which will improve flexibility of funding for students and allow universities and colleges to harness the opportunities arising from the government's reforms to lifelong learning.⁵⁰

The government has decided that students wishing to access finance from the LLE must do so at OfS registered providers. This will mean that, from 2025, students will no longer be able to access advanced learner loans for Level 4 to 6 qualifications. To ensure that students retain access to funding, we anticipate consulting on the introduction of a new registration category. The DfE has asked us to develop an approach that ensures providers delivering provision funded by advanced learner loans that are not already registered have sufficient time to engage and transition to a new category. We anticipate that the obligations of registration for a new category will be appropriate to the benefits of registration.

We will consult in the coming year on our approach to regulating outcomes for courses where study is undertaken on a flexible or modular basis. We will also consider any wider implications the introduction of the LLE may have for our regulation of providers.

Degree apprenticeships

In March 2023, the OfS announced £16 million of recurrent funding to expand the development and delivery of a range of alternative higher education qualifications.⁵¹ The funding, a mid-year allocation as part of a larger package of recurrent funding for the 2022-23 academic year, consists of £8 million to support the growth and development of Level 6 degree apprenticeship training programmes, and £8 million to increase the provision of Level 4 and 5 qualifications.

The development of new degree apprenticeship training programmes will help to expand the supply of new degree apprenticeship vacancies. It will also help to ensure alignment of provision with local employer needs and progression from existing and future Levels 3 to 5 provision, including apprenticeships, T-Levels and Higher Technical Qualifications.

The funding for Level 4 and 5 qualifications, including Higher Technical Qualifications, reflects that they can provide a high quality alternative to a degree. These qualifications can lead to positive outcomes and life chances and offer value for money for the investment made by learners and taxpayers.

KPM 8: Student choice

KPM 8 measures the proportion of subjects taught and the number of higher education providers (relative to population) in each English region. This data is shown separately for full-time, part-time and apprenticeship students.

Why are we measuring this?

If our interventions to meet this goal are having the desired effect, we anticipate that in regions where providers seek to address unmet demand, the proportion of subjects taught, and the number of providers (relative to the size of the population in the region), shown by KPM 8, will increase.

⁵⁰ See OfS, [‘Higher education short course trial’](#).

⁵¹ See OfS, [‘Mid-year allocations of recurrent funding for 2022-23’](#).

What does this show?

KPM 8 shows, for each English region, the proportion of subjects taught in that region, and the number of providers per 100,000 residents aged 18 and above in that region. These measures are plotted on the x and y axes respectively and displayed for full-time, part-time and apprenticeships separately. KPM 8 also shows how the data has changed over time.

Lack of diversity of subjects and providers within a region could indicate a lack of choice for prospective students. Alternatively, a lack of subject or provider diversity could reflect the choices of students in that region. Students may want to study a narrower range of subjects, perhaps because they align with the jobs available in a region, or they may be satisfied with selecting from fewer providers if these offer a sufficiently high quality education. This means KPM 8 is a proxy measure of choice rather than a direct measure.

Occasionally the shaded circles in the charts, representing different English regions, overlap with one another. The charts use the Common Aggregation Hierarchy methodology of categorising subjects.⁵²

Providers act to prevent harassment and sexual misconduct and respond effectively if incidents do occur.

Every student should be protected from harassment and sexual misconduct during their time at university or college. Last year we commissioned an independent evaluation of the initial impact of our statement of expectations on harassment and sexual misconduct. The statement, published in April 2021, describes a voluntary set of standards universities and colleges should follow to develop and implement effective ways to tackle harassment and sexual misconduct.⁵³ The resulting report, published in November 2022, found that although some progress has been made, it has been slow and inconsistent. It recommended that the OfS consider introducing regulation.⁵⁴ In February 2023, we launched a consultation on the addition of a new ongoing condition of registration to the regulatory framework, to require providers to address harassment and sexual misconduct.⁵⁵ The consultation also invited views on a proposal for a register of personal relationships between staff and students.

⁵² See HESA, '[Common Aggregation Hierarchy](#)'.

⁵³ Available at OfS, '[Statement of expectations](#)'.

⁵⁴ Available at OfS, '[Evaluation of the statement of expectations: Preventing and addressing harassment and sexual misconduct](#)'.

⁵⁵ Available at OfS, '[Consultation on a new approach to regulating harassment and sexual misconduct in English higher education](#)'.

Building the evidence base on sexual misconduct in higher education

The statement of expectations evaluation also highlighted the need to better understand the prevalence of sexual misconduct affecting students in English higher education.⁵⁶ We have commissioned a pilot survey, due to launch before the end of the 2022-23 academic year, that will explore the extent of sexual misconduct, its impact on students' studies and the reporting mechanisms providers have in place.⁵⁷ The survey findings will support providers to take action to prevent and respond to incidents and to understand the impact of their activities. The findings will also inform our decisions on a possible sector-wide survey to generate more extensive data on sexual misconduct.

The OfS has continued to shine a light on issues relating to harassment and sexual misconduct in other ways over the past year. In May 2022, we held an online event to mark the first anniversary of the publication of our statement of expectations and in November 2022 we published an insight brief on sexual misconduct in higher education.⁵⁸ We also continue to work closely with stakeholders in this area, including the DfE, Universities UK, and victim-survivor groups.

Providers encourage and support an environment conducive to the good mental health and wellbeing that students need to succeed in their higher education.

46 per cent of students reported that their mental health and wellbeing had worsened since the start of autumn 2022 in an ONS survey from January to February 2023.⁵⁹ Deteriorating and poor mental health are likely to affect an individual's educational experience and outcomes.

Universities and colleges are responsible for their own mental health policies, procedures and services for students. We know that many are working in partnership with the NHS and other organisations to support the mental health and wellbeing of their students. The OfS's role is to incentivise providers to find solutions to support students better. Over the past year, we have played an important role in identifying gaps and opportunities at sector level, as well as working with and funding key organisations and initiatives to develop and share effective practice:

- In May 2022, we announced plans to create an online 'what works' evidence and resources hub to support student mental health in higher education. The hub will assist higher education providers to better understand what works, why, in what context and for whom. This programme is being led by TASO, with additional expertise provided by What Works Wellbeing, Universities UK, the Student Mental Health Research Network, King's College London, Student Minds and AMOSSHE, the professional membership association for leaders of Student Services in UK higher education.

⁵⁶ See OfS, ['Plans consultation on new condition of registration to tackle harassment and sexual misconduct in higher education'](#).

⁵⁷ See OfS, ['Survey of sexual misconduct'](#).

⁵⁸ Online event available at OfS, ['Tackling harassment and sexual misconduct: the OfS's statement of expectations one year on'](#); Insight brief available at OfS, ['Tackling sexual misconduct in universities and colleges'](#).

⁵⁹ See ONS, ['Cost of living and higher education students, England'](#).

- In August 2022 we confirmed that funding would continue to Student Space, an online platform to support students' mental health. Student Space was developed by the charity Student Minds and funded by the OfS and the Higher Education Funding Council for Wales (HEFCW), in direct response to the coronavirus pandemic. This next phase of Student Space will provide students navigating the uncertainties of university life with up-to-date resources and signposting.
- We facilitated partnerships between universities and colleges and local NHS mental health services to tackle issues related to student mental health and ensure that students receive timely and appropriate support. In July 2022, we published a suite of resources to support universities and colleges to develop working partnerships including toolkits, guides and case studies.⁶⁰
- We launched a learning and evaluation programme to bring together practitioners from higher education providers, NHS providers and integrated care systems mental health commissioners to encourage improved collaboration and relationship.⁶¹ We are working with an external consultancy to conduct action learning sets across England's seven NHS regions during the 2022-23 academic year. These sessions are identifying effective practice, discussing common challenges and supporting strategic partnerships. To encourage the development and growth of new and existing partnerships, we are distributing £15 million to higher education providers over the 2022-23 academic year.
- We funded guidance, published in December 2022, on responding to suicide among students. The guidance includes practical advice for student support teams, with valuable input from practitioners, experts and bereaved families.⁶² It builds on our previous work to prevent suicide among students, and we continue to collaborate with the sector and organisations involved in suicide prevention to share important advice for universities and colleges.

Mental health challenge competition: A step change in mental health outcomes for all students

In July 2022 we completed a £14.5 million programme on transitions, early intervention and support for mental health among students. Through this programme, which began in 2019, we funded ten collaborative projects involving more than 60 different universities, colleges and other organisations.

The programme reached over 19,000 students, including:

- 373 students involved in shaping the design and implementation of projects
- over 2,300 students who benefited from access to new forms of mental health support not previously available through their university or college

⁶⁰ See OfS, [‘Joint working between providers and the NHS to support student mental health’](#).

⁶¹ See OfS, [‘Mental health Challenge Competition: Improving mental health outcomes’](#).

⁶² Available at Universities UK, [‘Responding to a suicide: Advice for universities’](#).

- over 16,700 students across further education and higher education benefitting from support to help them manage transitions.

An independent evaluation found the programme had achieved change in several areas:

- strengthening strategic partnerships, resulting in improved connectivity between higher education providers and other providers involved in supporting mental health among students, including the NHS and community mental health providers
- improving access to services for students, and supporting students to receive the right support at the right time⁶³
- expanding the evidence base – the projects produced a range of valuable resources for the sector including toolkits, guides, case studies and online resources.⁶⁴

Mental health funding competition: Using innovation and intersectional approaches to target mental health support for students

This competition supports projects that focus on groups of students with characteristics identified as increasing the risk of poor mental health, as well as groups of students who may experience barriers to accessing support that are due to their course, mode of study or other characteristics.⁶⁵

All projects will finish during 2023 and will share resources and outputs developed through the funding. An independent evaluation is underway, with the findings to be published in early 2024.

In December 2022, the evaluators published a report on co-creating intersectional student mental health initiatives. That report supports higher educational professionals in developing strategies to diversify the groups of students involved in their existing co-creation initiatives through new targeted approaches.⁶⁶

⁶³ Available at OfS, [‘Evaluation of the Mental Health Challenge Competition: Final reports’](#).

⁶⁴ See OfS, [‘Mental Health Challenge Competition: Improving mental health outcomes’](#).

⁶⁵ See OfS, [‘Mental health funding competition: Using innovation and intersectional approaches to target mental health support for students’](#).

⁶⁶ Available at OfS, [‘Evaluation of the Mental Health Funding Competition: Co-creating intersectional student mental health initiatives’](#).

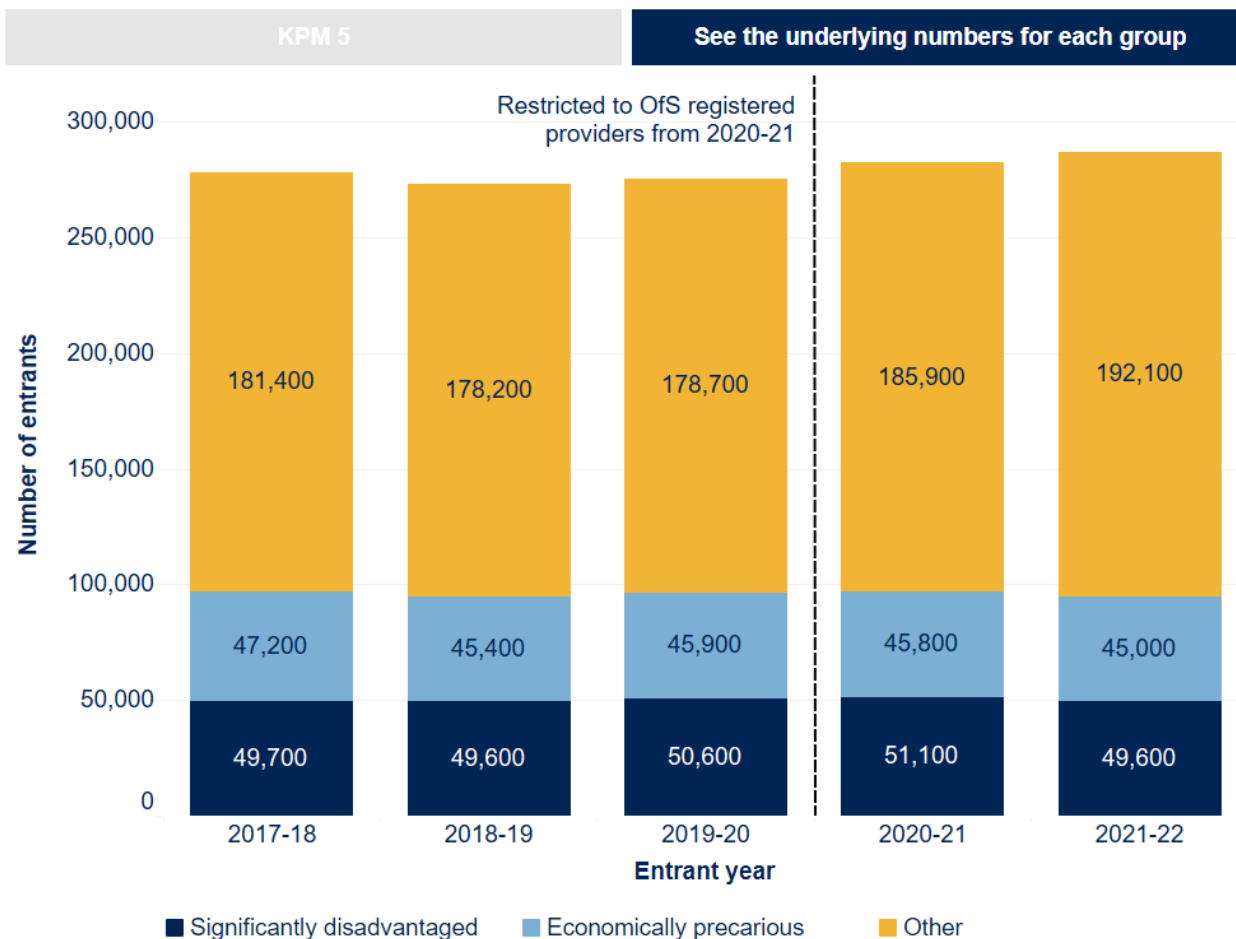
KPM annex

This section considers our achievements in furthering equality of opportunity. Our KPMs report on progress up until the 2021-22 academic year, which is the most recent data available.

KPM 5: Access to higher education

KPM 5 measures the number of young, full-time undergraduate students entering higher education, by differing levels of individual disadvantage.

Key Performance Measure 5: Access to higher education

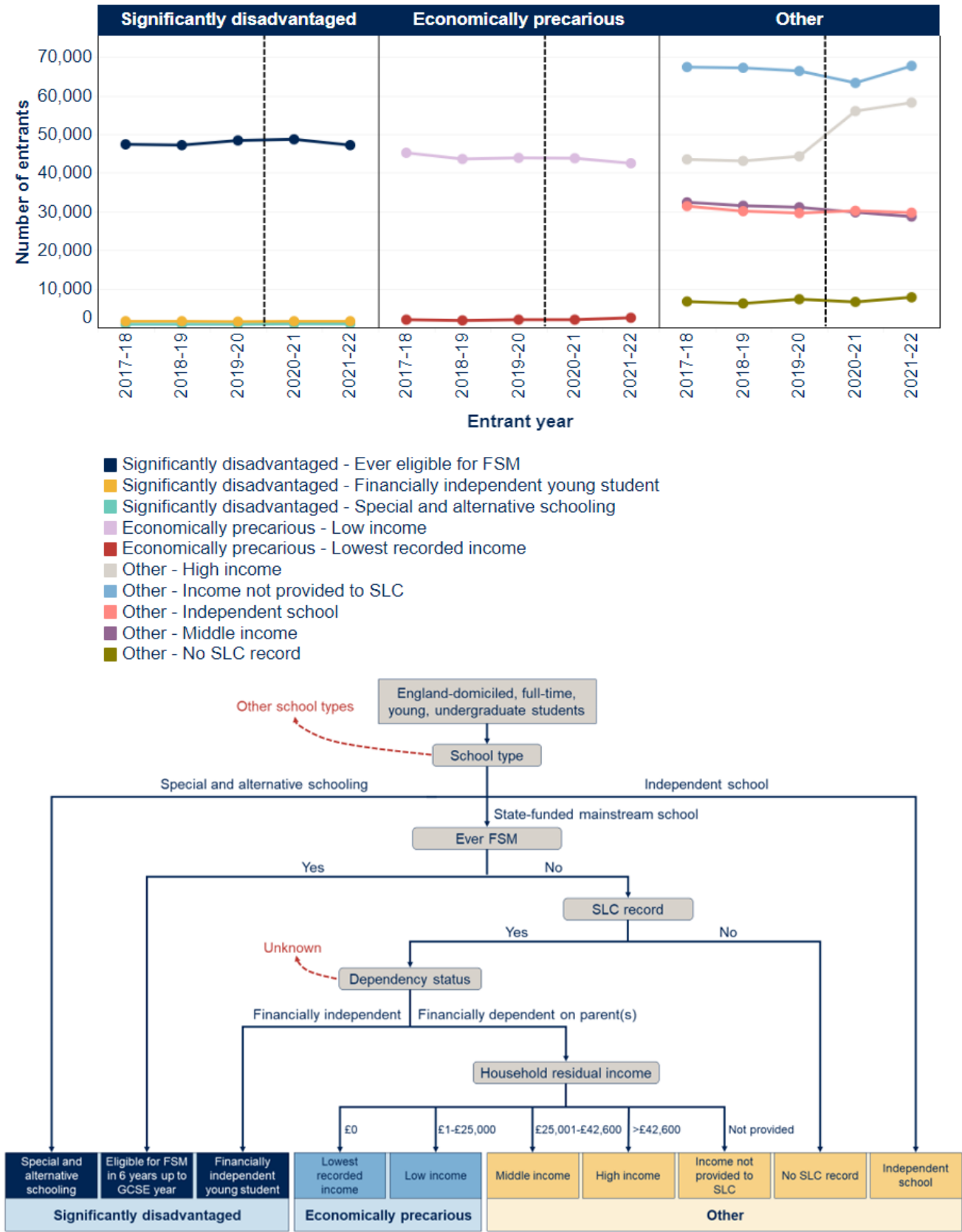


Number of young, full-time, England-domiciled undergraduate entrants by disadvantage groups

KPM 5

See the underlying numbers for each group

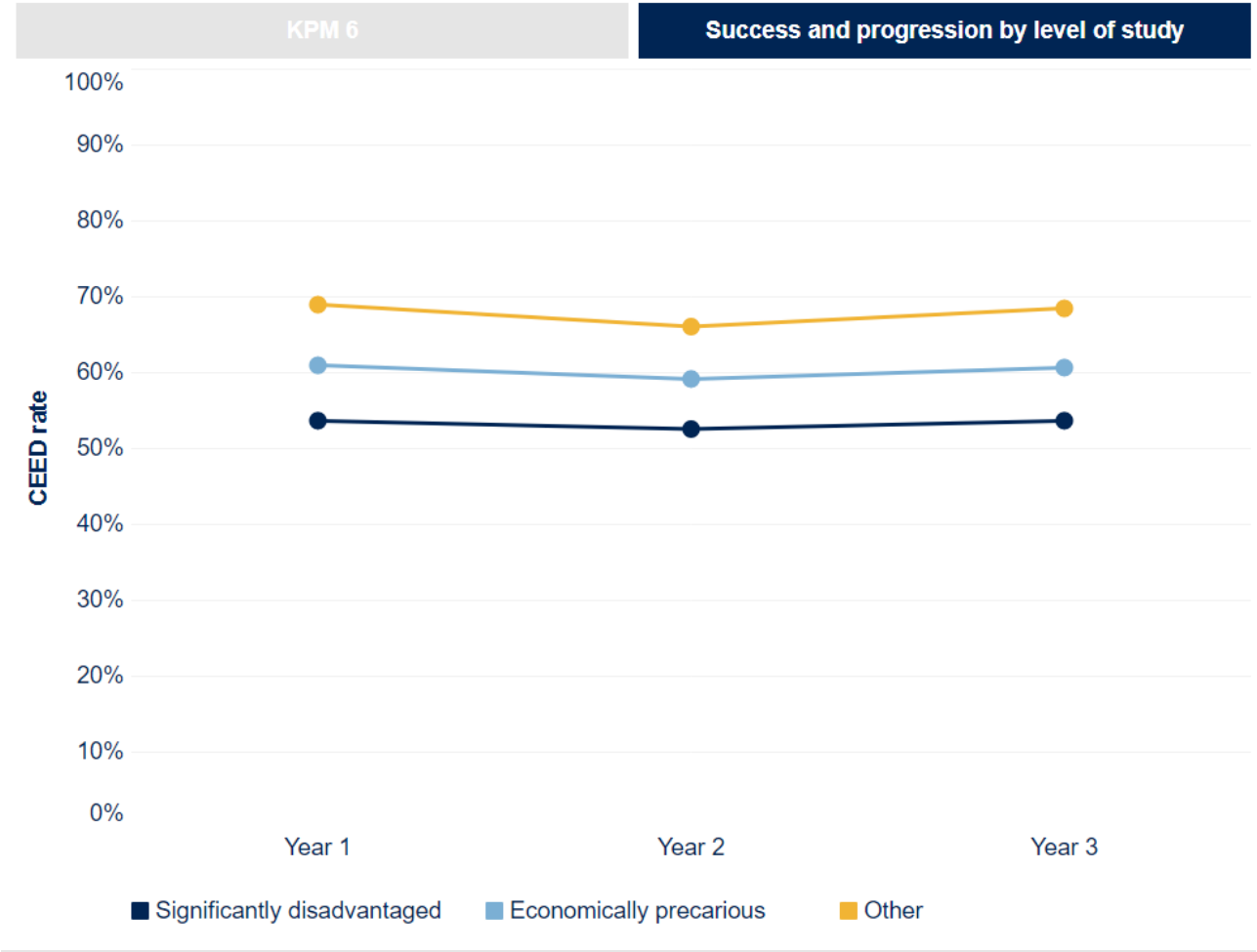
Key Performance Measure 5: Access to higher education



KPM 6: Success and progression

KPM 6 measures the CEED rate over time for full-time undergraduate students at different levels of individuals' disadvantage.

Key Performance Measure 6: Success and progression



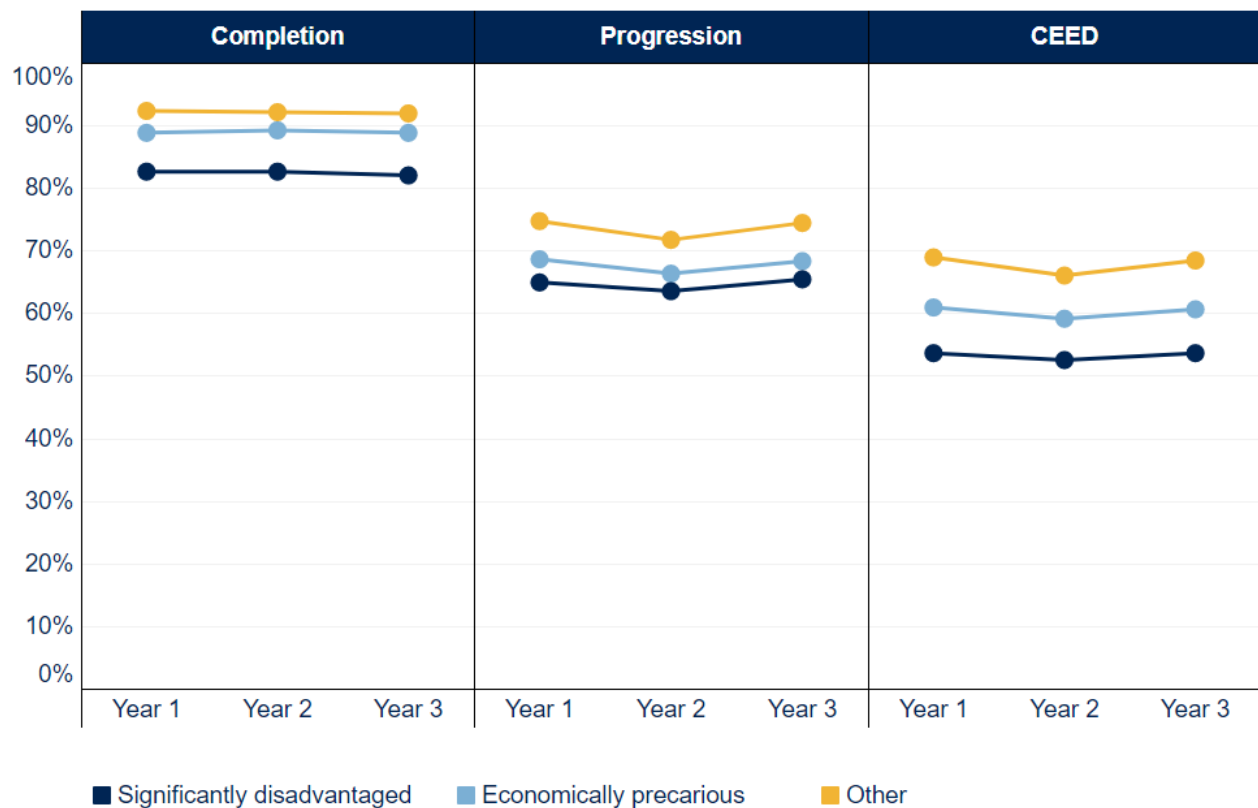
Success and progression by level of study

KPM 6

Success and progression by level of study

Level of study:

All undergraduate

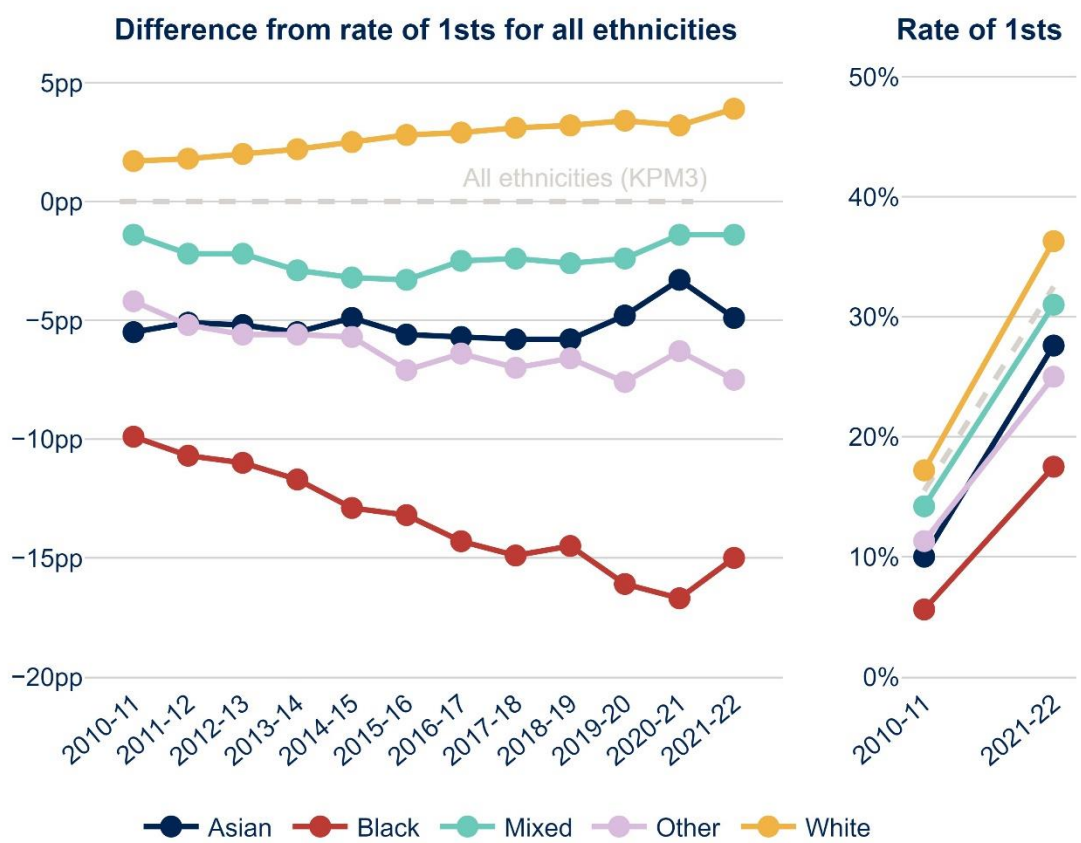


Note: Year 1 combines completion rates for entrants in 2015-16 with progression rates for qualifiers in 2017-18, Year 2 combines completion rates for entrants in 2016-17 with progression rates for qualifiers in 2018-19 and Year 3 combines completion rates for entrants in 2017-18 with progression rates for qualifiers in 2019-20.

KPM 7: Degree attainment by ethnicity

KPM 7 measures the proportions of graduates within broad ethnic groups who achieve first class degrees, and compares these with the proportion of all students receiving a first class degree.

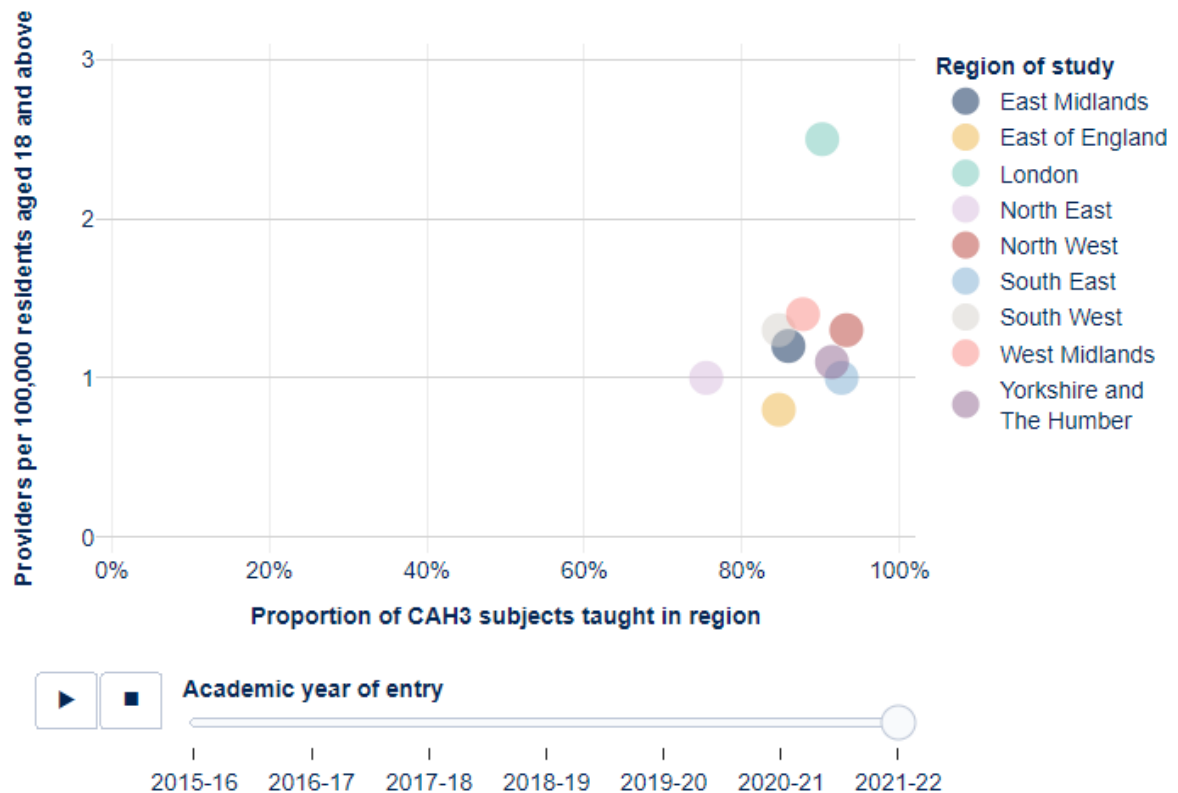
Differences between proportions of students within ethnic groups achieving first class degrees and the overall proportion for all students



Note: data is restricted to OfS registered providers from 2020-21

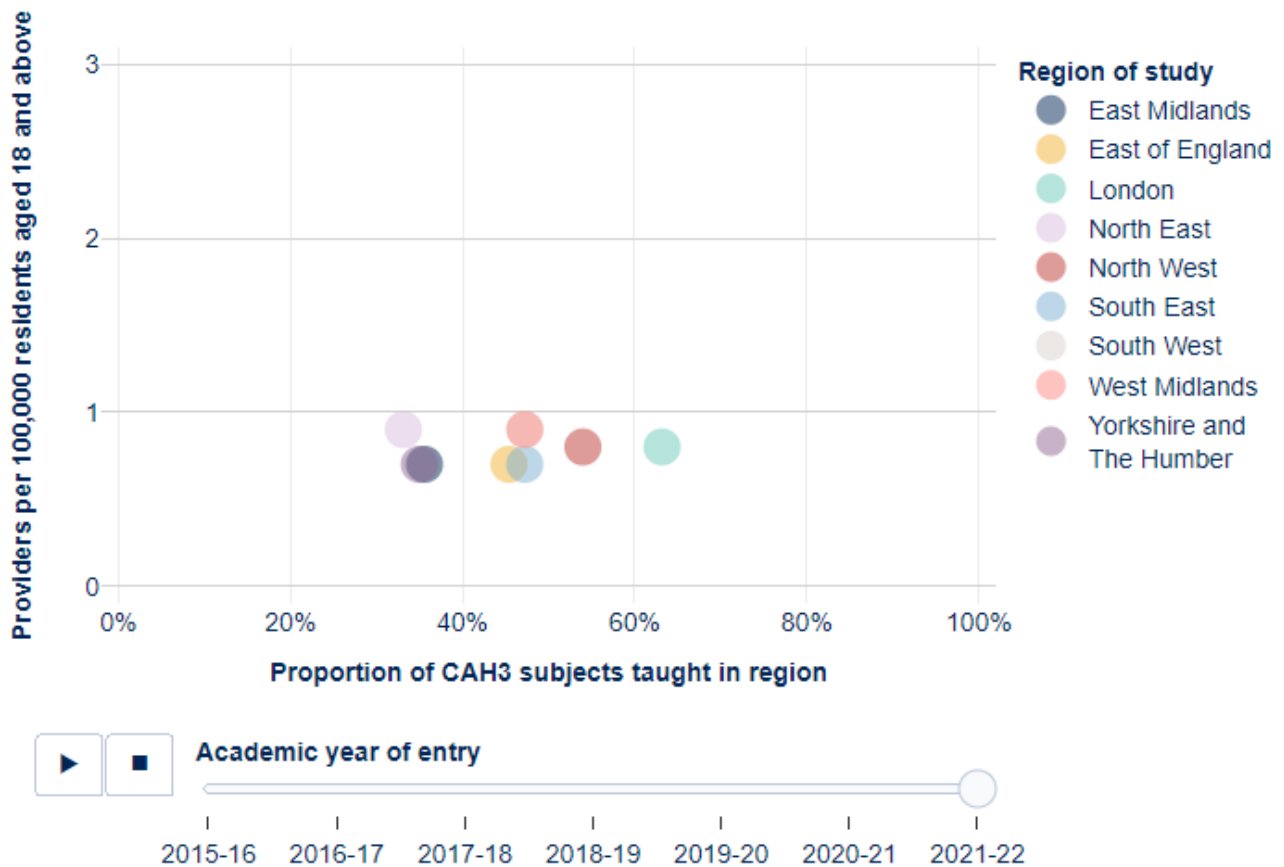
KPM 8: Student choice

Full-time students



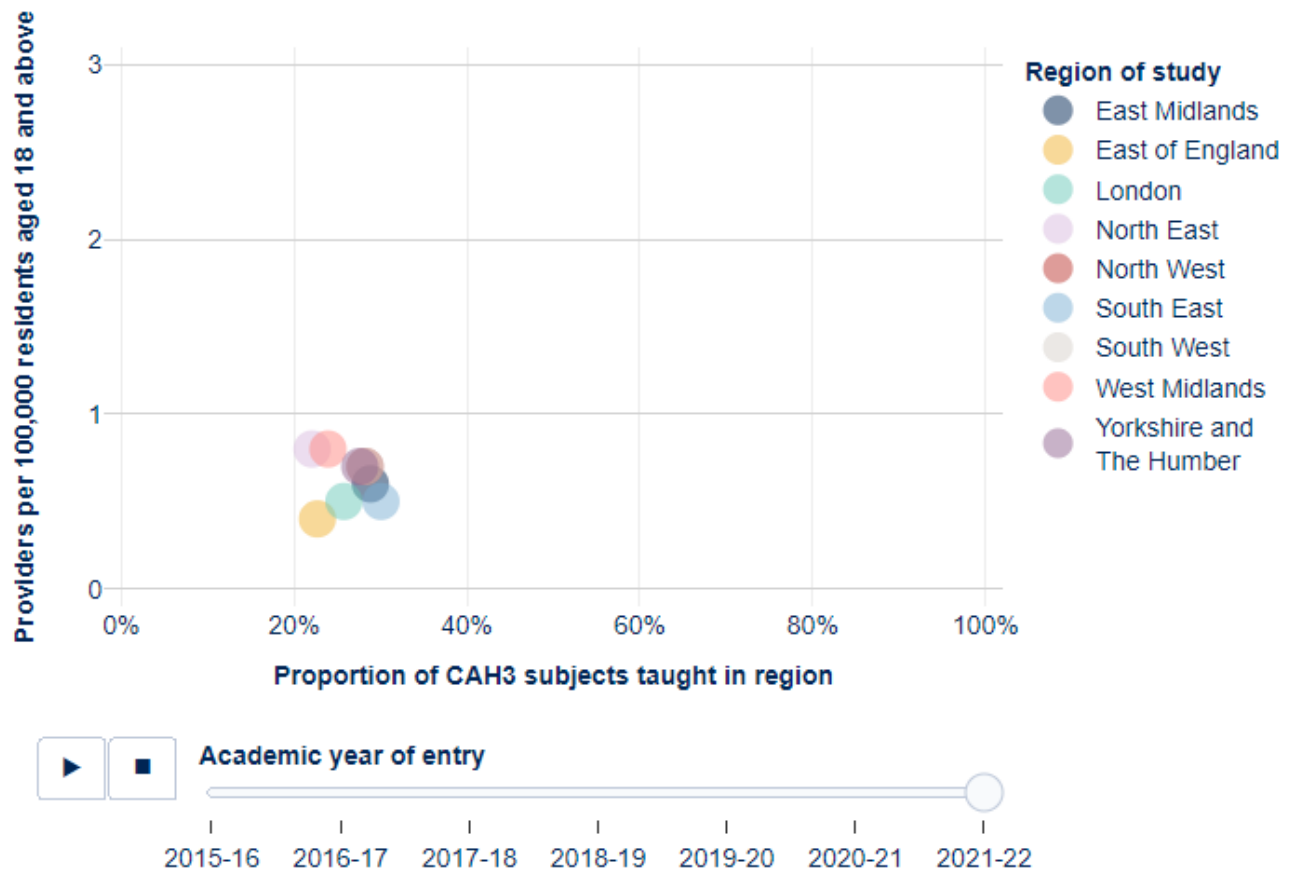
Full-time students are taught in a much broader range of subjects than part-time students or apprentices. In some regions, full-time higher education is delivered in a broad range of subjects across a high number of providers. For example, in London in 2021-22, 90.2 per cent of subjects were taught, with 2.5 providers per 100,000 residents. In other regions, for full-time higher education, there are fewer subjects taught and fewer providers relative to the population living there. For example, in the East of England in 2021-22, 84.7 per cent of subjects were taught, with 0.8 providers per 100,000 residents.

Part-time students



For part-time higher education, providers in London again teach the broadest range of subjects – 63.2 per cent in 2021-22. However, at 0.8 providers per 100,000 residents in 2021-22, London has relatively few providers teaching part-time courses compared with some other English regions. Conversely, the North East has the lowest proportion of subjects (33.1 per cent in 2021-22) but has one of the highest number of providers relative to population delivering part-time higher education (0.9 per 100,000 residents).

Apprenticeship students



The proportion of higher education subjects taught to apprentices has increased in recent years. In 2015-16, providers in the North West taught the widest range of subjects to apprentices, at 14.2 per cent. By 2021-22 it had been overtaken by the South East, which offered the widest range of subjects to apprentices, at 30.1 per cent. In 2021-22, the North East had one of the greatest number of providers relative to the population delivering higher education apprenticeships, with 0.8 providers per 100,000 residents. However, this region offered the lowest proportion of subjects of all regions, at 22.1 per cent. Across most years analysed, London has had the fewest providers relative to the population delivering higher education apprenticeships; in 2021-22, alongside the South East, it had the second lowest number of providers relative to the population, with 0.5 providers delivering higher education apprenticeships per 100,00 residents.

For more information and to download the data, please see our website for more information about KPM 8.⁶⁷

⁶⁷ Available at OfS, 'KPM 8: Student choice'.

Enabling regulation



Enabling regulation



We **monitored financial sustainability of providers** and **successfully managed our first market exit case**, ensuring that most students could continue their studies.



We entered into **a new partnership with National Trading Standards** to provide expert advice on **consumer law matters** in higher education and provide a legal backstop for cases.



We applied our **first monetary penalty** and used our **university title approval powers** for the first time.

The third area of focus in our strategy – enabling regulation – underpins our work on quality and standards and equality of opportunity. Three goals, covering providers' financial sustainability and effective governance, the interests of students as consumers, and minimising regulatory burden while meeting our objectives, support the effective operation of the higher education system in the interests of students and taxpayers.

Providers are financially viable and sustainable and have effective governance arrangements.

Universities and colleges are autonomous institutions, responsible for their own financial sustainability. It is not our role to dictate a particular approach to a provider's financial planning, or to prevent financial failure. Our regulation is designed to protect students' interests.

We have a statutory obligation to monitor and report on the financial sustainability of higher education providers. We model the impact of financial risks to identify those most exposed to these risks, and providers must tell us about issues and events that may negatively affect their financial position.⁶⁸ We gather intelligence from conversations with representative bodies, the sector's lenders and other organisations. We have also added a series of roundtables with providers' finance directors to our annual activities, to discuss the risks facing providers and the sector.

Providers in financial difficulty may not be able to meet our requirements for a high quality student academic experience or take the necessary actions to address equality of opportunity. We work

⁶⁸ These are known as 'reportable events'; see page 72.

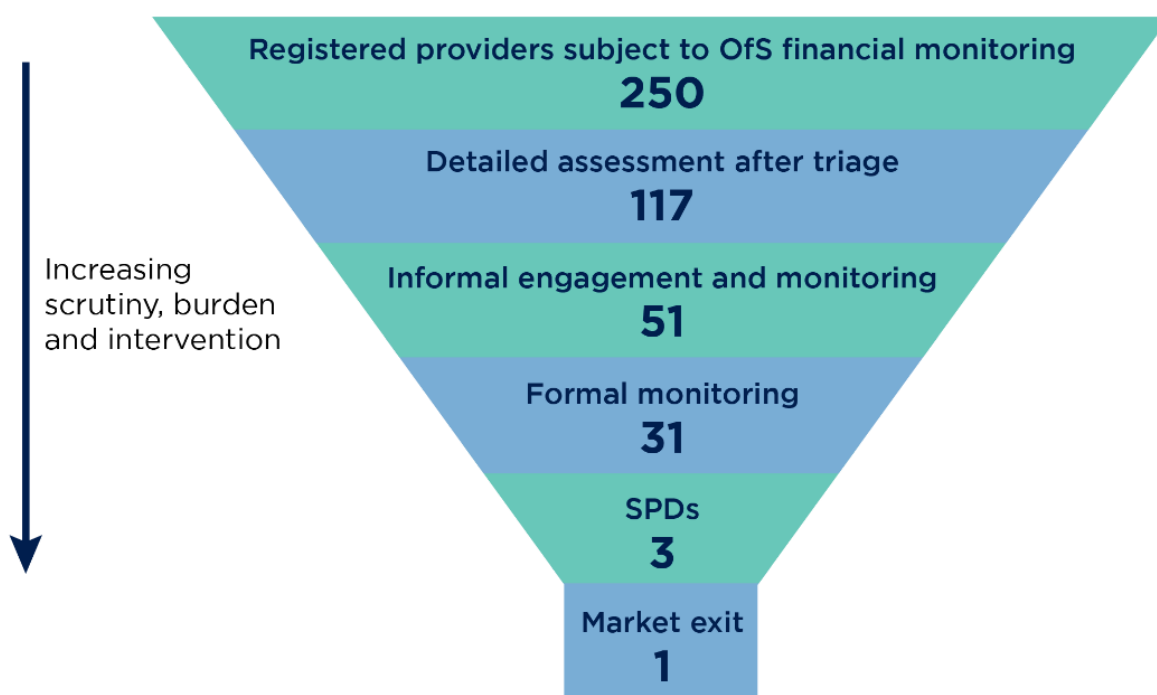
with them to understand and assess the extent of the problems, which can be multi-faceted – our experience is that providers facing financial challenge often exhibit management and governance weaknesses in addition to financial indicators of risk. This may lead to our further engagement, including taking regulatory action to protect students’ interests.

We accept that some providers may need to close because of irresolvable financial difficulties. Our role in these circumstances is to minimise the impact on students by supporting a planned, orderly exit that enables them to complete their studies, transfer to an alternative provider or receive any other assistance they may need. We have a condition of registration that gives us the power to intervene quickly to protect students’ interests with a student protection direction (SPD), where a university or college is at material risk of closing due to financial difficulties or for other reasons.⁶⁹

We require each provider to submit audited financial statements, financial and student recruitment forecasts, and a commentary to explain these. In 2022 we assessed 250 financial returns relating to the 2021 financial year end to identify providers that may be facing significant financial risks.⁷⁰ At the close of this year we are assessing the 2022 annual financial returns from providers as providers sign off their returns according to their year ends.

Our risk-based approach means that we go through different stages of monitoring depending on our judgement about risk, filtering out providers at each stage. As we move through the stages, a provider will be subject to greater scrutiny or intervention.

Higher education providers at each monitoring stage (return for 2021)



⁶⁹ The condition applies to all providers registered with the OfS except further education bodies, which have different regulatory arrangements in relation to risks to their ability to continue to operate; see OfS, [‘Regulatory notice 6: Condition C4 – Student protection directions’](#).

⁷⁰ Financial data was required from all registered higher education providers in England apart from approximately 150 further education bodies offering higher education that submit data to the Education and Skills Funding Agency.

The numbers in the funnel in this diagram exclude further education colleges and sixth form colleges, which submit financial information to the Education and Skills Funding Agency.

‘Formal monitoring’ represents providers subject to additional monitoring requirements. This includes:

- providers subject to more extensive or more frequent bespoke reporting requirements
- providers we have flagged for a review of a particular issue on a more frequent or more detailed basis
- providers subject to a ‘SPD’) on the basis set out in condition C4.

The funnel shows the total number of SPDs and market exits since the OfS introduced SPDs in condition C4 in April 2021.

The numbers in the funnel represent a snapshot of the number of providers in each stage. These numbers change during the annual cycle as we receive information from providers and complete our assessments.

Further information is available on our website, including anonymised examples of cases where a provider has been at risk of ceasing the provision of higher education. The case studies include the key issues, the actions we took, and the legislative basis for our decisions.⁷¹

Our KPM 10 measures the proportion of students whose provider exits the market during their studies who continue their qualification (or equivalent) at another provider.⁷² There was one case of a registered provider exiting the market in this operating year. The Academy of Live and Recorded Arts (ALRA) closed in April 2022, with a total of 284 students affected. We convened a taskforce including key personnel from ALRA and its validating partners, the DfE, Office of the Independent Adjudicator and Student Loans Company. These bodies worked closely over several months to identify and support an agreement with Rose Bruford College, after considering a range of options to allow students to continue their studies or receive credit for their attainment. Over 90 per cent of ALRA’s students chose to continue their studies at Rose Bruford College.

Trends in sector financial sustainability

We regularly publish analyses of the financial sustainability of the sector and of different types of providers. We report on the current and forecast trends providers identify in their financial returns and consider the likely future challenges facing the sector. This supplies useful information to support providers’ financial management and planning, and offers valuable information for government and other sector stakeholders, including banks and other lenders.

In June 2022 we published an analysis of the aggregate position of the English higher education sector based on data returned to the OfS in March 2022 about the 2021 financial year end.⁷³ This sets out our view that the overall financial position of universities, colleges and other registered

⁷¹ For further information, see OfS, ‘[Monitoring financial performance](#)’; detailed case studies are available at OfS, ‘[Financial sustainability and market exit cases](#)’.

⁷² See ‘[Key performance measure 10](#)’.

⁷³ See ‘[Financial sustainability of higher education providers in England 2022 update](#)’.

higher education providers based on the returns was sound. This was despite the many operational and financial challenges arising from the coronavirus pandemic and increasing costs for providers and students.

At the close of the operating year we were analysing the most recent annual financial data submissions for the 2022 year end. Provisional data shows that overall, providers outperformed their expectations in 2021-22 through efficiencies and consolidating cash reserves, reflecting the need to prepare for future financial risks. However, providers forecast less positive financial performance in 2022-23 and beyond, in part based on the pressures of inflation.

Use of data in our regulation

In addition to financial data, other kinds of data are central to our regulatory approach. We use data sets to inform our judgement about where we should target investigations, and to consider questions of value for money in higher education. Working with the designated data body, Jisc, we publish a wide range of data that allows universities and colleges to compare their performance, including student outcomes, student survey data, access and participation data and associations between student characteristics.

Students receive the academic experience they were promised by their provider and their interests as consumers are protected before, during and after their studies.

Regulating on behalf of students

It is vital that students' experiences and responses to higher education inform our work and influence the approaches we take. We are committed to student insight as part of regulating in the student interest. The OfS seeks insight from students in the following ways:

- through our student panel – a group of potential, current and recent students
- in our policy development, through stakeholder activity, surveys and student-facing communications.
- in the NSS, one of the largest census surveys of students about their academic experience in the world
- through regular polling and user testing to inform policy and service development
- through supporting students' unions to understand and engage with the OfS's processes.

In April 2022, following publication of a new strategy for the organisation as a whole covering 2022 to 2025, we reprioritised our activities for 2022-23 to more effectively integrate students' experiences within our work.⁷⁴

⁷⁴ Available at OfS, '[Student engagement priorities for 2022-23](#)'.

Our priority student engagement projects for 2022-23 were to:

- help students and students' union officers enhance the quality and outcomes of education
- engage students to understand the issues we should focus on to protect their interests effectively
- involve students and students' unions to ensure universities and colleges act to prevent and respond to incidents of harassment and sexual misconduct
- support the work of groups funded by the OfS on student issues relating to equality matters
- engage students in our work to understand and share what works in supporting student mental health and wellbeing
- develop a training package for student representatives to effectively engage and share our regulatory processes.

Our student panel advises our board and informs policy development across the organisation. Members help us to understand students' views and perspectives and challenge us to regulate in the interest of students.⁷⁵ The panel also helps to shape and support the delivery of our student engagement strategy.

In the past year the panel has provided advice on key areas. Some examples are:

- Independent review of blended learning in higher education. The panel helped shape the review in its early stages, and continued to contribute feedback and support through workshops and by co-facilitating interviews as part of the review.
- Panel members provided feedback on the development of guidance and training for the TEF student submission process.
- The panel advised on work relating to the quality and standards B conditions, and addressing the threat of essay mills.
- The panel advised on the development of our consultation on a new approach to tackling harassment and sexual misconduct. Members gave feedback on the consultation proposals and on a related piece of work, a pilot prevalence survey on sexual misconduct. They helped to promote the consultation to students through videos, blog posts, and participating in our student webinar.⁷⁶

⁷⁵ See OfS, [‘Our student panel’](#).

⁷⁶ Available at OfS, [‘Students: Experts in their own experience’](#).

Protecting students as consumers

We do not currently have a direct role in dealing with complaints or disputes between individual students or staff and their providers, although the Higher Education (Freedom of Speech) Act 2023 provides for the OfS to establish a complaints scheme.

We require universities and colleges that are registered with us to have a clear, effective process for the resolution of student complaints. If a student is not satisfied with the outcome of their complaint to a provider, they can contact the Office of the Independent Adjudicator for Higher Education (OIA). They may also be able to take legal action for breach of contract under consumer protection law. Students, staff and members of the public who feel that a provider is not meeting the OfS's regulatory requirements – for example, on teaching quality or academic support – can alert us to concerns using our notifications process (see page 74).

Since its formation, the OfS has worked with bodies with a role in regulating consumer protection matters such as the Competition and Markets Authority. In November 2022 we signed an agreement with National Trading Standards (NTS) to support students' consumer interests, with a guarantee that NTS will examine each notification it receives from the OfS where a potential breach of consumer protection legislation has been identified. NTS will also provide the OfS with expert advice on consumer law matters in higher education cases. The agreement is in place until 31 March 2024.⁷⁷ The three priority areas in the agreement are:

- organisations that wrongly claim to be registered with the OfS or to have degree awarding powers or university title
- unfair terms and conditions in student contracts, such as misleading precontract information on which students rely when choosing their course
- misleading advertising by essay mills.

We have tested several cases with NTS to get its view on a range of issues and we have made our first referrals.

Industrial action

This year many students experienced disruption from industrial action at registered providers. As a regulator, our concern is the interests of students – we do not take a view on the substance of any employment dispute. In November 2022 we published a briefing note for universities and colleges highlighting the regulatory requirements they should consider when addressing the disruption of industrial action, and summarising providers' obligations under consumer protection law.⁷⁸ If we identify concerns, we may investigate universities and colleges and take enforcement action if necessary.

Guidance for students on our website sets out what students can expect from their providers during industrial action, and how to complain to their provider and the OIA.⁷⁹

Value for money

Many of our strategic goals relate directly or indirectly to the value for money of higher education for both students and taxpayers. We have a general duty under HERA to have regard to the need

⁷⁷ See OfS, ['New OfS-National Trading Standards partnership to protect students' rights as consumers'](#).

⁷⁸ Available at OfS, ['Disruption to students caused by industrial action'](#).

⁷⁹ See OfS, ['Student guide to industrial action'](#).

to promote value for money in the provision of higher education in England as we perform our functions. Students rightly expect to receive value for money from their investment in courses and their wider higher education experience.

Our KPM 9 helps us to evaluate three dimensions of value for money.

KPM 9: Value for money

Why are we measuring this?

Survey research finds that many students do not consider that they have received value for money for their higher education experience in relation to the costs of maintenance for studying and tuition fee loans. We note that students' understanding of the value of higher education is likely to differ, and their perceptions may also change over time. Research commissioned by the OfS suggests that students' perspectives on value for money are primarily driven by the quality of teaching, assessment, feedback, and learning resources. Furthermore, the research shows that a significant proportion of students also value positive employment outcomes and earnings after graduation.⁸⁰ When students complete their courses and secure positive employment outcomes, this also represents value for money for taxpayers, who support the higher education system.

As it is not possible to encapsulate all these aspects of value for money in one measure, KPM 9 presents a set of three measures that, taken together, can be used to consider value for money in higher education. Measures are:

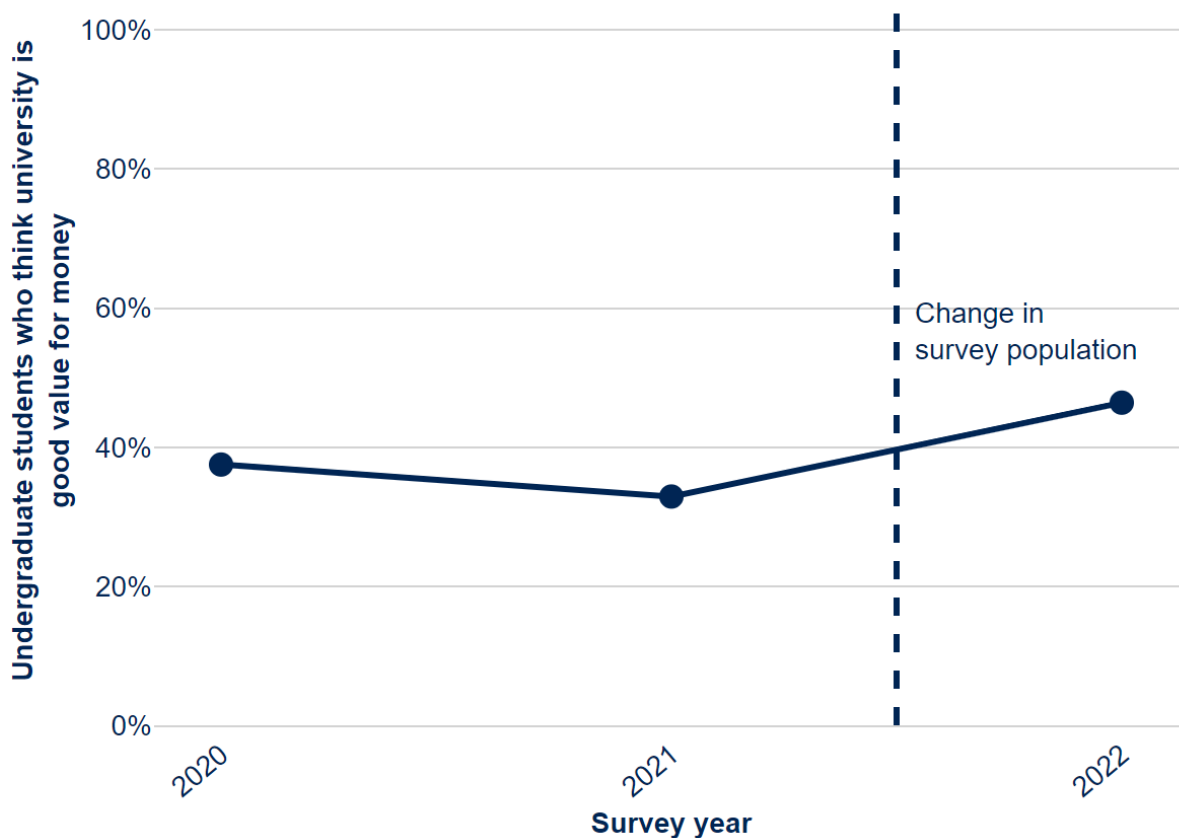
- **KPM 9A** – The percentage of undergraduate students polled on behalf of the OfS who say that university offers good value for money.
- **KMP 9B** – The percentage of undergraduate students responding positively to NSS questions about aspects of quality. These are the NSS questions relating to assessment and feedback, learning resources and 'the teaching on my course'.
- **KPM 9C** – The proportion of students at providers with student outcomes indicators for continuation, completion and progression above our numerical thresholds. This is the same data used in our regulation of student outcomes.

If our interventions to make progress on quality and student outcomes have the desired effect, then we would expect the second and third measures of value for money under this KPM to improve, which should also be reflected in improvement in the polling figure in KPM 9A.

Our value for money measures apply in the same way to all subjects and types of provider. The progression indicator includes an element of economic judgement, because graduates progressing to professional or managerial employment are likely to earn higher wages than in other types of employment. However, other non-economic outcomes, such as further study, caring for someone else, or voluntary or unpaid roles within a managerial or professional occupation, are also counted as positive in that indicator.

⁸⁰ See OfS, ['New research shines spotlight on student perceptions of value for money'](#).

KPM 9A: Percentage of undergraduate students who say that university offers good value for money



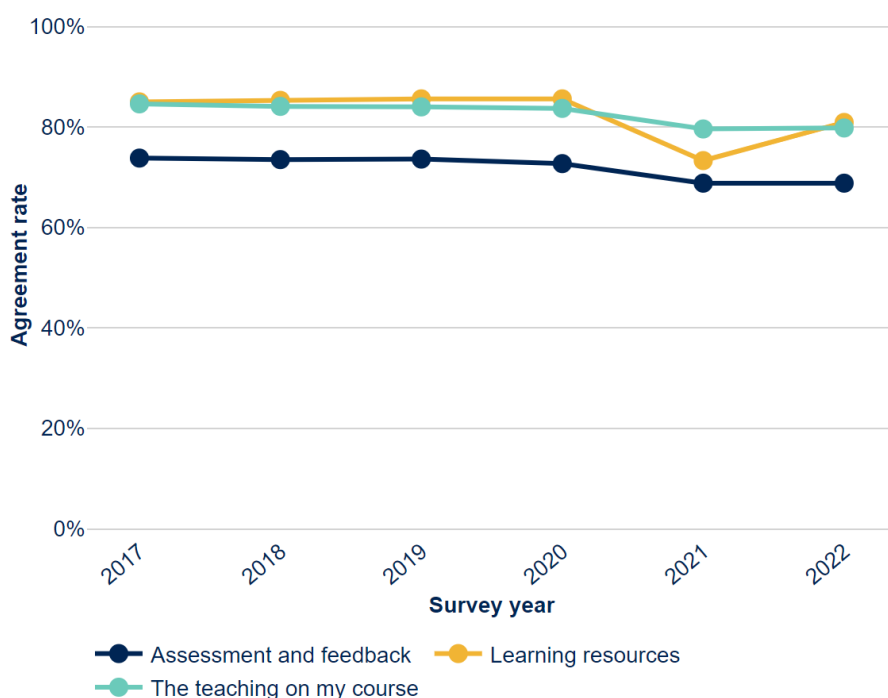
What does this show?

Between March and April 2022 our polling contractor asked 1,063 students, 'Considering the costs and benefits of university, do you think it offers good value for money?' Around 46 per cent of current undergraduate students responded positively. This shows some recovery from lower scores during the pandemic. Our findings should be treated with caution, as we note that the proportion of students who feel they have received good or very good value in our polling is higher than that in the Student Academic Experience Survey conducted by Advance HE and the Higher Education Policy Institute. In 2022, that survey found that 34 per cent of undergraduate students in England reported higher education to be 'good' or 'very good' value for money. This was an increase from 24 per cent the previous year.⁸¹

Our second measure of value for money, KPM 9B, draws on the same data as KPM 4, showing the percentage of undergraduate students responding positively to NSS questions about aspects of quality (see page 28).

⁸¹ Available at Advance HE, ['Student Academic Experience Survey 2022'](#).

KPM 9B: Percentage of undergraduate students responding positively to National Student Survey questions about aspects of quality



What does this show?

The 2022 NSS ratings for teaching and assessment in England were similar to the previous year. On questions about the teaching on their course, 79.8 per cent of students responded positively, compared with 79.6 per cent in 2021. On questions about assessment and feedback, 68.8 per cent of students responded positively, the same as in 2021. The percentage of students responding positively to NSS questions about learning resources has increased: 80.9 per cent in 2022, compared with 73.3 per cent in 2021.

Student outcomes

KPM 9C: Proportion of students at providers with student outcomes indicators above our numerical thresholds

Student outcomes are important for taxpayers and students. Our KPM1 and KPM 9C are closely related. KPM 1 shows the proportion of students at providers where student outcomes are below minimum thresholds, whereas KPM 9C shows the proportion of students at providers whose student outcome indicators are above our numerical thresholds.⁸²

KPMs 1 and 9C are subject to potential volatility that can affect year-on-year comparisons.

⁸² Because charts for KPM 1 are included in the report (see page 32) the corresponding representation of KPM 9C has not been included here, but is available at OfS, '[KPM 9: Value for money](#)'.

What does this show?

- **Continuation:** The proportion of students at providers where the relevant continuation indicator is above our numerical threshold (at 95 per cent statistical confidence) is 90 per cent for the most recent year. This increased from 86.1 per cent over the previous three years.
- **Completion:** The proportion of students at providers where the relevant indicator is above our numerical threshold (at 95 per cent statistical confidence) is around 88.7 per cent for the most recent year. This increased from 86.2 per cent over the previous three years.
- **Progression:** The proportion of students at providers where the relevant indicator is above our numerical threshold (at 95 per cent statistical confidence) is 82.5 per cent. This decreased from 86.6 per cent over the previous two years.

If a provider's performance is close to the numerical threshold, random statistical variation may mean that its indicator value moves above or below the threshold in different years. For future iterations of KPM 1 and 9C, we will consider how we can communicate the effect of statistical uncertainty on the measure.

The OfS minimises the regulatory burden it places on providers while ensuring action is effective in meeting its goals and regulatory objectives.

One of our strategic goals is to minimise the regulatory burden we place on providers, while ensuring our actions are effective. We rely on the data we collect from individual providers, and third parties, to construct indicators showing student outcomes and financial performance. We use these indicators to understand sector-wide patterns and to provide signals of change in an individual provider's circumstances or performance. Such change may signal that we need to consider whether a provider is at increased risk of a breach of one or more of its ongoing conditions of registration. It would not be possible to generate credible indicators in this way if we did not collect the same set of structured and validated data from all providers. For example, we would not be able to model financial risks, or to impose requirements for student outcomes. This means that access to a wide range of high quality data is essential if we are to continue to operate a risk-based regulatory system. We do, however, continue to invite providers to identify areas where we could reduce the burden of data collection, and we have taken a number of steps to reduce the data and information requirements we place on providers.

Our KPM 11 focuses on the burden we place on providers. We also have a set of operational measures which track how efficiently and effectively we are delivering our core regulatory activities.

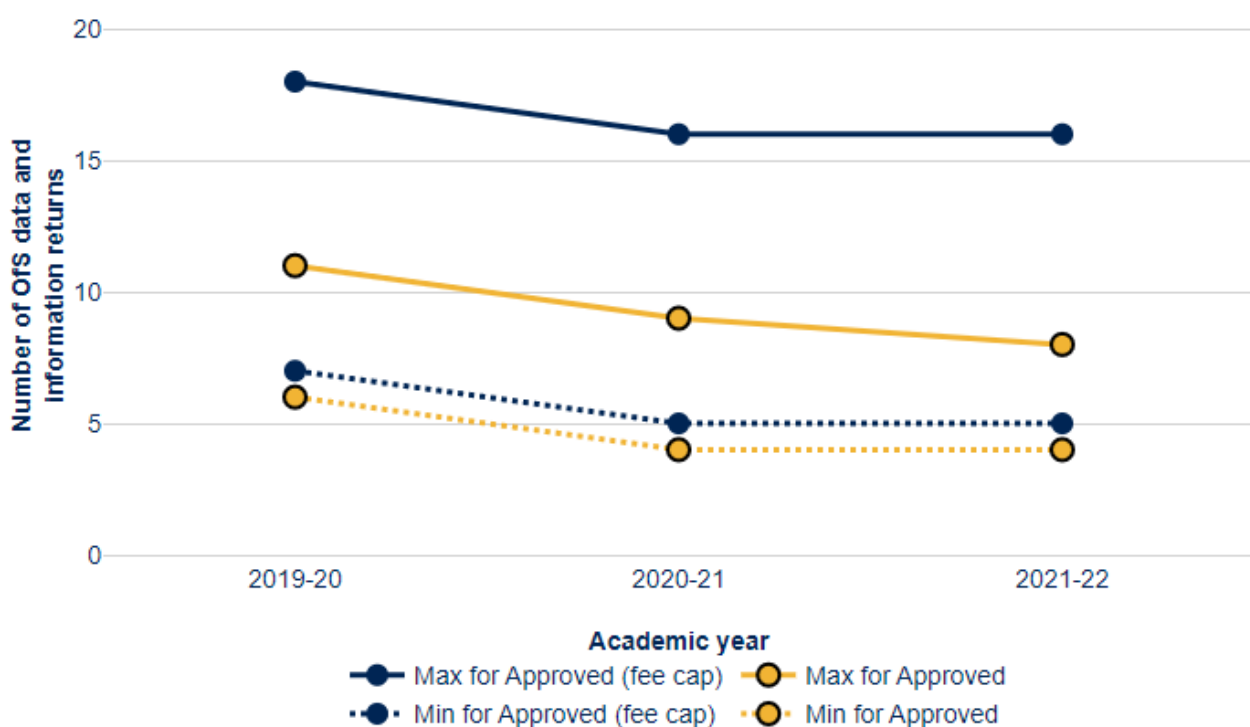
KPM 11: Efficient regulation

Why are we measuring this?

For any regulator, there are challenges in measuring burden. When providers are required to submit information to us about their activities, they incur administrative costs. Measuring these costs directly would require detailed studies within providers, leading to additional costs and burden. Instead, our KPM 11 presents a set of measures that, taken together, can be used to consider aspects of regulatory burden for higher education providers. If our actions to minimise regulatory burden have the desired effect, then we would expect KPMs 11A to 11C to decrease or, if they increase, to reflect a minimal level of burden for effective regulation. We do not want regulatory burden to reduce to a level that results in too little protection for students and taxpayers.⁸³

KPM 11A

This presents data on the number of data and information returns that providers must submit to the OfS and its designated bodies. The data and information that providers submit is essential for OfS regulation. However, collecting and submitting this information is an administrative burden for providers. Counting the number of returns gives us an indicative measure of this burden.



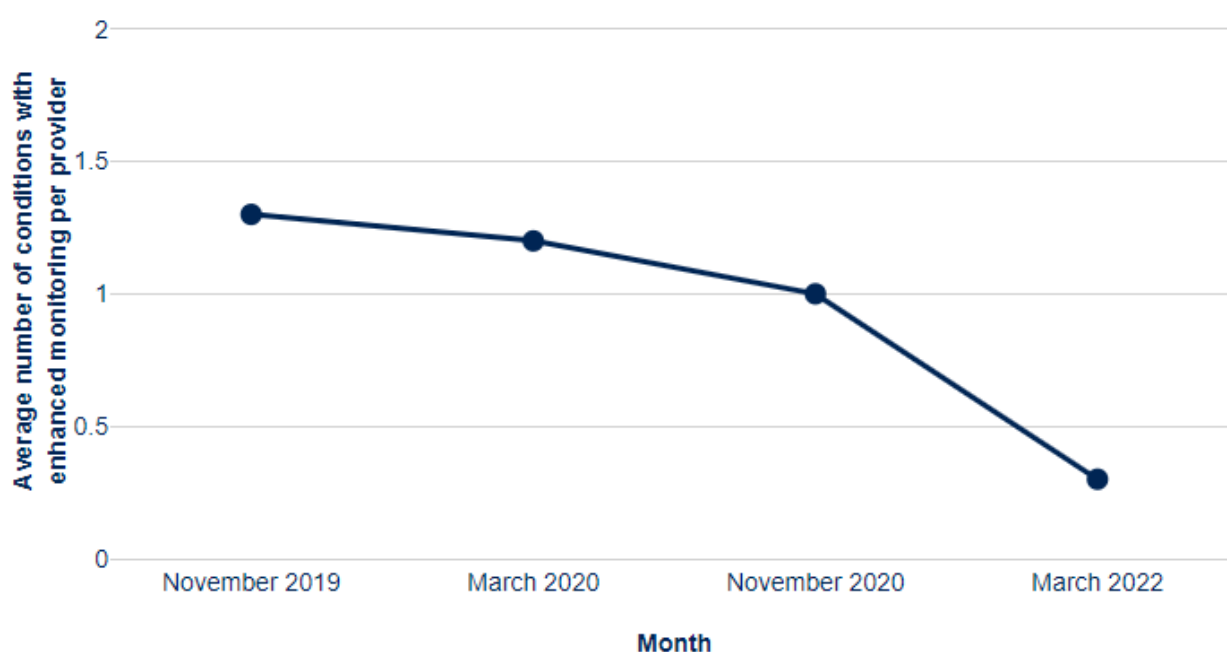
⁸³ See OfS, '[KPM 11: Efficient regulation](#)'.

What does this show?

KPM 11A shows that for 2021-22, the maximum number of returns a registered provider had to make was 16. In 2020-21 it was also 16. The minimum number of returns was four in 2021-22, which was the same as the previous year.

KPM 11B

This presents data on the enhanced monitoring requirements we impose on providers. This means that the OfS requires more frequent or detailed information from a provider to allow us to protect the interests of students and taxpayers. However, enhanced monitoring requirements increase administrative burden for a provider. Counting the conditions that have enhanced monitoring requirements in place gives us an indicative measure of this burden.

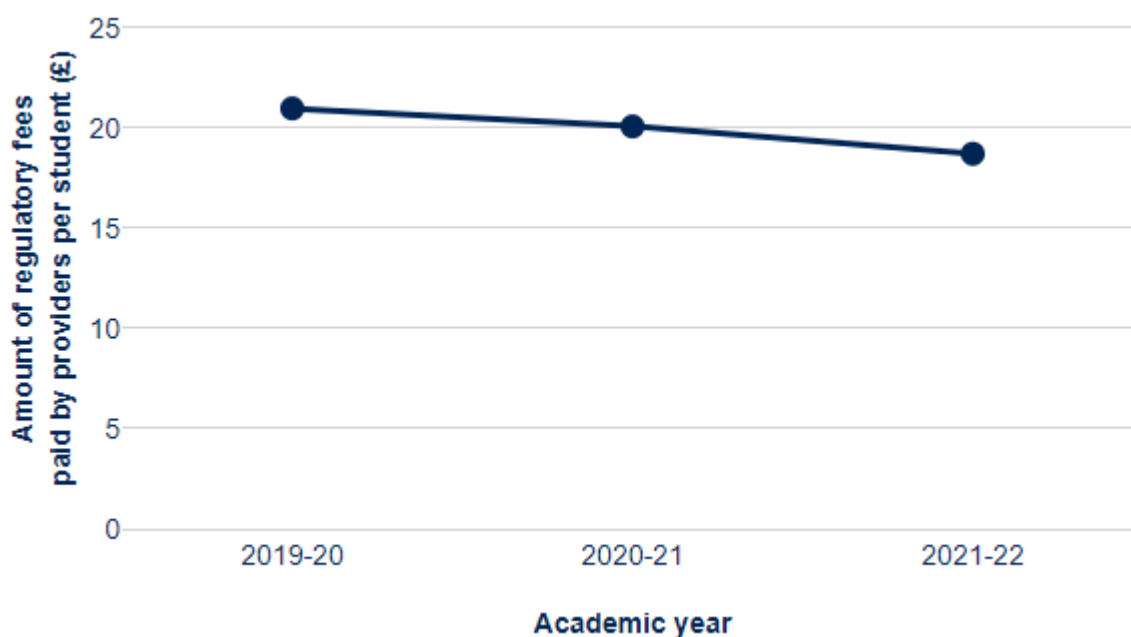


What does this show?

KPM 11B shows levels of enhanced monitoring requirements on four occasions. In March 2022, the average number of conditions per provider with enhanced monitoring was 0.3. This was a reduction from 1.3 measured in November 2019. During this time, we removed some enhanced monitoring requirements that we imposed when first registering providers.

KPM 11C

KPM 11c presents data on the fees that providers must pay to the OfS and to the two designated bodies. Paying regulatory fees is an administrative cost for providers. We can measure this directly.



The fees per student for the academic years 2019-20 and 2020-21 have been adjusted for inflation to the academic year 2021-22, using proportions of the financial years gross domestic product deflators published in March 2023.⁸⁴

What does this show?

KPM 11C shows that in 2021-22 registered providers paid £18.72 per student in regulatory fees. This is a reduction from £20.09 per student in 2020-21, and £20.99 per student in 2019-20 (2020-21 and 2019-20 adjusted to 2021-22 prices).

Communicating about our work

Transparent and clear publication of information and media coverage complement the impact of our more formal guidance and requirements. Our shift over the past year to more active regulation makes it more important than ever that the providers we regulate understand our expectations and their responsibilities. This year we continued our regular meetings with sector representative groups and other bodies, made improvements to our website and continued with our twice-monthly consolidated mailings for vice-chancellors and other heads of providers.

Our social media activity is important to our regulatory work and messaging to students. We have over 20,000 Twitter followers and a LinkedIn presence of over 17,900 followers. In 2022-23 there were 2.9 million unique visits to our website. We held 12 online and hybrid events with 3,773 university and college staff, students and others in higher education in attendance.

⁸⁴ Available at Gov.uk, [‘GDP deflators at market prices, and money GDP’](#).

Communications data

Figures are for 1 April 2022 to 31 March 2023

Visits to OfS website

Total page views across the whole site

2,990,383



Total home page views

151,458



Social media

Number of followers on



Twitter
20,507



LinkedIn
17,904

Public enquiries dealt with



Emails **1,230**



Calls **907**

Press releases and news articles published
56



Online events held **11**
Online attendees **3,242**



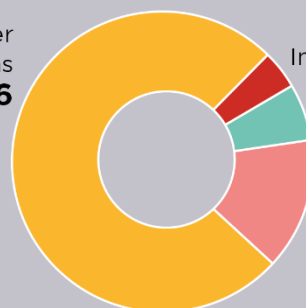
Hybrid* events held **1**
Hybrid attendees **531**

Publications

114



Other publications
86



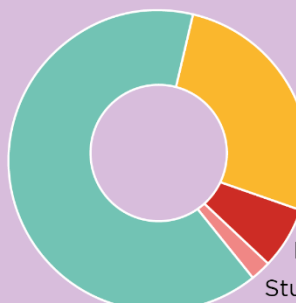
Insight briefs **5**
Regulatory notices and advice **7**
Independent research reports **16**

Email campaigns

180



Alerts
116



Weekly roundups **48**
Monthly updates **12**
Student spotlights **4**

* A hybrid event is one that people could attend in person or online.

Refreshing our engagement with providers

In 2022 we commissioned research on providers' perceptions of their engagement with the OfS. Interviewees liked our accountable officer mailings, our issue-focused events, the OfS website, and personalised communications and interactions with OfS staff. However, they identified a number of areas for improvement. These included changes to the timing and presentation of consultations to make responding easier, more information about the role of the OfS and a clearer sense of how we are organised, and more opportunities to engage directly with the OfS team.

In response, we have reviewed our approach to consultations and are making further changes to our website to include more and clearer information about the OfS, and better promotion of existing contact routes for providers. In the coming year, we will be holding regular online sessions for accountable officers with the opportunity to ask questions of the OfS chief executive and directors, and scheduling a series of senior OfS staff visits to institutions to help improve mutual understanding.

Operational measures for core regulatory activity

We have four operational measures, which report on the performance of our core regulatory activity:⁸⁵

- OM 1 measures our performance in resolving incoming reportable events.
- OM 2 measures our performance in resolving incoming notifications.
- OM 3 measures our performance in resolving registration applications.
- OM 4 measures our performance in resolving applications for degree awarding powers.

The quarters shown in the charts relate to calendar years. Data is lagged because of the need to determine how long it has taken to resolve individual cases.

OM1: Reportable events

Why are we measuring this?

Reportable events are an important component of our risk-based approach to regulation. They contain information from a provider that is directly relevant to our regulatory activity. We use this to update our assessment of the risk that a provider may breach its conditions of registration and consider whether any intervention is necessary.

It is important that we consider the information in incoming reportable events quickly so that we have up-to-date risk assessments. If our approach for reportable events is efficient, we would expect a short resolution period.

⁸⁵ Link to updated Operational Measures when published on 25 May 2023.

OM 1A: Number of reportable events received, resolved and remaining open



What does this show?

OM 1A shows that since 1 January 2022, we have received 464 reportable events. We have resolved 432 cases and, at the end of December 2022, we held 32 unresolved cases.

A chart that accompanies OM 1B shows the number of days taken to resolve each reportable event and how this varies over time. We plot an upper control limit to help us understand this variation. The maximum length of time we expect to take to resolve a reportable event is 79 days as at 31 December 2022.

We use this chart to understand our current performance and to prompt questions about what may be causing the variation we can see in the data. This helps us identify ways we can improve our regulatory activity.

From 1 January 2022 we made changes to our requirements for reportable events to make our requirements less burdensome by introducing an explicit expectation that a provider should exercise judgment about the materiality of an issue in deciding whether or not to report it.

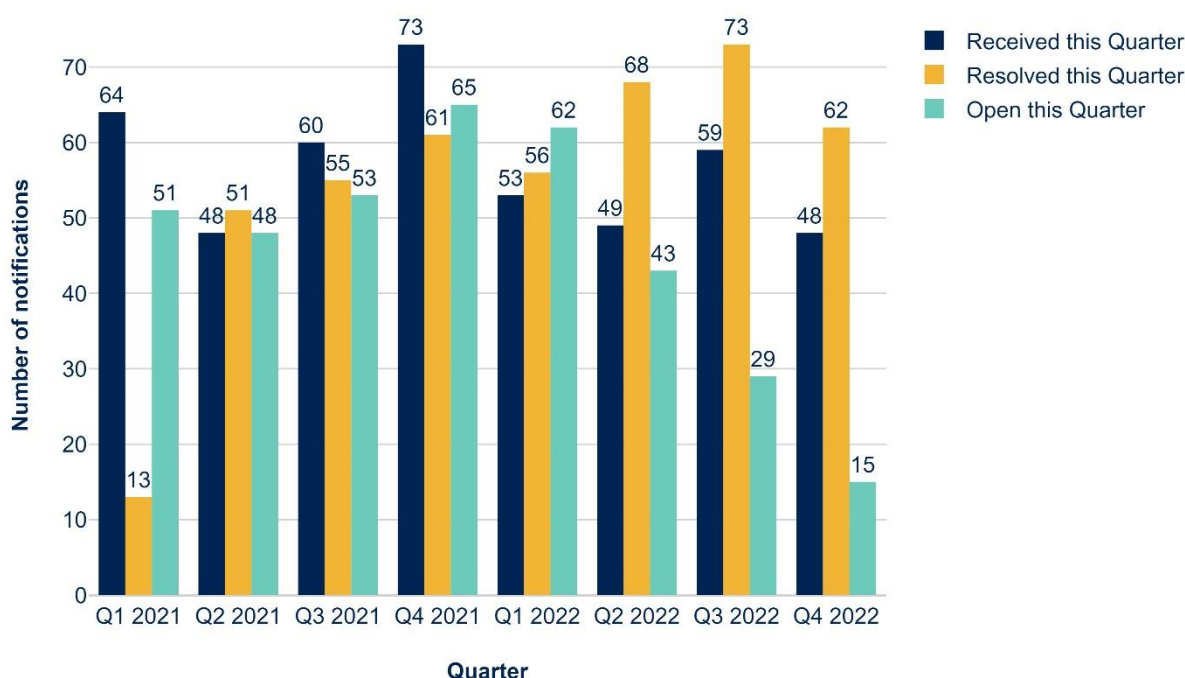
The OM 1 data shown here is different from that previously published. This is a result of improvements to the way in which we record and process internal data about our regulatory activity.

OM2: Notifications

Why are we measuring this?

Notifications are another important component of our risk-based approach to regulation. They are new information from third parties such as students, parents or staff working at a university or college that is directly relevant to our regulatory activity. We use this to update our assessment of the risk that a university or college may breach its conditions of registration, and to consider whether any intervention is necessary. Notifications may relate to the quality of courses, assessment and standards, or courses not being delivered as promised or expected. We assess these and determine whether we should work with a provider to understand what had happened, and what action it proposed to take.

OM 2A: Number of notifications received, resolved and remaining open



What does this show?

OM 2A shows that at the end of December 2022 we held 15 unresolved cases.

Our OM 2B shows the time taken to resolve notifications. We plot an upper control limit to help us understand this variation. The data suggests it takes a maximum of 99 days to resolve these as at 23 December 2022.

The OM 2 data shown here is different from that previously published. This is a result of improvements to the way in which we record and process internal data about our regulatory activity.

OM 3: Registration

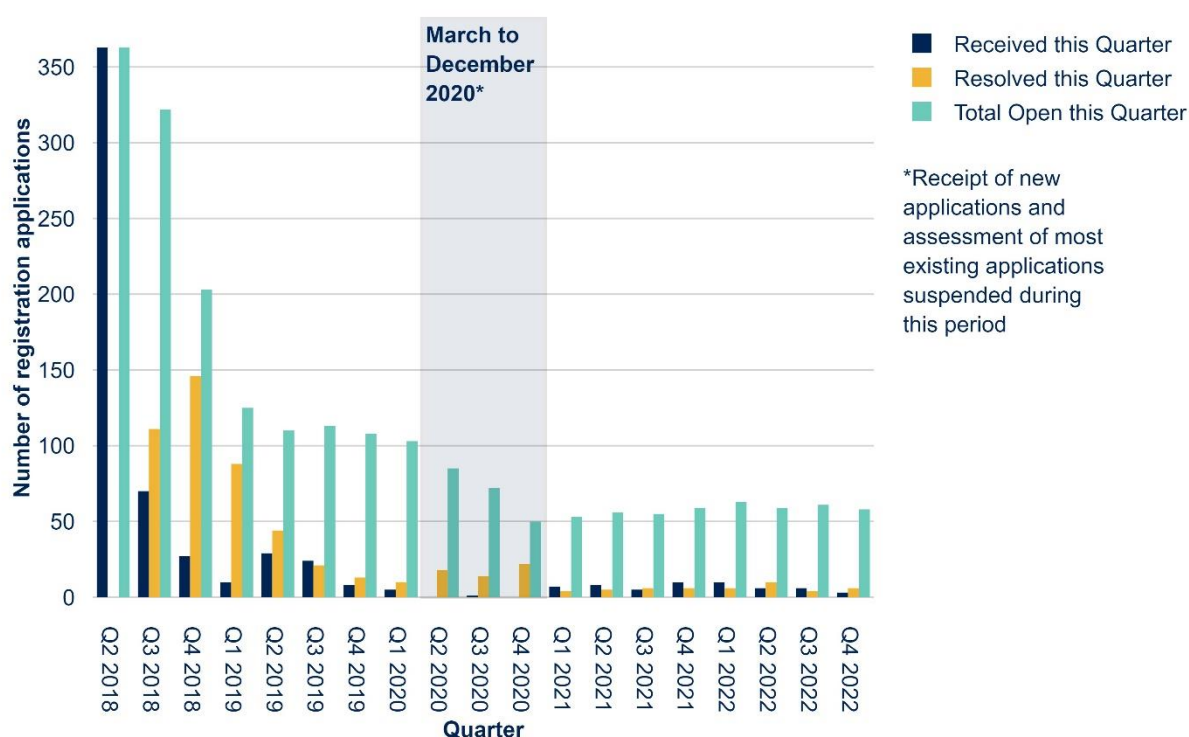
Why are we measuring this?

Registering providers is an important part of the OfS's role. It allows new, innovative, high quality providers to gain access to the benefits of registration and improves diversity of choice for students.

It is important that we make decisions about registration applications in good time, so that new providers that meet our initial conditions of registration can enter the market and recruit students. It is also important that our assessment process is rigorous to ensure that only providers able to submit high quality applications and to meet our requirements are registered. Not all of those applying are able to meet the conditions that would allow them to be registered.

Providers satisfying our regulatory conditions are listed on a single Register, which gives assurance to students and others that they offer a high quality education, and are monitored on an ongoing basis according to the level of risk they pose to students.⁸⁶

OM 3A Number of registration applications received, resolved and remaining open



⁸⁶ See OfS, 'The OfS Register'.

What does this show?

At the end of 2022, we held 58 open applications. We are successfully progressing the newest registration cases received since the publication of new guidance.⁸⁷

By the end of the operating year, we had made good progress resolving some of the most complex outstanding cases. In a significant number of these cases, providers had submitted incomplete applications and had not responded promptly to our follow-up requests for information. Registration applications were also delayed while we awaited assessments from the designated quality body about the quality and standards of courses at a provider.

The OM 3 data shown here is different from that previously published. This is a result of improvements to the way in which we record and process internal data. A registration application is 'resolved' when:

- a provider is registered
- we make a final decision to refuse a registration application
- we agree that an application can be withdrawn by the provider
- we otherwise decide not to progress an application.

See also the Performance analysis section of the report (see page 82).

OM 4: Degree awarding powers

Why are we measuring this?

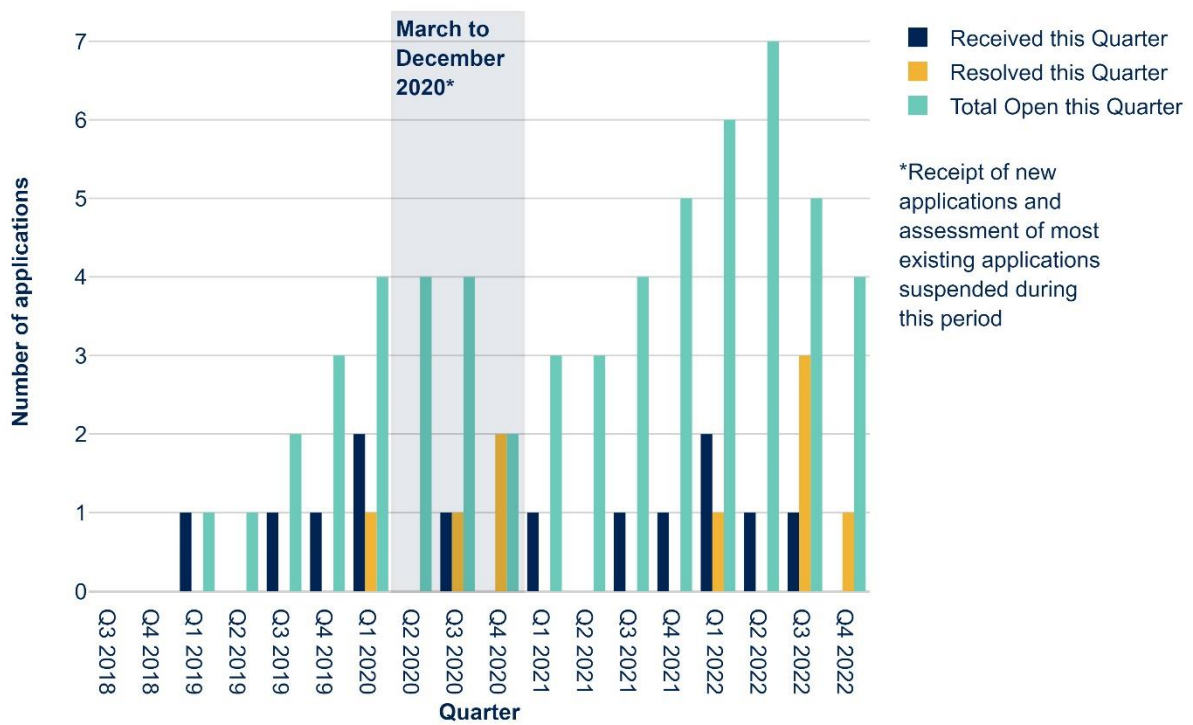
The authorisation of degree awarding powers (DAPs) is an important part of the OfS's role. It allows high quality providers to award their own degrees and improves diversity of choice for students. While it is important that we make decisions about DAPs applications in good time, so that providers meeting our criteria can award their own degrees, our assessment process must be rigorous to ensure that only providers able to submit high quality applications and meet our requirements are authorised for DAPs.

Eligible providers that have been delivering higher education for less than three years can apply for DAPs on a probationary basis. Eligible providers that have been delivering higher education for three years or more can apply for DAPs that last for three years. This is known as Full DAPs.

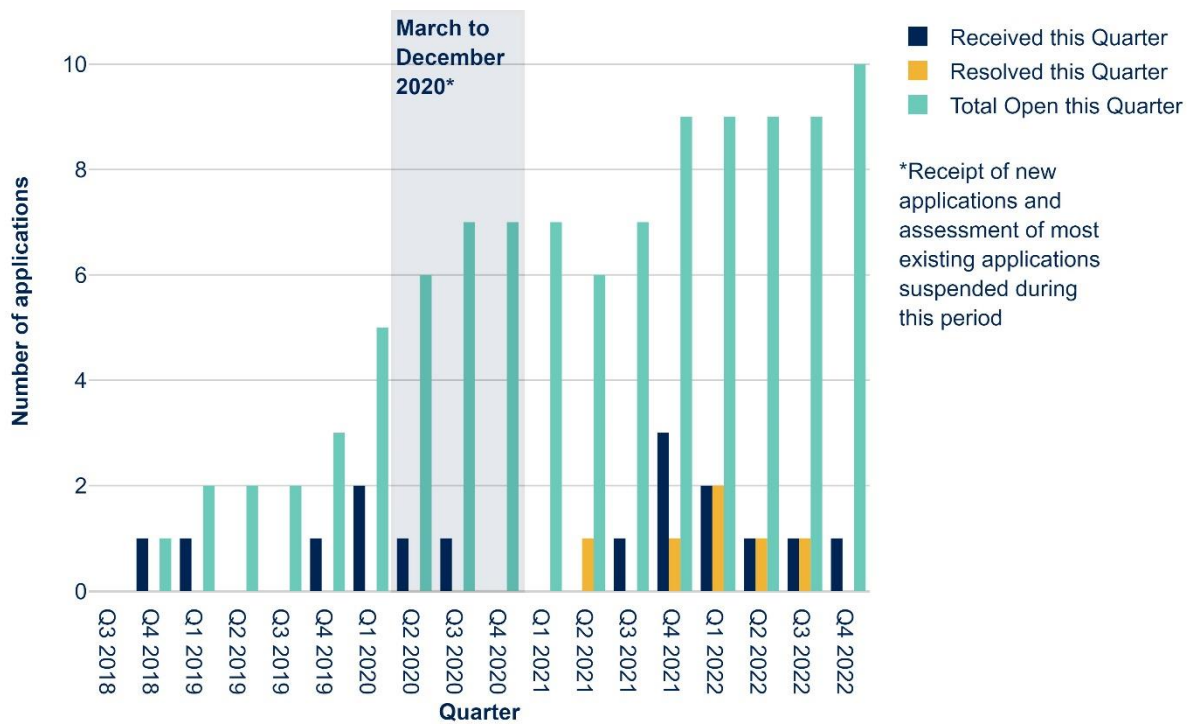
Providers that have held Full DAPs for three years are eligible to be considered for Indefinite DAPs. Applications for indefinite DAPs are not included in OM 4.

⁸⁷ Available at OfS, ['Regulatory advice 3: Registration of English higher education providers with the OfS'](#).

OM 4A: Number of applications for New DAPs received, resolved and remaining open



OM 4B: Number of applications for Full DAPs received, resolved and remaining open



What does this show?

OM 4 shows that, since October 2018, we have received between zero and three applications for New DAPs or Full DAPs each quarter.

At the end of 2022, we held four unresolved New DAPs applications and ten unresolved Full DAPs applications. We were required to seek advice from the previous designated quality body for each provider seeking DAPs.

Before we authorise Full DAPs, a provider is subject to an extended scrutiny process which normally extends over 12 to 15 months, affecting the time taken to resolve Full DAPs applications.

The OM 4 data shown here is different from that previously published. This is the result of improvements to the way in which we record and process internal data about our regulatory activity. OM 4 is based on data from our internal systems about the individual DAPs applications we receive and resolve. A DAPs application is 'resolved' when:

- DAPs are authorised for a provider
- we make a final decision to refuse a DAPs application
- we agree that an application can be withdrawn by the provider
- we otherwise decide not to progress an application.

Our principal strategic risks during the 2022-23 operating year

Throughout the year we kept our risks under constant review, and mitigating actions were developed and delivered.

Common themes in our risks relate to a high level of demand on our current resources, and the need to prepare for additional responsibilities such as taking on responsibility from 1 April 2023 for undertaking quality and standards assessment work that had previously been carried out by the QAA, and preparing for new functions relating to freedom of speech as a result of likely new legislation.

A new principal risk this year concerns data quality and links closely to the progress of the Data Futures programme and a requirement that universities and colleges submit student data throughout the year from the 2024-25 academic year.

There are three levels of risk: strategic, corporate and operational. Our risk management framework aligns all our corporate risks with strategic risks.

Early in the operating year we consulted with our Risk and Audit Committee and board on the strategic risks relating to our new strategy for the period 2022 to 2025, so that our risks were fully aligned with our strategic goals. Our main strategic risks during the 2022-23 operating period were assessed as follows.

Maintaining strategic clarity

The risk of external volatility and a rapidly changing policy and external environment relating to higher education regulation, leading to lack of clarity about the OfS's purpose and role.

Mitigating actions include:

- The implementation of the new OfS strategy for the period 2022 to 2025, which sets a clear strategic agenda for the OfS and close engagement of the OfS board in strategic decisions.
- Maintaining close relationships with the DfE and other key stakeholders, while ensuring the OfS's regulatory independence.
- Careful consideration during policy development to address any tension between policy areas, in particular of the impact on students from underrepresented groups.
- Planning for the new requirements placed on the OfS as a result of the enactment of the Higher Education (Freedom of Speech) Bill.

Regulatory effectiveness

The risk of significant changes to our remit, coupled with new and complex demands leading to not having, or being able to flex, resources to deliver changing priorities.

Mitigating actions include:

- Ensuring our work is responsive to changing government priorities as appropriate.
- Active prioritisation by the executive team.
- Flexible and cross-directorate resource allocation management by our PMO and organisational redesign to align resources to regulatory priorities.

- Establishing a credible assessment regime to deliver quality and standards investigations and the activities taken on from the DQB from 1 April 2023.
- Investment in learning and development for staff targeted at strategic priority areas.
- Communication with stakeholders, including a high level of engagement with students on regulatory issues through the student panel and other routes.

Legal

The risk of the changing environment, nature of the legislation underpinning the OfS's functions, and legal challenge, leading to sub-optimal delivery of the strategic outcomes the OfS wants to see.

Mitigating actions include:

- The effective operation of our regulatory framework and the effective functioning of our Provider Risk Committee.
- Continuing to develop our regulation – for example, consulting on proposed changes to our regulatory requirements and taking decisions following consideration of responses.
- Learning and development on our regulatory risk appetite to support senior staff to formulate effective regulatory decisions.
- Maintaining sufficient resource in the legal team.

Financial sustainability of providers

The risk of providers being placed at an increased risk of financial failure and market exit.

Mitigating actions include:

- The OfS board's focus on our approach, processes and risk appetite for intervention in this area.
- Reportable events requirements for providers to report risks before they materialise.
- Continued work to improve our skills to identify provider risks, and to join these with processes for mitigation of risks.
- Use of condition C4, which enables the OfS to intervene more quickly and in a targeted way when we consider there to be a material risk that a registered provider may cease the provision of higher education.

OfS resources

The risk that changes to regulatory activity such as increased levels of enforcement activity – together with inflationary cost pressures – lead to insufficient funding for the OfS to deliver its functions.

Mitigating actions include:

- Active prioritisation of the OfS business plan, ensuring non-priority work is minimised.
- Delivery of efficiency savings targeted in areas that have the least negative impact.

- Our ability to charge fees under section 71 of HERA for certain costs.
- Additional funding sought through an increase in registration fees under section 70 of HERA.

Cyber security

The risk that ever-changing external threats lead to OfS services being disrupted or information being compromised.

Mitigating actions include:

- Monitoring corporate operations and taking appropriate action to provide early warning of issues and ensure business continuity.
- 24-hour security monitoring systems in place to provide visibility of cyber threats and tools to secure our current and future services.
- Continuing certification of the OfS as meeting the requirements of the cybersecurity 'Essentials plus' scheme.

Data quality

The risk that data is not of sufficient quality, our data requirements are too burdensome or both.

Mitigating actions include:

- A defined and delivered data management strategy.
- Operation of an annual data assurance plan.
- The continued progress of Data Futures delivery.
- Work with the new designated data body to ensure focus on delivery of Section 64 and 65 of HERA duties, and articulation of new KPMs focusing on core concerns.
- Independent review of our data operating model.

Performance analysis

This section reports on our progress in 2022-23 against the summary of business plan activities we published in the areas of quality and standards, equality of opportunity and enabling regulation. The business plan relates to the first year of our new three-year strategy and includes timebound deliverables, and ongoing work relating to our core regulatory activities.



Quality and standards

Students receive a high quality academic experience that improves their knowledge and skills, with increasing numbers receiving excellent provision.

What we said we would do in 2022-23

'We will take action against providers where our requirements for high quality education are not being met. We will also encourage providers to go beyond these requirements by establishing our approach to the Teaching Excellence Framework, resulting in a rating for excellence for each provider.'

Work area	Description	What we did	Did we achieve our objective?
Investigation and enforcement	We will identify courses and providers that may not satisfy our regulatory requirements for quality. We will open a series of investigations, announcing these where appropriate. We intend to publish the outcomes of the	Eight providers have been assessed by independent academic experts as part of the programme looking into the quality of business and management courses. Investigations into the quality of computing courses were opened at three providers.	Partially achieved

Work area	Description	What we did	Did we achieve our objective?
	investigations by the end of 2022-23.		
Student outcomes	<p>We will conclude our consultations on regulating student outcomes, and the data indicators we will use for this purpose, and will publish final policy decisions.</p> <p>We will share with individual providers their student outcomes indicators and publish these at provider level.</p> <p>We will assess the performance of individual providers on student outcomes and take action where appropriate.</p>	<p>In July 2022 we published our analysis of consultation responses and in September 2022 we published updated Regulatory advice 20 alongside the revised initial and ongoing condition of registration B3, which came into effect from 3 October 2022</p> <p>We published student outcomes data at provider level in September 2022, updating this early in April 2023.</p> <p>In November 2022 we published information about the areas we will prioritise to select courses and providers for assessment of student outcomes in relation to revised B3 condition. We selected 18 providers for assessment and wrote to them in spring 2023.</p> <p>We anticipate publishing the outcomes in line with our published policy in summer 2023.</p> <p>We provisionally identified the areas that will be the subject of investigations in the next operating year.</p>	Yes
Teaching Excellence Framework	<p>We will conclude our consultation on the TEF and publish final policy decisions.</p> <p>We will publish the TEF specification and invite submissions from providers.</p> <p>We will recruit a TEF panel and support its members to assess the submissions.</p> <p>We will publish the TEF indicators for</p>	<p>In October 2022 we published Regulatory advice 22: Guidance on the Teaching Excellence Framework 2023; revised condition of registration B6 came into effect on 6 October 2022, which set out requirements for participation in the Teaching Excellence Framework. We also published the TEF data dashboard, which shows data for individual providers and supports assessments through the TEF.</p> <p>We recruited and trained TEF panel members comprising 40</p>	Yes

Work area	Description	What we did	Did we achieve our objective?
	individual providers.	<p>academic experts in learning and teaching, and 20 student representatives from across a wide range of universities and colleges, to carry out the TEF assessments. 227 provider and 204 student submissions were received in January 2023. We received 204 student submissions.</p> <p>We expect to share provisional outcomes with providers in July 2023 and publish outcomes in September 2023.</p>	
Transnational education	<p>We will publish a report that provides insight into the transnational education (TNE) activities of English providers, based on regulatory data and engagement with stakeholders in the UK and overseas.</p> <p>We will publish, with partners in the other UK nations, a joint statement, setting out for an international audience the regulatory arrangements that ensure UK-wide higher education quality and outcomes.</p>	<p>We plan to analyse sector level data relating to students' continuation and completion on TNE courses in 2019-20 and 2020-21, but resourcing challenges have delayed this work. In the longer term, while there are still some issues with data collection to be resolved, we will work to create student outcome measures and set minimum requirements for TNE courses in a similar way that we do for home students.</p> <p>In December 2022 we published a briefing note explaining how quality is regulated in England, to assist providers in explaining regulatory arrangements to international partners.</p> <p>We are continuing to work with the other UK nations to consider how we can communicate the strength and world-leading quality of UK higher education to an international audience, including speaking to international delegations about our regulatory role in relation to TNE.</p>	Not achieved in this operating year
Designated Quality Body	We will complete the triennial report on the DQB and submit this to the Secretary of State.	<p>The triennial report on the performance of the QAA acting as the designated quality body was submitted to the Secretary of State on 18 November 2022.</p> <p>In January 2023 we published a summary of the report on our</p>	Yes

Work area	Description	What we did	Did we achieve our objective?
		website.	
Validation arrangements	We will assess our options for intervening in the validation system to increase the availability of high quality courses.	To encourage expansion of higher education courses in new areas, the OfS entered into an agreement with the Open University (OU) (the OU validation project) to provide validation and content services and support further education providers in delivering Level 4 and 5 courses. We approved the OU's proposals to work with nine providers to deliver high quality vocational and technical (Level 4 and 5) courses through the project. These represent colleges from across England. Two colleges will start delivering provision in September 2023, with the rest to follow in September 2024.	Yes
Blended learning	<p>We will review the approaches being taken by providers to blended learning, which combines online activities and face-to-face teaching.</p> <p>We will report on approaches to blended learning that represent high quality teaching and learning, and those that may fall short of our regulatory requirement.</p>	In October 2022 we published the report of the OfS-appointed Blended Learning Review Panel and the OfS's response to its findings. We considered how the themes identified link to conditions of registration B1 and B2, and indicated where the approaches observed would be likely to raise compliance concerns. We also published a short guide for students, parents and other interested parties explaining what they should expect from a blended learning experience and how to raise concerns if they are not satisfied.	Yes

Students are rigorously assessed, and the qualifications they are awarded are credible and comparable to those granted previously.

What we said we would do in 2022-23

'We will take action against providers where there is evidence of grade inflation, and publish our regulatory decisions to encourage better assessment and awarding practices throughout the sector. We aim to secure public confidence in higher education qualifications.'

Work area	Description	What we did	Did we achieve our objective?
Analyse attainment data	We will publish an updated analysis of the changes in degree classifications awarded over time, including the extent to which these changes can be explained through statistical modelling.	We published our analysis of changes in the proportion of first and upper second class degrees awarded between 2010-11 and 2020-21 by academic year in May 2022. Data was provided at sector and provider level. We will publish a report in summer 2023 to include data from the 2021-22 academic year.	Yes
Investigation and enforcement	We will use attainment data and other intelligence to identify courses and providers that may not satisfy our regulatory requirements for rigorous assessment and awarding practices. We will open a series of investigations, announcing these where appropriate.	We opened investigations to consider these issues for three providers in relation to condition B4 which requires universities and colleges to assess students effectively, and to award qualifications that are credible compared with those granted previously, and that are based on the knowledge and skills of students.	Yes
Insight on assessment and awarding	We will use what we learn from our investigations to communicate any broader concerns about assessment and awarding practices in parts of the higher education sector.	While we did not conclude our investigations during the 2022-23 operating year, we commented on figures released on awarding practices which showed that the award of first class degrees in the 2021-22 academic year in English universities and colleges had decreased back towards pre-pandemic levels. We	Partially achieved as we did not conclude B4 investigations in this operating year

Work area	Description	What we did	Did we achieve our objective?
		consider that it remains important that the OfS can and does intervene where it has concerns about the credibility of degrees.	

Providers secure free speech within the law for students, staff and visiting speakers.

What we said we would do in 2022-23

‘Using our existing powers, we will respond to individual cases where providers may not have secured free speech and academic freedom. Subject to Parliament’s decisions, we will develop a new regulatory approach, shaped by engagement with students.’

Work area	Description	What we did	Did we achieve our objective?
Investigation and enforcement	We will identify cases where a provider may have failed to take steps to secure academic freedom and free speech. We intend to publish the outcomes of such investigations.	Through our notifications process we are advised of concerns about whether providers have met obligations for academic freedom and freedom of speech within the law for all students and staff, whatever their views.	Yes
Response to new legislation	Subject to the passage of the Higher Education (Freedom of Speech) Bill, and any relevant legislation enacted, we will develop a new regulatory approach to free speech and academic freedom. We will involve students and students’ unions	We hosted an event in December 2022 on Freedom of Speech in Higher Education. This was supported by the publication of an Insight brief on Freedom to question, challenge and debate.	Higher Education (Freedom of Speech) Bill did not receive royal assent during the operating year

Work area	Description	What we did	Did we achieve our objective?
	in shaping our regulatory approach to free speech.		

Graduates contribute to local and national prosperity, and the government's levelling up agenda.

What we said we would do in 2022-23

'We will ensure that providers satisfy, or exceed, our minimum requirements for students developing relevant skills and progressing to professional employment or further study. We will also run programmes to address current and anticipated skills shortages.'

Work area	Description	What we did	Did we achieve our objective?
Student outcomes	We will publish student outcomes indicators for individual providers, including the rate at which students progress to professional employment or further study. This transparency will incentivise providers to deliver student progression outcomes that meet our minimum requirements.	In September 2022 we published the set of student outcome and experience measures we use in our regulation of student outcomes and access and participation, and to inform assessments through the TEF. We explained how we construct and present the data indicators, and we published in a series of interactive data dashboards.	Yes
Teaching Excellence Framework	We will publish the TEF indicators for individual providers, including the rate at which students progress to professional employment or further study This transparency will incentivise providers to deliver student progression outcomes beyond	As above.	Yes

Work area	Description	What we did	Did we achieve our objective?
	our minimum requirements.		
Postgraduate conversion courses in data science and artificial intelligence	We will continue to run this scheme with funding from the Department for Digital, Culture, Media and Sport and the Office for Artificial Intelligence to address the shortage of data science and AI specialists in the UK. Later in the year, we will launch phase two and invite bids for funding.	The original programme had already exceeded its aim to enrol 2,500 AI and data science students by autumn 2023, with 3,859 students enrolled up to March 2022. In September 2022 a second phase of the competition was launched in relation to the 2023-24 and 2024-25 financial years. Following a competitive selection process, in March 2023 we announced £8.1 million funding for up to 817 scholarships, worth £10,000 each for the 2023-24 academic year, to 30 universities, with funding for 2024-25 subject to confirmation.	Yes
Improving outcomes for local graduates	We will conclude this funding initiative to improve employment outcomes for graduates who seek employment in their home region. We will review monitoring reports from the funded projects and publish an evaluation of the scheme.	These projects sought to help graduates transition to highly skilled employment and improve outcomes for graduates who seek employment in their home region. Extended timescales were agreed for some projects into the 2021-22 and 2022-23 academic years because of disruption caused by the pandemic. We undertook monitoring. An evaluation of the scheme published in summer 2023 showed that the wide range of interventions had a positive effect on students' confidence, skills and sense of belonging at their provider, local area or employment sector.	Partially achieved
Student engagement in knowledge exchange	We will conclude this funding partnership with Research England to involve students in knowledge and skills exchange between higher	We worked with Research England on this programme. Research England has appointed external evaluators	Partially achieved

Work area	Description	What we did	Did we achieve our objective?
	<p>education and other sectors.</p> <p>We will review monitoring reports from the funded projects and publish and evaluation of the scheme.</p>	<p>to conduct an evaluation of the Higher Education Innovation Fund which will report in summer 2024.</p> <p>The evaluation on the involvement of students in knowledge and skills exchange will feed into the wider review of Higher Education Innovation Fund.</p>	



Equality of opportunity

Students' access, success and progression are not limited by their background, location or characteristics.

What we said we would do in 2022-23

'We will reform our approach to access and participation plans to focus on our new priorities. We will monitor progress in delivery of current access and participation plans and ensure that providers are delivering high quality education and good outcomes for students from all backgrounds. Using funding, guidance and evidence of "what works", we will support providers to make progress on access and participation.'

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
Access and participation plans	We will continue to agree new, and monitor current, access and participation plans. We will follow up a targeted way with individual providers that may not be on track to deliver their commitments to improve equality of opportunity for underrepresented groups in higher education.	We completed monitoring of 2020-21 plans and used our access and participation dashboard to inform risk-based monitoring of providers' progress towards their 2020-21 to 2024-25 targets. We focused our follow up activity on those providers that represent most risk.	Yes
New approach to access and participation	We will continue to embed the new priorities for access and participation that we introduced in early 2022. We will receive and assess the variations	We worked with universities and colleges on their plans to vary their APPs for the 2023-24 academic year, including how they would address the four new priorities of: <ul style="list-style-type: none">improving the transparency of access and participation	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
	<p>to plans for 2023-24 that we requested from providers in response to our new priorities.</p> <p>We will launch a consultation on future access and participation plans for 2024-25 onwards, and publish final policy decisions.</p>	<p>plans for students</p> <ul style="list-style-type: none"> raising prior attainment in schools ensuring better student outcomes in higher education developing more flexible and diverse pathways into higher education. <p>This was a voluntary process, but more than 90 per cent of universities and colleges responded providing variations to plans, including all larger providers.</p> <p>In October 2022, we consulted with universities and colleges on a refreshed approach to regulation of equality of opportunity, proposing that they improve their APPs beyond the 2024-25 academic year so that plans are clearly focused on risks to equality of opportunity. As a response to that consultation, a new OfS Equality of Opportunity Risk Register was published on 29 March 2023, setting out our view of the most significant risks to equality of opportunity, along with a regulatory notice.</p>	
Funding	<p>We will continue to deliver our Uni Connect programme, supporting local partnerships of providers to advise underrepresented groups about entering higher education.</p> <p>We will evaluate and report on phase two of the programme and launch phase three, agreeing partnerships' plans and distributing funding.</p>	<p>For the academic year 2022-23 we provided £30 million for the Uni Connect programme. During 2022-23, partnerships were asked to:</p> <ul style="list-style-type: none"> continue delivering sustained and progressive outreach targeted outreach to learners living in specific target wards (Years 10 to 13) develop strategic collaborative interventions with local partners to facilitate outreach delivery to cohorts of 	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
	<p>We will issue student premium funding to providers.</p> <p>We will oversee and evaluate the joint funding programme with Research England to increase access and participation in postgraduate research for black, Asian and minority ethnic students.</p>	<p>students who are underrepresented in higher education</p> <ul style="list-style-type: none"> • develop evidence-based collaborative approaches to raising attainment at Key Stage 3 and into and through Key Stage 4 in local state secondary schools • continue to deliver signposting to help teachers and advisers find out about the outreach activity available in their area. <p>Their progress will be reported in the monitoring returns that they are due to submit to us in October 2023.</p> <p>We published a national evaluation of Uni Connect in May 2022 which concluded Phase Two of the programme. In September 2022, we published new guidance on Phase Three, including distributions of funding, as well as an independent evaluation of the programme's impact on intermediate outcomes for learners.</p> <p>For the academic year 2022-23 we provided:</p> <ul style="list-style-type: none"> • £41 million for the disabled students premium • £67 million for the premium to support successful student outcomes for part-time undergraduates • £154 million for the premium to support successful student outcomes for full-time undergraduates • £15 million for the premium for student transitions and mental health. <p>In our joint programme with Research England to increase</p>	

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
		access and participation for black, Asian and minority ethnic students, we continued to fund 13 projects in the second year of this four-year programme funding.	
Partnerships between higher education providers and schools	<p>We will incorporate attainment raising in schools into our Uni Connect funding programme.</p> <p>We will provide guidance and support to the funded local partnerships to develop, deliver and evaluate their work to raise attainment.</p>	<p>We commissioned a capability building and support programme for Uni Connect partnerships, to support them in developing high quality evidence-based plans for how they will raise attainment of target learners in their region. The programme of support and capability building included:</p> <ul style="list-style-type: none"> • production of a toolkit that provides information on and support with planning activities and interventions to raise attainment in students from Years 7 to 11 (this was published in September 2022) • expert feedback and guidance meetings with each partnership to inform their emerging plans • a series of events on key topics to inform attainment raising plans. <p>In September 2022 we published guidance for partnerships on the expectation that by 31 May 2023, they produce a written summary of their planned approaches for delivery of attainment raising during 2023-24, including:</p> <ul style="list-style-type: none"> • aims and details of the interventions • evidence base supporting plans • funding commitments, delivery arrangements and participating schools 	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
		<ul style="list-style-type: none"> evaluation and tracking arrangements. <p>In September 2022, we also published an independent evaluation of the programme's impact on intermediate outcomes for learners.</p>	
Quality regulation	Our regulation of quality and student outcomes will consider whether individual providers are delivering high quality and positive outcomes for students from all backgrounds.	There was close working between the policy teams on quality and equality of opportunity to ensure a coherent approach across these areas.	Yes
Disabled students	<p>We will oversee the ongoing work of the Disabled Students' Commission, administered by Advance HE.</p> <p>We will work with the commission to review its impact and determine next steps beyond 2022-23.</p>	<p>The DSC delivered through OfS grant funding, with the OfS overseeing its work through regular monitoring. The DSC publishes an annual report; the annual report for 2021-22 was published in April 2022.</p> <p>In its final year, the DSC focused on the development of the 'Disabled Student Commitment', which is a call to the sector and its bodies to make the step change that is required to create a more inclusive higher education environment for all.</p>	Yes
International students	<p>We will work in partnership with the DfE and the UK Council for International Student Affairs to establish 'what works' in ensuring international students can integrate and receive a fulfilling academic experience.</p> <p>We will conclude our call for evidence, seeking to identify effective practice in supporting international student integration,</p>	<p>Supporting delivery of the DfE's international education strategy, in March 2022 we launched a project with the DfE and the UK Council for Student Affairs to seek evidence of sector-leading practices that ensure international students receive a fulfilling experience.</p> <p>In January 2023 we published a report by LSE Consulting which analysed responses to our call for evidence, and fieldwork undertaken. The report set out three</p>	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
	and publish the findings.	<p>recommendations:</p> <ul style="list-style-type: none"> the effectiveness of interventions depends on adopting a multi-dimensional approach combining institutional and bottom-up initiatives more efforts should be made to support partnerships and cooperation between the academic community and the broad students' community there is a need to devote more attention to international students' needs in terms of cultural beliefs and socialisation norms when it comes to preventing, reporting and supporting measures to tackle harassment and sexual misconduct. <p>We published a topic brief in January 2023 on supporting international students. The briefing discussed belonging, accessibility, practical advice, employability and tackling issues of harassment and sexual misconduct.</p>	

Prospective students can choose from a diverse range of courses and providers at any stage of their life, with a wide range of flexible and innovative opportunities.

What we said we would do in 2022-23

'We will stimulate supply by funding and removing barriers to entry, while also promoting and improving the information available to prospective students in choosing courses. We will work with government to ensure our regulatory approach is appropriate in the context of the Lifelong Loan Entitlement.'

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
Preparation for Lifelong Loan Entitlement	<p>We will work with government on the development of the underpinning legislation needed for the LLE, where this interacts with our regulatory powers and approach.</p> <p>We will monitor and evaluate the higher education short course trial, which supports providers to offer greater choice and flexibility to students .</p> <p>We will ensure effective regulation of Higher Technical Qualifications and degree apprenticeships, working with our regulatory partners.</p>	<p>The DfE has announced it will proceed with plans to introduce a new approach to student loans that allows students to choose to study whole qualifications or modules. For the first two years, this will be limited to job-specific Higher Technical Qualifications, and some technical qualifications at Levels 4 and 5. This will then expand to other courses at Levels 4, 5 and 6. We have committed to work with the DfE to deliver a single regulatory system to oversee this approach to student finance, and this means that a provider must be registered with the OfS to access LLE.</p> <p>We continue to work with the 22 providers funded in 2021-22 as part of the Higher Education Short Course Trial. The trial was designed to develop new, short courses at Levels 4 to 6, to test student and employer demand alongside access to a loan entitlement. An independent evaluation is</p>	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
		<p>considering successes and challenges, including barriers faced by providers, effectively targeting potential students and working with employers.</p> <p>The short course trial will also allow the OfS to understand how the current regulatory system works for this type of provision.</p> <p>In August 2022, the OfS also distributed £250,000 to 17 of the 22 providers participating in the trial for Study Support Bursaries. The bursaries are designed to provide support for study costs and will target students facing the most significant barriers to study.</p> <p>In March 2023, we announced formula funding for the 2022-23 academic year of £8 million to encourage greater provision of Level 4 and 5 qualifications and a further £8 million to accelerate the growth of degree apprenticeships.</p>	
Funding	<p>We will continue to allocate recurrent funding to subjects and courses that would otherwise be undersupplied by providers.</p> <p>We will determine which providers should be considered world-leading specialists and, following consultation, decide how we should fund them.</p>	<p>Because the cost of delivering teaching on some courses is very high, there is a risk that providers would undersupply these courses, many of important social value, without additional funding from the OfS. In general, our funding formulas reflect the cost differences of different activities and the contribution towards those costs that we expect to be met from course fees. This year we were able to provide increased spending per full-time equivalent for price groups A to C1.1 and for very high cost science, technology, engineering and maths subjects, and to increase the nursing, midwifery and allied health supplement.</p>	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
		This year we delivered a new approach to the funding of world leading specialist providers. We supported an expert academic panel to determine which specialist higher education providers should be recognised for their world-leading teaching. This led to our award of additional formula-based funding of £56.8 million to 20 providers for academic year 2022-23.	
Barriers to entry	<p>We will review the advice and guidance we publish for new providers applying to register with the OfS.</p> <p>We will review our process for providers applying to use the word 'university' in their name.</p>	Revised guidance on registration was published in November 2022.	Yes
Information for student choice	<p>We will run the National Student Survey and use the results to inform student choice</p> <p>We will consult on and implement changes to the NSS.</p> <p>We will provide information and guidance about different options for study through the Discover Uni website.</p> <p>We will publish final policy decisions following our consultation on the publication of information about providers – seeking, where appropriate, to enable prospective students to better understand the value of the course and provider they are considering.</p>	<p>The 2023 survey took place between January and April 2023, receiving over 300,000 responses this year, and is one of the biggest student voice surveys in the world.</p> <p>Following an extensive consultation process, we concluded that the current criteria for core NSS questions should be retained. Changes made included the introduction of a four-point scale and a move to direct questions. Questions on mental wellbeing services and freedom of expression were introduced in England. The summative question on student satisfaction was removed for England.</p> <p>We manage Discover Uni, which is the official source of information and guidance on higher education in the UK and is owned by the UK higher education funding and regulatory bodies. The data on Discover Uni is Official</p>	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
		<p>Statistics.</p> <p>While there are some types of information that we would not normally expect to publish about a provider, our general view is that it is appropriate for us to publish information about our regulatory decisions. It is a matter of strong public interest for the OfS's regulatory decisions, and the reasons these have been taken, to be visible. Our ability to publish information is set out in sections 67A to 67C of HERA, which give the OfS express powers to publish notices, decisions and reports given or made in the performance of our functions.</p>	

Providers act to prevent harassment and sexual misconduct and respond effectively if incidents do occur.

What we said we would do in 2022-23

'We will collect evidence on the actions that providers are taking in response to our statement of expectations on harassment and sexual misconduct. We will engage with students and other stakeholders. Building on this evidence and understanding, we will set out our next steps to address these issues.'

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
Evidence and next steps	<p>We will use information from our regulatory casework, our stakeholder engagement and other relevant data to build evidence of systemic issues.</p> <p>We will use the feedback from our recent virtual conference to review the progress made one year on from the publication of our statement of expectations.</p> <p>We will publish an evaluation of the impact our statement has had on providers' behaviour, and set out our next steps to address harassment and sexual misconduct.</p>	<p>In November 2022 we published an independent evaluation of initial impact of the statement of expectations. This found that while the statement had led to improvements, further regulatory intervention is likely to be needed.</p> <p>Alongside the evaluation we published an Insight brief on tackling sexual misconduct in universities and colleges. The brief highlighted the limited data focusing on the experience of students.</p> <p>In February 2023 we launched a consultation on the introduction of a new condition on harassment and sexual misconduct. Before the end of the 2022-23 academic year, we will run a pilot survey to understand how widespread sexual misconduct is in the higher education sector and learn more about the context in which incidents occur.</p>	Yes
Stakeholder engagement	<p>We will continue to engage with other organisations with expertise to better understand the issues and inform our work.</p> <p>We will continue to work with students to ensure providers act to prevent and respond to incidents of harassment and sexual misconduct.</p>	<p>We participated in UKRI's ongoing forum for tackling bullying and harassment, which aims to support system-level change by collaboratively working to explore, understand and share learnings and knowledge of practices for tackling bullying and harassment across the research and innovation landscape. Participants include sector-wide bodies such as the Universities UK, GuildHE, the British Academy, and the Wellcome Trust.</p>	Yes

Providers encourage and support an environment conducive to the good mental health and wellbeing that students need to succeed in their higher education.

What we said we would do in 2022-23

'We will deliver and evaluate a range of programmes to support providers in developing their practice on student mental health.'

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
Challenge competition	We will conclude this funding initiative, to support innovative and collaborative approaches to improving student mental health outcomes, and publish a final evaluation.	Through the first Mental Health Challenge Competition (between June 2019 and July 2022) we delivered a programme to improve joint working between providers and the NHS to support the development and testing of approaches to improve mental health outcomes for students. We published an independent evaluation of the Mental Health Challenge Competition in October 2022, which explored the impact of the programme and the potential scalability and replicability of individual projects. The programme supported ten higher education providers in England to deliver projects reaching 19,000 students, including 2,300 students who benefitted from new forms of mental health support. Findings were that it improved connectivity between providers and the NHS and improved the range of preventative and proactive mental health support available.	Yes
Mental health funding competition	We will continue to run this scheme, with funding from the Department of Health and Social Care and the DfE, to support	Funding allocated through our second funding competition runs until June 2023 drawing on funding from the Department for Health and Social Care (£1 million) and the DfE (£2 million),	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
	<p>students with characteristics identified as increasing the risk of poor mental health.</p> <p>We will review monitoring reports from the projects funded under this programme and publish an interim evaluation report.</p>	<p>with £3 million in co-investment from universities, colleges and partner organisations. It supports 18 projects. An independent evaluation of the first Mental Health Challenge was published in October 2022.</p>	
Student space	<p>In partnership with HEFCW, we will fund this initiative, delivered by Student Minds to provide wellbeing information and support for students.</p> <p>We will commission an evaluation of Student Space, assessing the extent to which it limited the mental health impact of the pandemic on students.</p>	<p>A three-year funding commitment of £250,000 was announced in August 2022 to continue Student Space, an online platform to support students' mental health. The Student space funding comes from the OfS and HEFCW. This next phase of Student Space will provide support for students to navigate the uncertainty of university life by providing up-to-date resources and signposting.</p>	Partially completed
Student mental health 'what works' project	<p>We will commission a project to help higher education providers identify and make use of effective practice in supporting students' mental health.</p>	<p>In May 2022, the OfS appointed a consortium led by TASO to help universities and colleges identify and make use of effective practice in supporting student mental health. It published a report, 'What works to tackle mental health inequalities in higher education', in May 2022.</p>	Yes
Integrated mental healthcare pathways	<p>We will provide funding and information to support effective joint working between providers' student support services and local NHS mental health services.</p>	<p>The OfS facilitated partnerships between universities and colleges and local NHS mental health services to tackle issues related to mental health among students and ensure that that students receive timely and appropriate support. In July 2022, we published a suite of resources to support universities and colleges to develop working partnerships including toolkits, guides, case studies and online resources.</p> <p>We also launched a learning and evaluation programme to</p>	Yes

Work area	Description	Delivery in 2022-23	Did we achieve our objective?
		bring together practitioners from higher education providers, NHS providers and Integrated Care systems mental health commissioners to encourage improved collaboration and relationship. We are working with an external consultancy to conduct action learning sets across England's seven NHS regions during the 2022-23 academic year. These sessions are identifying effective practice, discussing common challenges and supporting strategic partnerships. To develop and grow partnerships, we are distributing £15 million to higher education providers over the 2022-23 academic year.	
Suicide prevention	We will scope further activity through which the OfS can add value to suicide prevention for students.	We funded guidance on responding to suicide among students, which includes practical advice for student support teams with valuable input from practitioners, experts and bereaved families. This guidance was published in December 2022. We continue to collaborate with the sector and organisations involved in suicide prevention to share important advice for universities and colleges.	Yes



Enabling regulation

Providers are financially viable and sustainable and have effective governance arrangements.

What we said we would do in 2022-23

'We will continue to monitor the financial viability and sustainability of providers and identify those that may face difficulties. Where necessary, we will intervene to protect the interests of students. We will also give assurance to organisations that fund higher education.'

Work area	Description	What we did	Did we achieve our objective?
Monitoring and intervention	We will monitor the financial viability and sustainability of providers through the annual financial returns they submit and intervene where necessary. We will respond to any cases of provider closure and will intervene to protect the interests of students.	<p>Our monitoring of universities and colleges' finances is both proactive and responsive (for example, in response to reportable events). Registered providers (excluding further education colleges and sixth form colleges) are required to submit an annual financial return consistent with their latest audited financial statements, forecast financial and student number data, and other relevant contextual information. In 2022 we assessed 250 returns to identify those providers exposed to financial risk and engaged closely with those identified at being at most risk.</p> <p>We imposed our first monetary penalty on a provider for breaching a condition to provide required information: that is, failing to meet the deadline to submit its signed audited financial statements.</p>	Yes

Work area	Description	What we did	Did we achieve our objective?
Transparent Approach to Costing	We will compile and publish Transparent Approach to Costing (TRAC) data, helping providers and public funders understand the costs of higher education teaching and research.	<p>We published data Annual TRAC 2020-21 sector summary and analysis by TRAC peer group data in June 2022.</p> <p>In January 2023 providers were required to submit a TRAC return relating to the 2021-22 academic year. The data is used to understand the application of costs across activity, including cross-subsidies in higher education. It is also used by UKRI and other public funders for funding purposes.</p>	Yes
Funding assurance	We will ensure we gain reliable assurance over the public funding we distribute to providers. We will review our accounts direction to ensure that providers include necessary information in their audited financial statements.	We ensure there is assurance over the funds we disburse to providers through our Funding Assurance Framework. Key aspects are the checking of external auditors' opinion on providers, and risk-based checks on providers for the period beyond the external auditors' opinion.	Yes

Students receive the academic experience they were promised by their provider and their interests as consumers are protected before, during and after their studies.

What we said we would do in 2022-23

'We will engage with students and other stakeholders to revise our requirements to ensure these set appropriate student protection norms for the higher education sector.'

Work area	Description	What we did	Did we achieve our objective?
New approach to student consumer protection	We will engage with students to understand the issues we should focus on to protect their interests effectively.	We receive notifications from students where they have concerns about their courses. This year we entered into an agreement with National Trading Standards, with a guarantee that NTS will examine each notification it receives from the OfS where a potential breach of consumer protection legislation has been identified. NTS will also provide the OfS with expert advice on consumer law matters in higher education cases.	Yes

The OfS minimises the regulatory burden it places on providers, while ensuring action is effective in meeting its goals and regulatory objectives.

What we said we would do in 2022-23

‘We will become increasingly risk-based in the way we monitor compliance and take enforcement action. We will continue to seek opportunities to reduce burden and will engage with providers to test the burden of our regulation against the benefits’

Work area	Description	What we did	Did we achieve our objective?
Risk-based approach	We will ensure that the investigations and enforcement we undertake will be risk-based. We will ensure that the information we collect from providers will be risk-based.	We are both proactive and responsive in our risk-based approach to regulation. We assess the significance of intelligence from reportable events and notifications and our requirements for data, and use of this is central to the identification of risks that a university or college may breach ongoing conditions of registration. We apply enhanced monitoring requirements only where we consider it is	Yes

Work area	Description	What we did	Did we achieve our objective?
		<p>appropriate to do so to protect the interests of students and taxpayers.</p> <p>The selection of providers for quality and standards investigations this year was informed by a combination of regulatory intelligence from data and other sources.</p> <p>An example of risk-based information collection was that in April 2022 we did not require all providers to submit an APP monitoring return in relation to the 2020-21 academic year, but used our data in a highly risk-based approach. Only where there were concerns was a provider contacted for further information.</p>	
New approach to access and participation plans	When developing our proposals for our new approach to access and participation plans, we will seek opportunities to reduce burden (especially for small and specialist providers) and, through consultation, will invite suggestions about how to achieve this.	<p>We moved to a risk-based approach to conceptualising equality of opportunity, with the regulatory burden imposed on a provider set in relation to our expectations for its APPs, in the context of its size and mission.</p> <p>We had taken a standard approach to setting out the key aspects of an APP via templates which enable a structured and consistent approach to their assessment. We removed specific requirements for the involvement of a provider's governing body in monitoring and decision-making for an APP, allowing each provider to consider how best to structure its oversight of the content and implementation of its plan.</p> <p>We intend to use the published access and participation data dashboard and other contextual provider data to conduct an analysis of a provider's data, to understand a</p>	Yes

Work area	Description	What we did	Did we achieve our objective?
		provider's context during the APP assessment process.	
Provider engagement	We will continue to engage with providers to understand the impact of our regulation and to challenge any unnecessary bureaucracy they have developed.	<p>Through speeches the OfS chief executive encouraged universities and colleges to consider whether their schemes of delegation and assurance processes were fit for purpose in the new regulatory environment, asked them to consider the complexity of their assurance processes, and argued that universities and colleges could be making better use of their institutional autonomy.</p> <p>Our consultation on a proposed new condition relating to harassment and sexual misconduct set out clearly how we had considered the regulatory burden that would be imposed if a new condition were adopted into the regulatory framework, and noted that for some providers there may be significant work to do, but we consider that the greatest burden would fall on those with the greatest regulatory risk.</p> <p>We commissioned research which identified areas where we could improve our engagement with providers, such as staggered consultations and the inclusion of executive summaries in long documents. We published a response, which committed us to more extensive engagement with universities and colleges, including a programme of visits, to consider improvements to the structuring and timescales of future consultations, and make further improvements to our website.</p>	Yes
Exempt charities	We will fulfil our responsibilities as the principal regulator for those higher education providers in	We met quarterly with the Charity Commission for England for England and Wales to discuss matters of mutual interest	Yes

Work area	Description	What we did	Did we achieve our objective?
	England that are exempt charities, and for exempt charities that are closely connected with them.	in policy work and cases. We notified the commission when the OfS had concerns about a breach of charity law or mismanagement of a provider that was an exempt charity.	
Data burden	<p>We will publish final policy decisions following our consultation on data burden.</p> <p>We will work to improve the way providers can submit data and information to us.</p>	In May 2022, we announced that in-year data collection through the Data Futures platform would commence from 2024-25. In November 2022 we decided not to make final decisions about some data collection matters. We did not wish to risk the possibility in the future of reintroducing data requirements that had been previously removed.	Partially achieved

Regulatory operations

What we said we would do in 2022-23

'We will continue to operate and improve the core regulatory processes that enable both the OfS and the English higher education system to function. These operations underpin our ambitions for quality and standards and equality of opportunity.'

Work area	Description	What we did	Did we achieve our objective?
Regulatory operations	We will increase our capacity to carry out investigatory and enforcement work, including through visits to individual providers.	<p>Through a rolling recruitment process we recruited over 73 expert academic assessors during this year.</p> <p>During this operating year we received 16 new applications from providers seeking to register with the OfS. We met our objective that all cases received during 2021 where a provider had submitted complete information to enable us to conduct an assessment would be referred for a quality and standards assessment by 31 October 2022.</p>	Substantially achieved

Work area	Description	What we did	Did we achieve our objective?
	<p>We will consider applications from providers seeking to register with the OfS.</p> <p>We will monitor registered providers' compliance with our conditions of registration, responding to reportable events and notifications.</p> <p>We will consider applications from registered providers to gain degree awarding powers or use 'university' in their name.</p> <p>We will monitor higher education providers' compliance with the Prevent duty.</p> <p>We will improve the way we deliver our regulatory operations, including recording information and managing cases.</p>	<p>We made substantial progress in resolving the most complex outstanding registration cases from 2018 and 2019. Eight out of 18 cases were resolved by the end of March 2023, with a further three resolved by the end of May 2023. This year there were 200 third party notification cases compared with 234 in the previous operating year, and 459 reportable events, compared with 408 in the last year. Our operational measures (see page 75) provide more information about our performance in closing these cases.</p> <p>Applications for DAPs were progressed. We completed the first case allowing a provider to use 'university' in its name.</p> <p>All established providers subject to Prevent monitoring during the 2021-22 academic year were required to submit an accountability and data return in December 2022.</p> <p>We use operational measures to give us feedback on how we are performing and have sought to improve performance by sharing this information across teams. We have also used our operational measures to increase our responsiveness by improving the internal process guidance to allow caseworkers to respond more effectively and efficiently. We have also sought to streamline our internal processes and systems to free up caseworker time.</p> <p>We improved the learning and development for staff, including a more detailed induction programme for new staff and a regulatory theory course for all staff to gain a broader understanding of regulatory approaches and analysis. We also shared case studies and reflective practice by way of 'lessons learned' discussions.</p>	

Financial performance

Funding and expenditure

The OfS received a total of £1,457 million (2021-22: £1,470 million) of strategic priorities grant funding from the DfE. Grant-in-aid is treated as financing and taken directly to reserves.

Section 70 of HERA makes provision for the OfS to charge providers an annual fee for their registration in the Register of English higher education providers. In 2022-23 the OfS received £26.1 million (2021-22: £25.9 million) in registration fee income to support administration costs.

Total expenditure in year was £1,486 million (2021-22: £1,499 million). Of this, £27.3 million (2021-22: £27.7 million) relates to administration, and £1,459 million (2021-22: £1,472 million) relates to programme funds.

We aim to provide as much of our grant funding as possible through core block allocations for recurrent teaching, as the most efficient means of distributing funding to the sector. In addition to recurrent grants, we provide specific funding for national initiatives, as well as capital funding to support the sustainability of the higher education system. Grant funding was distributed to providers on an academic year basis (1 August to 31 July). Funding allocations are announced annually. More details can be found on the OfS website.⁸⁸

The administration cost budget (including registration fee levels) is agreed with the sponsoring department each year, and performance against budget is monitored and reported each month.

Performance against financial target in-year

At 31 March 2023 the Statement of financial position shows net assets of £6.2 million (2021-22: £7.6 million).

The OfS aims to distribute all funding received from the DfE in-year. The framework agreement with the DfE recognises that it may not always be possible to match receipts and payments exactly within a year, and so allows for a cash carry-forward at year end. At 31 March 2023 our cash balance was £12.2 million (2021-22: £12.5 million). This balance also includes £6.2 million (2021-22: £6.2 million) of registration fee income, which is deferred to 2023-24 in line with International Financial Reporting Standard 15.

The OfS is fully committed to the prompt payment of suppliers and aims to pay all valid invoices as soon as possible. The OfS supports the Better Payment Practice Code which targets payment within 30 days, and monitors performance in-year against this target.⁸⁹ To balance the desire to pay creditors promptly against the need to maintain effective internal controls, the OfS also monitors performance against ten-day and five-day measures. The following table shows an analysis of invoices paid against targets.

⁸⁸ See OfS, [‘Funding for providers’](#).

⁸⁹ See Pay On Time, [‘The Late Payment of Commercial Debts Regulations 2013’](#).

	2022-23	2021-22
5 days	90.1%	89.2%
10 days	94.9%	96.9%
30 days	99.4%	99.4%

At 31 March 2023 the trade payables balance (the amount owing to our suppliers) was £0.1 million (2021-22: £0.2 million). During 2023-24 performance will continue to be monitored against such measures and benchmark information will be used to drive continuous improvement in financial management processes.

Sustainability report

Reflecting our commitment to act in a socially responsible manner in achieving our aims, the OfS seeks to implement good environmental practice. We strive to incorporate best practice from across the public sector and achieve value for money in operating our estate. We assess our environmental impacts, including benchmarking against our own historical usage figures as well as other organisations with similar size and function. Understanding these impacts helps us develop targets for future emissions reductions, as well as to identify and implement other sustainability improvements. We are continually reviewing our operations with climate change adaptation in our minds and in our plans.

In April 2022, the OfS's estate comprised three buildings based in Bristol, two of which we shared, and one floor of a shared building in London. In line with reducing our environmental footprint and achieving value for money, we are in the process of realigning our estate to meet the needs of our workforce. We left Dominions House in Bristol in January 2023 and will vacate Nicholson House in Bristol in May 2023. At the end of that process, we will share occupation of one building, Westward House in Bristol, with UKRI Research England. Additionally, we will replace our London shared office space in Finlaison House with space in the Sanctuary Buildings Government Hub in June 2023.

The majority of our staff continued to work in our offices and remotely for the duration of this operating year. This is reflected in this year's data, where our offices were utilised more consistently than in previous years during more acute phases of the pandemic. Examples of this include an annual increase in gas, electricity, and water usage, which may be partially explained by more staff working in the office when compared with the 2021-22 and 2020-21 periods. It is difficult to accurately compare data across previous years because of changes in patterns of working, but we have included for comparison all data from the creation of the OfS in 2018.

Our estate has limited green space to consider a biodiversity strategy. We encourage the contractors that maintain our spaces to maintain and improve their ecological value where possible. However, in line with our duties as a public authority under the Environment Act 2021, we look forward to developing a more detailed biodiversity strategy in the coming year.

Greening government commitment performance

As an executive non-departmental public body of the DfE, the OfS reports quarterly greening government commitment (GGC) figures to the department. In line with the broader GGC goals, the OfS aims to reduce our emissions, waste and water consumption. The GGC targets use 2017-18 as a baseline to demonstrate progress, but the OfS was established during 2018-19. Our progress is therefore relative to a 2018-19 baseline, though the scale and scope of the OfS has grown substantially since operations began in 2018-19. Figures using 2018-19 as a baseline are not directly comparable to targets for reductions from 2017-18.

OfS policy is that business travel should be made by public transport unless there are reasons why this is not practical. OfS staff are asked to consider whether meetings could take place by video or telephone conference instead of travelling. They are also encouraged to commute at least some of the time by sustainable means. Almost 50 per cent of our staff regularly do. We are working towards removing single-use plastics from our estate.

Performance against baseline

Requirement	2022-23	2018-19 baseline	Percentage change	Progress in reduction
Reduce overall greenhouse gas emissions (t CO ₂ e)	197	317	-38%	We have achieved reductions in our overall greenhouse gas emissions.
Reduce direct greenhouse gas emissions (t CO ₂ e)	108	94	+15%	Further progress remains to be made in reducing our direct greenhouse gas emissions. We expect estate consolidation will reduce our future direct emissions.
Reduce domestic business flight emissions (t CO ₂ e)	0.3	9.5	-97%	We have achieved reductions in our emissions from domestic business flights.
Reduce overall waste generated (tonnes)	14.93	21.54	-30%	We have achieved reductions in our overall waste generated.
Reduce the amount of waste going to landfill to less than 5% (see figures below)	46%	10%	+36%	Further progress remains to be made to reduce our proportion of waste going to landfill.
Increase the proportion of waste that is recycled to at least 70% of waste (see figures below)	54%	90%	-36%	Further progress remains to be made to increase our proportion of waste being recycled.
Reduce paper consumption (A4 equivalent reams)	780	948	-18%	We have achieved reductions in our paper consumption.
Reduce water consumption (m ³ per full-time equivalent OfS and Research England staff)	1.25	6.92	-82%	We have achieved reductions in our water consumption.

Mitigating climate change and net zero 2050

In line with the reporting requirements we detail our direct emissions (Scope 1), indirect energy emissions (Scope 2), and other indirect emissions (Scope 3). Our analysis of data follows HM Treasury sustainability reporting guidance.⁹⁰ Additionally, in line with our previous reporting, we provide more detailed breakdowns of emissions relating to our business travel and waste.

When compiling this report, complete data for the final quarter of financial year 2022-23 was not available, so data was extrapolated to produce the annual figures below.

Total greenhouse gas emissions are calculated following guidance published by the Department for Business, Energy and Industrial Strategy, using current conversion factors for the reporting year.⁹¹

OfS greenhouse gas emissions

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23
Total gross emissions for Scope 1* (direct emissions)	Tonnes of CO ₂ e**	94	91	48	106	108
Total gross emissions for Scope 2* (energy indirect)		125	115	66	70	69
Total gross emissions for Scope 3 (other indirect)		98	75	6	10	20
Total emissions		317	281	120	186	197
Carbon intensity (per £ million expenditure***)		11	9	4	6	7

* We do not take into account net emissions for use of renewable tariffs and carbon offsets.

** CO₂e is a carbon dioxide equivalent, and is the number of metric tonnes of CO₂ emissions with the same global warming potential as one metric tonne of another greenhouse gas. It allows bundles of greenhouse gases to be expressed as a single number.

*** We have not included our grant funding activity or the activity of our assessors.

⁹⁰ Available at Gov.UK, '[Public sector annual reports: Sustainability reporting guidance 2022 to 2023](#)'.

⁹¹ Available at Gov.UK, '[Government conversion factors for company reporting of greenhouse gas emissions](#)'.

Business travel

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23
Car	£000	15	18	1	1	7
Taxi		17	10	1	0	1
Rail		544	374	0	23	84
Air		10	14	0	0	0
Total business travel	£000	586	416	2	24	92
	Tonnes of CO ₂ e	87.7	65.3	0.7	3.6	12
Travel carbon intensity per full-time equivalent	Tonnes of CO ₂ e	0.24	0.17	0	0.01	0.03

Breakdown of OfS greenhouse gas emissions from air travel

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23
Number of flights		79	81	0	2	2
Domestic flights	Tonnes of CO ₂ e	9.5	8.3	0	0	0.3
Short-haul international		1.3	0.7	0	0.4	0
Long-haul international		3.8	8.7	0	0	0
Total emissions	Tonnes of CO ₂ e	14.6	17.7	0	0.4	0.3

Waste minimisation and management

Our levels of total waste this year reflect both the fact that there has been an increase in staff and that staff have returned to more extensive office-based working. While OfS levels of waste to landfill are comparable with our 2019-20 figures, there has been an overall reduction in waste from those 2019-20 figures. This is driven primarily by reducing our waste that we subsequently recycle. While this has resulted in a lower percentage of waste that we recycle, it has also driven down waste intensity per full-time equivalent from 51 kg in 2019-20 to 35 kg in 2022-23.

We cannot directly attribute the generation of waste from our shared Bristol site between the OfS and our private sector sub-tenant. Last year we estimated that our sub-tenant was responsible for 95 per cent of the production of waste to landfill, as it operates on a 24-7 basis. This year, because of our increased use of the office space, we are assuming that the OfS accounts for 20 per cent of waste to landfill. We have also continued to estimate that the volume of our sub-tenant's recycled waste remains low, so 95 per cent of recycled waste has been attributed to the OfS.

It should be noted that our paper waste weight (which contributes to the 'recycled at source' figures) for 2022-23 has been estimated because of a lack of available data from the contractor.

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23
Waste to landfill*	Tonnes	2.06	6.71	0.35	0.36	6.84
	£000	4	3	0	0	4
Waste recycled at source	Tonnes	19.48	13.12	2.96	6.60	8.09
	£000	3	6	2	2	4
Total waste	Tonnes	21.54	19.83	3.31	6.96	14.93
	£000	7	9	2	2	8
Total waste recycled at source	Percentage (%)	90	66	89	95	54
Waste intensity per full-time equivalent	Kg	60	51	9	18	35

* Assumes the provider recycles none.

Water, energy and paper consumption

The report on our direct consumption of water and energy (finite resources) combines available data for our Bristol and London offices. The OfS shares its Bristol offices with UKRI Research England, and we are unable to separate usage with sub-meters. Therefore, we have collected data at a whole building level and reported on behalf of all occupiers in line with treasury guidance. We also share one of our offices, Nicholson House, with a private sector sub-tenant. We have experienced difficulties in obtaining invoices for water at Nicholson House this year. Therefore, it has not been possible to include water figures for this building in the relevant tables below.

The energy and water resources consumed in the course of working from home are not measured here.

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23
Paper	A4 reams equivalent	948	274	0	20	780
Water*	Cubic meters (m³)	6.92	6.62	1.38	1.65	1.25
	£000	10	10	2	3	5
Electricity	Megawatt-hours	443	452	285	328	358
	£000	81	81	52	64	87

Gas	Megawatt-hours	508	495	260	580	603
	£000	15	17	11	21	32
Total utilities	£000	106	108	65	88	124

* Consumption per full-time equivalent OfS and Research England staff.

Sustainable procurement

The OfS embeds sustainable and socially responsible procurement practice into its everyday operations, enhancing the delivery of value for money by reducing waste, protecting biodiversity, and supporting sustainable economic growth. We follow the CIPS Corporate Code of Ethics and hold the CIPS Corporate Ethics Mark, demonstrating ethical values in the way we source and manage suppliers.

Sustainable construction

In line with reducing our environmental footprint and achieving value for money, we are realigning our estate to meet the needs of our workforce. Over the past 12 months, this process has primarily involved closing and winding down our facilities in Dominions House and Nicholson House. This process has also meant refurbishing our offices in Westward House, so that our smaller footprint can continue to meet all our service needs.

Refurbishment of Westward House began in March 2023 and is due to be completed over the summer of 2023. The project is recreating some of the services we currently enjoy in other buildings so that these services can be maintained without interruption following the end of our lease at Nicholson House at the end of May 2023. This includes the provision of showering and changing facilities to support colleagues to travel to work via sustainable transport. We used the Crown Commercial Service framework to supply our refurbishment work – this means that our contractors conduct their work with the sustainability expectations of the framework and the current government workplace design guide in mind. As part of our tender exercise, we also examined social value and asked for the details of bidding organisations' plans to reduce carbon emissions. Where possible, the construction works are reusing existing materials and equipment (e.g. floor tiles, doors and IT equipment).

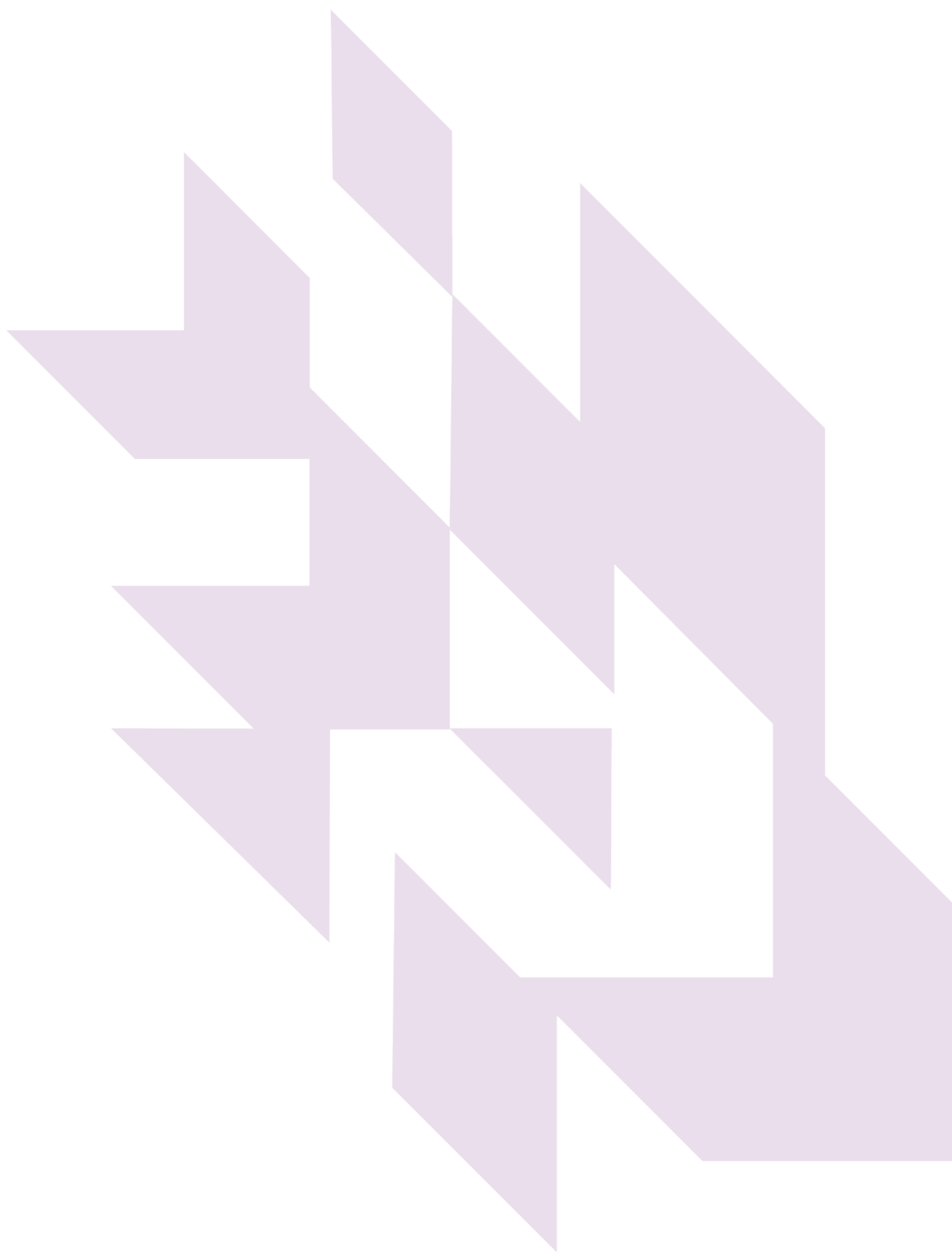


Susan Lapworth

Chief Executive and Accounting Officer

9 June 2023

Accountability report



Accountability report

Corporate governance report

This report covers the operating period from 1 April 2022 to 31 March 2023, to the point of the signing of the Annual report and accounts by the accounting officer. It describes the composition and organisation of our governance structures and the arrangements we put in place for good corporate governance to support the delivery of our objectives.

Directors' report

The chair of the OfS during the year under review was James Wharton (Lord Wharton of Yarm). The chief executive was Susan Lapworth. The directors of the OfS in this context comprise the chief executive and Director for Fair Access and Participation and the non-executive board members.

The composition of the OfS board, the terms of office of members and their current interests are below. More detailed biographies of board members are available on our website.⁹²

Executive members who served during the year were as follows:

Susan Lapworth was appointed as interim chief executive in May 2022 following the departure of Nicola Dandridge at the end of April 2022. Susan was confirmed as chief executive in September 2022 for a term of office to August 2026. Prior to becoming chief executive, she was the OfS's Director of Regulation. This followed a career in the higher education sector.

John Blake, Director for Fair Access and Participation, was appointed in January 2022 for a term of office to December 2025. Previously he led on policy and political issues related to schools, education, and wider social impact for the Ark chain of academies. This followed education policy and teaching roles.

Non-executive board members who served during the year (including terms of office) were:

Martin Coleman (July 2017 to June 2022, reappointed to June 2025). Martin is deputy chair of the OfS board and chairs the Provider Risk Committee. Martin is also a member of the Competition and Markets Authority (CMA) board and chairs the CMA panel, whose members investigate markets and mergers.

Elizabeth Fagan (January 2018 to December 2021, reappointed to December 2024). Elizabeth is currently chair at the D2N2 local enterprise partnership, the local enterprise partnership for Derbyshire and Nottinghamshire, and a non-executive director of pooling solutions company Brambles Limited.

Katja Hall (January 2018 to December 2022, reappointed to December 2025). Katja is currently the Interim Director of Corporate Affairs at ASOS plc. Previous roles include Chief Corporate Affairs and Marketing Director at Capita, responsible for all internal and external communications, including employee engagement and public affairs, and Group Head of External Affairs and Sustainability at HSBC.

⁹² See OfS, ['Who we are: Our board and committees'](#).

Verity Hancock (February 2019 to January 2024). Verity is Principal of Leicester College. She holds several public appointments, including as chair of the Student Loans Company's Advanced Learning Loans Stakeholder Group and a board member of the Leicester and Leicestershire Enterprise Partnership.

Rachel Houchen (March 2022 to March 2025). Rachel chairs the Remuneration and Nominations Committee. Rachel has a background in education. She was previously Assistant Headteacher at Conyers School in Stockton-on Tees.

Kate Lander (July 2017 to June 2022, reappointed to June 2025). Kate chairs the Risk and Audit Committee. Kate is Chief Executive Officer of Ivy House London, a company that delivers professional and personal development to young talent.

Simon Levine (January 2018 to December 2020 and reappointed to December 2023). Simon chairs the Quality Assessment Committee. He is the managing partner and co-global chief executive officer of the global law firm DLA Piper and is a visiting professor and lecturer at Imperial College Business School.

Martha Longdon (October 2018 to September 2021, reappointed to Jan 2023). Martha chaired the OfS student panel and is a PhD doctoral research student in biosciences at Nottingham Trent University, having previously been awarded a MSc in neuropharmacology at that university. She was students' union president there in 2017-18.

Sir Martyn Oliver (January 2023 to December 2025). Sir Martyn is the chief executive of Outwood Grange Academies Trust and a national leader of education. He serves on the Commission on Race and Ethnic Disparities.

Dr Dayo Olukoshi (March 2022 to March 2025). Dayo is the Principal of Brampton Manor Academy and Executive Principal and CEO of Brampton Manor Trust. He has held various leadership positions in education: Head of Science; Deputy Headteacher; Ofsted Inspector and National Leader of Education.

David Palfreyman (July 2017 to December 2020, reappointed to December 2023). David is the bursar and a fellow of New College, University of Oxford. He is also the director of the Oxford Centre for Higher Education Policy Studies, a council member and trustee as honorary treasurer of the Society for Research into Higher Education and is the author of several publications on higher education.

Monisha Shah (January 2018 to December 2022). Monisha was chair of the OfS Remuneration and Nominations Committee. Monisha is the former chair of Rose Bruford College of Theatre and Performance. She holds several public appointments, including as a member of the Ofcom Content Board, a senior member of the Arts and Humanities Research Council, and chair of the King's Counsel appointments panel.

Dr Michael Spence (May 2022 to May 2025). Michael has been President and Provost of University College London since January 2021. Prior to this he was Vice-Chancellor and Principal of the University of Sydney.

Caleb Stevens (February 2023 to January 2026). Caleb is the new Student Experience member on the board. Until recently he was a postgraduate student at the University of Lancaster following undergraduate study at the University of Plymouth. He is also a magistrate on the Cornwall district

bench. He is employed in a safeguarding role and holds a number of governance roles including the Youth Hostels Association and a large multi-academy trust in Cornwall.

Register of interests

We have strict guidelines on conflicts of interest and recognise that any actual or perceived conflict of interest could relate to either the operations of the OfS or the role of the OfS as a regulator of higher education providers. Guidance is set out in the document of board proceedings and code of conduct.⁹³

Members of our senior team, our chair, and other board and committee members complete and update their declaration of interests, and registers of interest are available on our website.

Members declare interests on agenda items at the start of every board and committee meeting and are periodically reminded to review the interests we hold on our register to ensure that they are current.

Guidance is provided to OfS staff in relation to procuring goods and services and disclosing higher education provider interests or any other relevant interests, and the acceptance of gifts and hospitality.

Personal data incidents

During the accounting period, the OfS voluntarily reported a data breach to the Information Commissioner's Office. In response to the incident, the OfS's internal auditors were instructed to carry out a review of the root causes of the breach and lessons that could be learned. The recommendations in the review were accepted by the executive and were implemented.

Other disclosures

Some disclosures required within the directors' report are included elsewhere in the annual report, such as the Remuneration and staff report. Future developments affecting our business are discussed in the Performance report.

⁹³ See OfS, 'Who we are: Our board and committees'.

Statement of Accounting Officer's responsibilities

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OfS's assets, are set out in Managing Public Money, published by the HM Treasury.

The Permanent Secretary of the Department for Education appointed me, Susan Lapworth, as interim Accounting Office of the OfS on 1 May 2022, and confirmed my appointment as Accounting Officer in September 2022 following a recruitment process for the chief executive role. As Accounting Officer, and working with the OfS board, I am responsible for maintaining sound systems of management and internal control for the OfS, and enabling the preparation of the financial statements to be free from material misstatement, whether due to fraud or error, and am responsible for assessing the Office for Students' ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

I am responsible for using the public funds and assets assigned to the OfS economically, efficiently, and effectively. I acknowledge my responsibilities in respect of the funds provided to the OfS, which are allocated to providers of higher education and others for education and associated purposes.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the OfS's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware. Under the Higher Education and Research Act 2017, Schedule 1, paragraph 13, the OfS is required to prepare accounts for each financial period, in conformity with the Secretary of State for Education's Accounts Direction, detailing the resources required, held, or disposed of during the period and the use of resources by the OfS during the period, including recurrent and non-recurrent programme funding to institutions and administration costs. The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OfS and of its income and expenditure, changes in taxpayers' equity and cashflows for the financial period. In preparing the accounts, as Accounting Officer I am required to comply with the requirements of the government financial reporting manual and to:

Observe all relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.

Make judgments and estimates on a reasonable basis.

State whether applicable accounting standards, as set out in the 'Government Financial Reporting Manual', have been followed, and disclose and explain any material departures in the accounts; and prepare the financial statements on a going concern basis.

I confirm that the annual report and accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

Governance statement

This section describes the governance arrangements in place during financial year 2022-23, and to the date of the approval of the annual report and accounts.

The OfS was established by the Higher Education and Research Act 2017 (HERA) and most of our activities relate to the functions set out in that legislation, for example operating a Register of higher education providers, determining conditions of registration, agreeing access and participation plans, and assessing quality and standards of higher education courses. In performing our functions we are required to have regard to the 'general duties' set out in section 2 of HERA:

- a. the need to protect the institutional autonomy of English higher education providers
- b. the need to promote quality, and greater choice and opportunities for students, in the provision of higher education by English higher education providers
- c. the need to encourage competition between English higher education providers in connection with the provision of higher education where that competition is in the interests of students and employers, while also having regard to the benefits for students and employers resulting from collaboration between such providers
- d. the need to promote value for money in the provision of higher education by English higher education providers
- e. the need to promote equality of opportunity in connection with access to and participation in higher education provided by English higher education providers
- f. the need to use the OfS's resources in an efficient, effective and economic way, and
- g. so far as relevant, the principles of best regulatory practice, including the principles that regulatory activities should be:
 - i. transparent, accountable, proportionate and consistent, and
 - ii. targeted only at cases in which action is needed.

The OfS is a non-departmental public body under the sponsorship of the Department for Education. The DfE and the OfS have agreed a framework document, which sets out the broad governance framework within which the OfS and the department operate. It sets out the OfS's core responsibilities; describes the governance and accountability framework that applies between the roles of the OfS and the department; and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters. The DfE-OfS framework agreement was refreshed this year and signed by Susan Acland-Hood, DfE Permanent Secretary, and the OfS chief executive, Susan Lapworth, in December 2022.⁹⁴ The document does not impose any legal powers or duties on the OfS and the OfS must continue to operate on the basis set out in legislation.

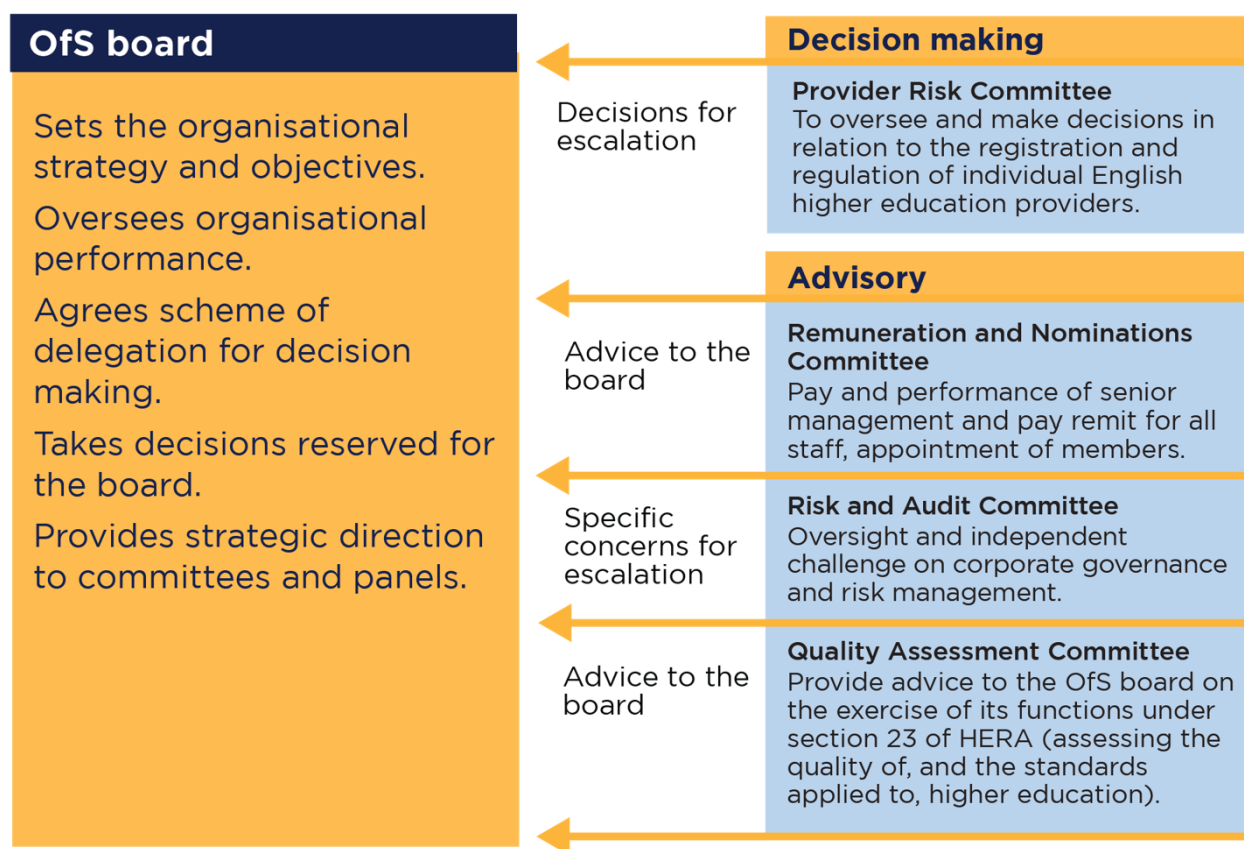
Our governance structure is designed to deliver effective decision-making in relation to the regulation of higher education in England, and for the effective management and oversight of the OfS. The framework for corporate governance and control supports robust oversight and allows for adaption in response to changes in the external and internal environment.

⁹⁴ See OfS, '[Office for Students framework document](#)'.

The OfS board

The OfS board comprises the chair, chief executive, an additional executive director (the Director for Fair Access and Participation) and at least seven and no more than 12 non-executive members, all of whom are appointed by the Secretary of State for Education. Members have a wide range of backgrounds, skills and expertise, and include a student representative. The standards and arrangements through which the board conducts its business are detailed in our 'Board proceedings and code of conduct'.⁹⁵ In establishing our governance arrangements, we applied the principles of the Central Government Corporate Governance Code, and we comply with the code (to the extent that it is relevant to the OfS as a non-departmental public body).

The board has established four main committees of the board, which comprise a mix of board members and independent members. Committee members' biographies are available on our website.⁹⁶



The scheme of delegation allows for the establishment of other committees of the board to perform functions on behalf of the board, and we used this provision this year, including for purposes relating to quality assessment. As a regulator acting in the interests of students, we are advised by a student panel. Our student engagement team works closely with the panel to support it to influence our work.

Governance arrangements for quality assessment

- The TEF Panel is a committee of the OfS, with the remit of carrying out assessments and making decisions about the ratings to be awarded to providers participating in the Teaching

⁹⁵ Available at OfS, ['Who we are: Our board and committees'](#).

⁹⁶ See OfS, ['Who we are: Our board and committees'](#).

Excellence Framework. The TEF is the scheme that the OfS has put in place pursuant to section 25 of HERA.

3. The OfS also established a Quality Investigations Committee. The committee can conduct assessments and give advice or make judgements on any matters directly or indirectly connected with the quality of higher education for any purposes.

Internal audit

4. The board is assured of the OfS's data quality and assurance processes through the internal audit programme.
5. The OfS's internal auditors for 2022-23 were KPMG LLP.

Board effectiveness

A review of the effectiveness of our board was carried out through a questionnaire in February 2023, with survey outcomes presented to the board in March 2023 and discussion of the responses.

The survey outcomes indicated that board members were clear on the board's role and objectives. They reported that they are provided with the information needed for the board to carry out its work effectively and to facilitate complex judgements on organisational strategy and performance.

Organisational structure and decision-making

The OfS's scheme of delegation is based on a reserved powers model. It sets out how our functions are exercised, and decisions are delegated to the appropriate level.

The executive leadership team consists of the chief executive, the Director for Fair Access and Participation and the other directors. They form the directors' group, which provides executive management and governance of our operations and delivery.

The business plan and objectives are delivered through an organisational structure aligned to five executive directorates, although about 45 per cent of work is cross-directorate in nature. The Performance report includes a diagram setting out the directorate structure during the operating year.

Meetings attended by OfS board members

	OfS board ^a	Risk and Audit Committee	Provider Risk Committee ^b	Quality Assessment Committee	Remuneration and Nominations Committee
Lord Wharton of Yarm Chair	6/6				2/2
John Blake	6/6				
Martin Coleman	6/6		5/5		

Deputy chair					
Elizabeth Fagan	6/6		5/5		
Katja Hall	6/6	4/4			
Verity Hancock	6/6				
Rachel Houchen***	6/6				
Kate Lander	5/6	4/4			
Susan Lapworth	6/6				
Simon Levine	4/6			4/4	
Martha Longdon**	3/4				2/2
Martyn Oliver*****	2/2	2/2			
Dr Dayo Olukoshi***	6/6			2/2	
David Palfreyman	6/6				
Monisha Shah*	3/4			3/3	2/2
Dr Michael Spence****	4/6				
Caleb Stevens*****	2/2				

^b The Provider Risk Committee came together on other occasions to discuss time-sensitive cases. The committee was quorate whenever decisions were made.

* Term of office ended on 31 December 2022.

** Term of office ended on 31 January 2023.

*** Joined the board in March 2022.

**** Joined the board in May 2022.

***** Joined the board in January 2023.

***** Joined the board in February 2023.

Governance framework

HERA sets out the OfS's general duties and requirements to have regard to certain matters in the performance of its functions.

We must have regard to the OfS's regulatory framework. This is composed of five parts:

- Part I: The OfS's risk-based approach
- Part II: Sector level regulation
- Part III: Regulation of individual providers
- Part IV: Validation, degree awarding powers and university title
- Part V: Guidance on the general ongoing conditions of registration.⁹⁷

In performing our functions, we must have regard to any guidance issued by the Secretary of State on the basis of section 2(3) of HERA. The OfS received four such letters of guidance relating to this operating period.⁹⁸

Strategic and business planning

The twin focus of the 2022 to 2025 strategy is on quality and standards and equality of opportunity. We see these as complementary activities. Not only is access to university for disadvantaged students important, but all students must receive the teaching and support they need to thrive in higher education and succeed after graduation. The strategy also makes clear our commitment to principles-based regulation to reduce regulatory burden where possible.

Each quarter, the directors' group holds an in-depth business plan review session that enables joined up discussions about: the organisational score card; activity-level progress within the business plan; strategic risks; technology issues; staff resource; and the OfS's financial position.⁹⁹ Our PMO completes six-weekly updates on progress of the business plan, and three-weekly updates on priority areas of activity that reports to directors' group. The PMO plays a key role in tracking cross-directorate activity and manages temporary staff.

Our business plan for 2022-23 was published in April 2022. To mitigate the risk of over-commitment we tested the plan thoroughly against our available resources, although there is scope for the business plan to flex should priorities change. This year we experienced some resource challenges, which had implications for some business plan activities. Our Performance analysis report identifies where this was the case.

⁹⁷ Our conditions of registration were revised during this operating year. See OfS, '[Registration with the OfS: Conditions of registration](#)'.

⁹⁸ See OfS, '[Guidance from government](#)'.

⁹⁹ An organisational score card includes selected internal performance indicators to support understanding of progress and achievement of goals.

Better regulation

When performing our functions, we must have regard to our general duties in section 2 of HERA.¹⁰⁰ The duties that are particularly relevant to 'better regulation' are those that relate to:

- institutional autonomy
- using our resources efficiently, effectively, and economically
- the principles of best regulatory practice, including transparency, accountability, proportionality, and consistency, and targeting regulation only where needed.

Having regard to the Regulators' Code is a statutory obligation for National Regulators in the Legislative and Regulatory Reform Act 2006. We are required to have regard to the code when developing policies (including operational procedures), principles and guidance and when setting standards.

Our regulatory approach is designed to be predominantly principles-based, taking account of the complexity of the higher education sector. It shapes the way we make judgements about individual providers based on data and contextual evidence. Our approach is also risk-based: engagement with a focus on specific regulatory issues rather than the general circumstances of the provider.

The OfS is subject to the provisions of the Small Business, Enterprise and Employment Act 2015 as amended by the Enterprise act 2016 (including the Business Impact Target with corresponding reporting requirements). Statutory regulators must publish:

- their qualifying regulatory provisions
- an assessment of the economic impact on business of those provisions
- a summary of non-qualifying provisions.

Our assessment of regulatory changes in the most recent reporting period was that there were no qualifying regulatory provisions to report. We published our non-qualifying regulatory provisions in December 2022.¹⁰¹

OfS business continuity

There were staff capacity challenges at several points in the year requiring the directors' group to reprioritise work and resource.

During this year we saw staff returning to the office following the pandemic and we operated a hybrid working model. Office layouts were revised to provide more space for collaborative working.

Government functional standards

The Cabinet Office publishes a suite of functional standards setting expectations for the consistent management of functions across government.¹⁰² For arms' length bodies such as the OfS the guidance notes that the application of the standards should be proportionate to the scale and

¹⁰⁰ Section 2 of HERA.

¹⁰¹ See OfS, '[How we are run: Business impact target reporting](#)'.

¹⁰² See Gov.UK, '[Collection: Functional standards](#)'.

complexity of the work. We substantially comply with the standards except where they are not applicable to our context, or where compliance with all aspects of a standard may not be cost-effective.

Financial management, system, and control

There are monthly financial reports to the directors' group, and financial reports to the board at most meetings. The board receives assurance about processes and controls in our core systems through the internal audit programme.

A framework of controls is built into routine financial and human resources processes managed through our enterprise resource management, ensuring that transactions cannot be processed without appropriate authorisation.

An internal audit report on financial controls (payroll) identified some shortcomings in the documentation of processes and reliance on manual controls in respect to amendments. The management team fully accepted the recommendations and is implementing these.

During this year we undertook work to make improvements to governance of grants, with a multi-functional project team.

The Risk and Audit Committee considered value for money assurance at its meeting in June 2023, at which time the committee agreed that there was sufficient assurance over the control process within the OfS in support of the committee's annual opinion on value for money in 2022-23.

Counter fraud

The Counter Fraud Oversight Group meets quarterly to discuss delivery, action plans and performance against Cabinet Office's Functional Standards for Counter Fraud.¹⁰³ The Counter Fraud Strategy was most recently approved in May 2022. Our assessment of the overall risk of fraud is regularly reviewed with a revised action plan to address new areas as they are identified. Staff awareness sessions focus on threats such as phishing and mandate fraud.

We report performance against the Cabinet Office's fraud functional standard annually to the Risk and Audit Committee and to the DfE Counter Fraud team. While we substantially comply with this, we assess whether compliance with all standards represents good value for money, as overall our assessment is that the fraud risk of the organisation is low.

Cyber strategy and information security

We are committed to good cyber security practices, seeking to achieve a balanced level of security that ensures legal compliance, minimises risk, and enables staff to do their work securely and effectively, underpinned by strong organisational and technical controls.

Governance oversight in this area is provided by the Information Security and Data Privacy Group. Key policies and procedures are in place, which guide the organisation's activities, and ongoing training and awareness programmes ensure that staff are aware of cyber security risks and of their responsibilities in keeping the organisation safe. An experienced IT security team has been bolstered this year with the introduction of a 24-7-365 managed Security Operations Centre, ensuring that security threats are detected and handled whenever they occur. A revised operational security report monitors key performance indicators, providing insight into the ongoing operational status of cyber security.

¹⁰³ See Gov.UK, '[Government Functional Standard GovS 013: Counter fraud](#)'.

Layered technical solutions provide defence in depth, including firewalls, email scanning, anti-malware software, vulnerability management and security information and event management systems, all feeding into the managed Security Operations Centre, giving a high level of protection against typical cyber threats as well as the ability to detect and respond to more advanced threats.

Cyber assurance is provided by regular organisation-wide penetration testing, Cyber Essentials Plus compliance, Microsoft Secure Scores for cloud services, application penetration testing for new services, audits from KPMG and monthly oversight by our directors' group. These combine to provide confidence that the organisational and technical controls in place are effective at mitigating the cyber threats we face, which have increased considerably since Russia's invasion of Ukraine. Further cyber security improvements are planned over the coming year.

This year we have retained our Cyber Essentials+ accreditation. Assurance was also received from an internal audit in January 2023, which assessed cyber maturity considering the design of controls in the areas of human factors, technical security and security operations.

Information security policies and procedures apply to OfS staff and contractors and, when followed, provide a level of mitigation against information security risks. There is ongoing engagement with staff to alert them to how the General Data Protection Regulation affects them personally and professionally, and how compliance will help to mitigate a data breach. Actual and potential security incidents are reported to our Information Security and Data Privacy Group.

A personal data breach incident was voluntarily reported to the Information Commissioners Office. Assurances received from recipients mean that it was judged that harms were exceptionally unlikely to occur. The event was reported to the Risk and Audit Committee and an internal audit investigation was undertaken, which looked at the internal controls that govern data sharing with third parties and the OfS's response to the incident. The review identified areas where processes could be improved but did not identify any systematic issues. The management team fully accepted the findings and took action to implement the recommendations.

A small number of other information incidents were reported to the Risk and Audit Committee during the year.

Investing in digital capability

During this operating year, we worked on our customer relationship management (CRM) programme, delivering an improved architecture and environment and a security model for the future. This has enabled the system to support our business processes quickly and efficiently. We delivered new functionality to support the OfS's regulation of quality, including for the Teaching Excellence Framework.

We continue to develop the OfS's CRM system, developing and deploying management dashboards, a console application to take care of legacy cases and a tool relating to case management functionality for degree awarding powers. We will continue this with work in the areas of risk registration, assessments, and interventions. The rollout of a new provider portal has proved challenging. However, we have now delivered the technical platform to achieve this and will look to progress this, following more provider research and when the data models are clear on our CRM and analytical software modernisation programmes.

Risk management systems and responsibilities

As the regulator of higher education in England, the OfS works within a complex policy and political environment. The main risks we faced in this operating year are set out in the Performance report (see page 79). We promote a culture of ownership of risks, and each strategic risk is owned by the chief executive or a director.

Our risk management systems have been in place for the year under review and up to the date of approval of the annual report and accounts, providing assurance to the OfS board, Risk and Audit Committee and senior leadership team that the risks to achieving our objectives are being effectively identified and managed, and that associated roles and responsibilities are understood. At its May 2022 meeting, the Risk and Audit Committee considered the strategic risks that align with the OfS's second strategic plan for the period 2022-23 to 2024-25, and issues of risk tolerance and appetite, and provided advice to the board on these issues.

The table below summarises the governance arrangements for risk management.

Type of risk	Strategic	Corporate	Operational
Responsible	Directors' group	Team or project manager	Team or project lead
Accountable	OfS board	Director	Senior manager
Consulted	Risk and Audit Committee	Risk and Audit Committee*	Senior manager
Informed	Sponsor (DfE)	OfS board*	Director

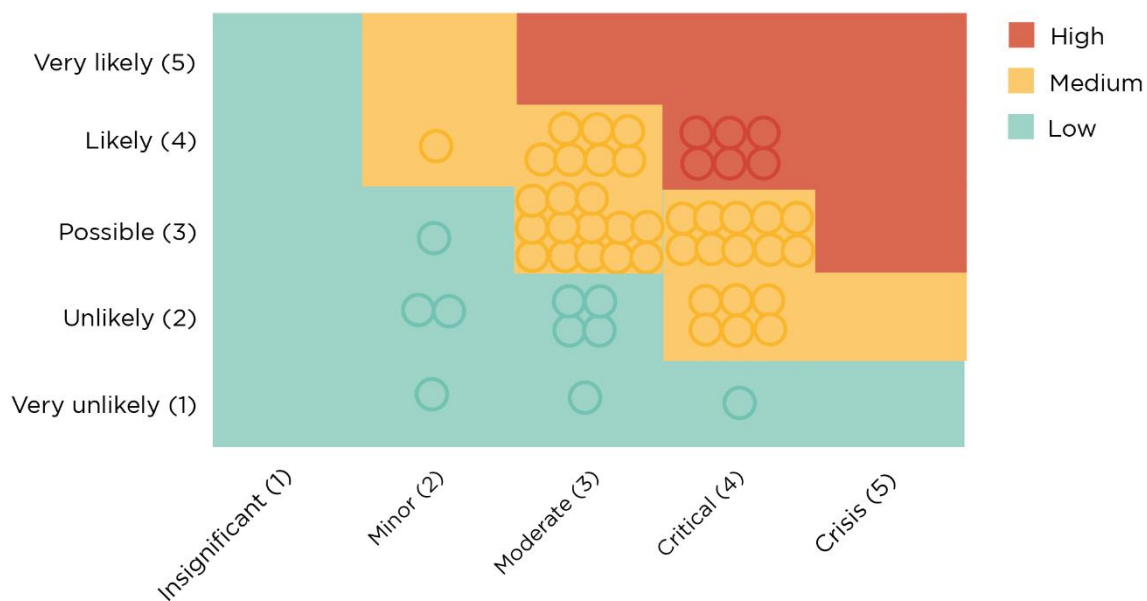
*Only where risk has a high exposure score (15 or greater) or a high impact score (4 or 5).

Our risk management policy ensures consistency in our approach to risk. This includes:

- Regular discussion of risk at the directors' group and at management level, and at the board and Risk and Audit Committee, of the most significant risks, and a programme of 'deep dive' discussions of risks at the Risk and Audit Committee. This drives mitigating actions to reduce the level of risk in line with the risk appetite.
- Continued capability building to embed risk management concepts into everyday business and develop maturity in our risk management culture. Our use of a risk management application ensures transparency and consistency in the management of risks. Staff in all directorates are offered training and support to develop capability and skills in working with our risk management system, ensuring that there are regular updates across strategic, corporate, and operational risks, and encouraging fuller reporting of mitigating actions.

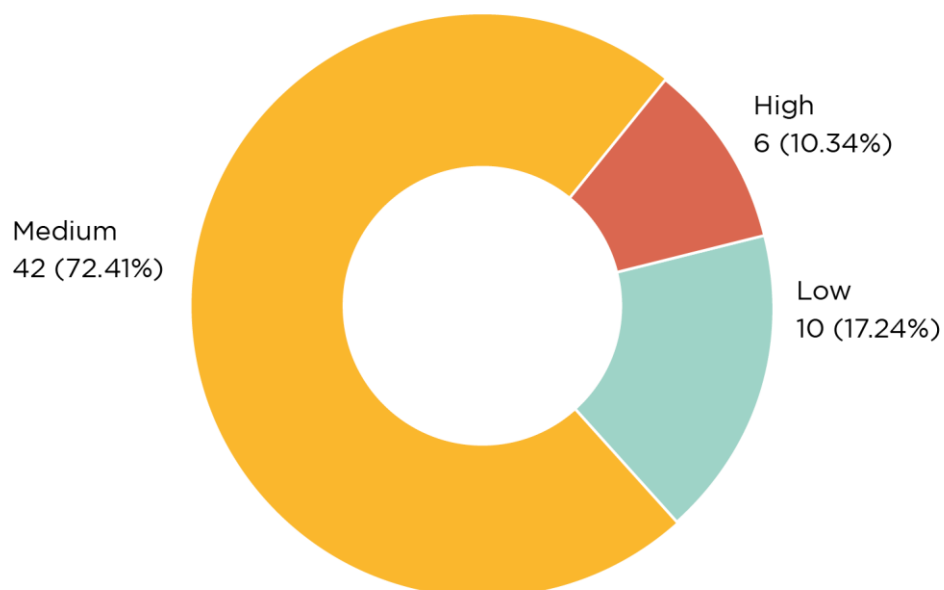
Risks are assessed according to a matrix of impact and likelihood, on a five-point scale. The chart below shows how our 58 corporate risks are distributed using this matrix. Our risk management response, and the level of governance, control, and mitigation we put in place, reflect the severity of the assessed risk.

Risk heat map



The chart below shows the proportion of risks categorised as high, medium, and low.

Risks by rating



The proportion of risks identified as high, medium, and low remains broadly similar to that reported in last year's report, although the proportion of low risks has increased, and the proportion of medium risks has fallen slightly.

We undertook our annual internal review of our risk management systems in January 2023. This focused on how the risk register is being used from an operational perspective. It considered the completeness, accuracy and monitoring of corporate and operational risks, and considered how the board considers and tests risk appetite and tolerance. The review gave assurance that day-to-day risk management roles and responsibilities are clear, and that there was open discussion of

risks at the OfS. Opportunities for improvement included consideration of the aggregate impact of risks.

Regulating the financial sustainability of higher education providers

A National Audit Office (NAO) study published in March 2022 examined how well the DfE and the OfS are protecting students' and taxpayers' interests in England from risk to higher education providers' financial sustainability by managing systemic risks. We welcomed the NAO's acknowledgement of the OfS's good use of financial data, analysing it in a systematic way to identify which providers require closer scrutiny. There was detailed discussion about our approach to assessing provider financial sustainability at a board planning event in February 2023.

Commons Select Committees

In July 2022 we responded to a recommendation made by the Public Accounts Committee to outline what we are doing to ensure we understand the pressures faced by universities, colleges and other higher education providers.¹⁰⁴ We explained how we tailor our engagement with a provider on the basis of our judgement of risk. Where we consider that risk remains high, we use our formal powers. These range from requiring additional and more frequent reporting from a provider on its financial position, to the imposition of legally binding requirements to take specified steps to ensure students could continue on their course if a provider is no longer able to operate. Our response to the Public Accounts Committee noted that in the previous 12 months we had imposed formal enhanced monitoring requirements (or retained existing such requirements) on ten providers in relation to their financial position and we had imposed formal student protection directions, or required orderly exit plans, five times since the OfS began operating in 2018.¹⁰⁵

The chief executive attended a meeting of the Education Select Committee on 7 September 2022 to respond to questions on free speech in English universities.

On 12 October 2022 the chief executive provided oral evidence to the Women and Equalities Select Committee investigation into attitudes towards women and girls in educational settings. At that meeting she announced plans for the OfS to bring forward proposals to introduce new regulatory requirements on harassment and sexual misconduct.

House of Lords Industry and Regulators Committee Inquiry into the work of the OfS

In March 2023 the House of Lords Industry and Regulators Committee launched an inquiry and call for evidence into the work of the Office for Students, covering whether our statutory duties are clear and appropriate; how our regulatory framework has developed over time; the nature of the relationship between the OfS and the government; how we measure value for money for students; how we engage with students; risks to the financial sustainability of the higher education sector in England; and how we oversee the financial sustainability of higher education providers.¹⁰⁶ We welcomed the inquiry, seeing it as a helpful opportunity to explain how and why we regulate, both to members of the committee and to a wider audience. In March 2023 we made a written submission to the committee, and the chief executive and chair gave oral evidence to the committee in May 2023.

¹⁰⁴ The recommendation was made by the committee in its report on 'Financial sustainability of the higher education sector in England' in June 2022.

¹⁰⁵ See OfS, '[Letter to the Public Accounts Committee: Financial sustainability of the higher education sector in England](#)'.

¹⁰⁶ See UK Parliament, '[Industry and Regulators Committee](#)'.

People, equal opportunities and diversity

We aim to be an inclusive employer with an open culture, and we encourage people of all backgrounds to apply to work at the OfS as part of our workforce strategy.

We have a strong commitment to staff wellbeing, and our policies and procedures are designed to promote a fair, safe and inclusive working environment.

Each year we run a staff survey, which mirrors the questions in the Civil Service People Survey. The survey took place in November to December 2022 and the response rate was very high (85 per cent). The results show strong engagement with teams but highlighted areas for improvement, including learning and development, management of change and pay and benefits.

The 'Remuneration and staff' report provides data on turnover and sickness absence.

Under section 149 of the Equality Act 2010, all public authorities must, in the exercise of their public functions, 'have due regard to the need to' eliminate conduct that is prohibited by the Act. Such conduct includes discrimination, harassment and victimisation related to protected characteristics.

The public sector equality duty also requires public authorities to have due regard to the need to advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. The general duty applies to the OfS as a regulator and employer.

As the OfS regulates the universities and colleges in England in the interest of students, equality objectives and priorities relating to the higher education sector are part of the OfS strategy.

To ensure we appropriately consider the impact of our work on equality matters, the OfS has a 'Making inclusive decisions' framework and process. The process of completing this assessment facilitates our reflection on equality matters when developing our regulatory approach and helps to embed an appropriate culture across the OfS. The directors' group has oversight of our equality-related work. This year we reviewed our approach to equality matters, including through changes to our regulation of access and participation.

Producer of Official Statistics

As a producer of Official Statistics, we intend to comply with the Code of Practice for statistics. The code sets out a framework to ensure that statistics are trustworthy, of high quality and of public value.¹⁰⁷ We look to apply the principles of the code to all the statistics that we produce, whether they are Official Statistics or not.

We reported one minor breach of the Code to the UK Statistics Authority in this operating year.

The OfS as principal regulator of exempt charities

Under the Charities Act 2011, the OfS is the principal regulator of the exempt charities that are higher education providers – this includes connected charities of those exempt charities.

During 2022-23 we met quarterly with the Charity Commission for England and Wales (CCEW) to discuss matters of mutual interest, in terms of both case work and policy-related work.

The OfS discharges its 'compliance objective' under charity law by:

¹⁰⁷ See Gov.UK, '[Code of Practice for Statistics](#)'.

- Making information available to providers about changes to the charity law obligations that apply to exempt charities.
- Promoting compliance with charity law by sharing with providers relevant guidance from CCEW and the fundraising regulator.
- Notifying CCEW if the OfS has concerns about a breach of charity law or other misconduct or mismanagement in the administration of a provider that is an exempt charity, or if it becomes aware of any other matter in which CCEW has a regulatory interest.

Prevent duty

Under the Prevent legislation, relevant higher education bodies have a statutory duty to give due regard to the need to prevent people from being drawn into terrorism. The OfS is delegated as the monitoring authority to assess compliance, and we require providers to report to us on their Prevent-related activities, including their approach to external speakers and events, and staff training. The government has recently published an independent review of Prevent and its response which includes recommendations in relation to higher education providers. The review also highlights the interface between Prevent and the Higher Education (Freedom of Speech) Bill.¹⁰⁸ We will consider the findings of the review, including whether greater weight should be placed on additional independent assessment of compliance, when we review our monitoring framework, taking account of freedom of speech, so that we can continue to be consistent in the way we regulate providers about these matters.

Designated bodies

HERA makes provision for the OfS to work with two designated bodies: one performs quality assessment functions and the other performs information duties.

- During the operating year the **Quality Assurance Agency for Higher Education** was designated on the basis of schedule 4 of HERA to perform quality and standards assessment functions for the OfS.
- In July 2022, the QAA asked the Secretary of State to remove its designation. We supported this request. It is important that a designated body operates in a way that enables the OfS to regulate effectively. We recently reported concerns about the QAA's performance as the designated body in the triennial report we are required to make to the Secretary of State. Our concerns related to the quality of the assessment reports produced by the QAA; the appropriateness of its methods for assessing quality and standards; its conflicts of interest; and the value for money of its activities. We took the view that the designation of the QAA was no longer appropriate for securing the effective assessment of quality and standards. In January 2023 we published a summary of our triennial report on the performance of the QAA in its role as DQB.
- The QAA's designation was removed from 31 March 2023 and this means that the relevant statutory functions automatically revert to the OfS. From April 2023 we will therefore take on additional assessment activities: for providers applying for registration, for degree awarding powers, and external quality assurance of end-point assessments for integrated higher and degree apprenticeships.

¹⁰⁸ See Gov.UK, '[Independent Review of Prevent's report and government response](#)'.

- The **Higher Education Statistics Agency** was the designated data body until October 2022. As HESA and Jisc were exploring a merger, in February 2022 we began the process that would be necessary to appoint a new body should the merger proceed and necessitate HESA relinquishing its designation. There was a single expression of interest, from Jisc. We then conducted a public consultation about whether Jisc was suitable for designation, receiving 23 responses.

The merger proceeded in autumn 2022. The OfS recommended to the Secretary of State that **Jisc** was a suitable body to be designated to perform the information duties in sections 64 and 65 of HERA, and the Secretary of State decided to designate Jisc on 21 September 2022.

Data Futures

The OfS inherited from predecessor bodies a commitment to fund Data Futures, a sector-wide transformation programme, led by HESA, with Jisc as the technical delivery partner until merger of the bodies in October 2022. Because of earlier delivery difficulties, the OfS board and the Risk and Audit Committee pay close attention to the progress of the programme and its governance oversight. Throughout the operating year the Risk and Audit Committee received assurance on the processes in place to manage the risks associated with the programme. In addition, the OfS's internal auditors carried out a review of the oversight and governance of the programme at the request of the executive team. The review identified areas of good practice and concluded that a strong platform was in place for successful delivery.

We are engaging with providers we judge to be at increased risk of not being ready to provide in-year data for the 2024-25 academic year and will act on the outcomes from this work to identify the actions necessary to reduce this risk.

UK Research and Innovation

Consistent with the principles of better regulation whereby public bodies rely on each other's systems of oversight and assurance, UKRI relies on the OfS's regulation of English higher education providers receiving research funding and on the judgements and decisions the OfS makes as a regulator of providers in England. This does not extend to assurances about compliance with the specific terms of conditions of UKRI's grant.

The OfS Accounting Officer wrote to the UKRI Accounting Officer providing assurance over the regularity of expenditure of UKRI grant funding to certain higher education providers. Written assurance is provided on the work that we carried out to gain assurance over a provider's arrangements for financial sustainability, risk management, internal control, governance, and value for money.

Several strategic areas for co-operation between the OfS and UKRI were identified during the passage of HERA, including:

- the skills and talent pipeline
- infrastructure funding
- the financial sustainability of higher education providers
- accountability and assurance
- evidence gathering

- the Research Excellence Framework
- the Teaching Excellence and Student Outcomes Framework
- the Knowledge Exchange Framework.

Joint activity during this operating period included:

- Funding and evaluation of a joint programme to improve access and participation for black, Asian and minority ethnic postgraduate research students.
- The conclusion of our Higher Education and Innovation Funding partnership to involve students in knowledge and skills exchange between higher education and other sectors and ensure student participation in knowledge exchange is measurable. Monitoring of projects is led by Research England, with the OfS providing inputs on policy and funding. Research England is leading on the evaluation of the impact of funding, which will report in 2024.
- Work on areas of work arising from the Review of the Transparent Approach to Costing through membership of the UK Higher Education Regulators and Funders Group.¹⁰⁹
- Liaison on matters concerning research degree awarding powers.
- Sharing of lessons learned in technology transition as the OfS moves towards operating cloud-based analytical services in a new programming environment and prepares to end providing analytical tools and support services to UKRI-Research England.
- Engagement with the funding bodies of the devolved administrations on agendas of shared interest. These include data informing prospective students' choices, the National Student Survey, the Data Futures programme, and joint areas of interest in financial sustainability.

Education and Skills Funding Agency

Approximately 150 further education colleges and sixth form colleges provide higher education courses and are registered with the OfS. Where a higher education provider is a further education college or sixth form college under the regulation of the Education and Skills Funding Agency (ESFA), the provider submits data (including financial information) to the ESFA rather than the OfS. HERA makes provision for the OfS to cooperate with and share information with the ESFA, so that the OfS may understand the financial viability and sustainability of these providers. There is an annual exchange of letters in relation to assurance that public money is being used for the purposes intended.

Other collaborations

We also engage and collaborate with organisations where we share regulatory interests, such as the **Institute for Apprenticeships and Technical Education** and **Ofsted** on the regulation of degree apprenticeships and higher technical qualifications, and relevant professional, statutory and regulatory bodies.

¹⁰⁹ See OfS, '[Review of TRAC 2021](#)'.

We work with the **Department of Health and Social Care, NHS England** and the **DfE** on the intake of students to medical and dental programmes. The intake targets remained the same for the 2023-24 academic year as for 2022-23.

In November 2022 we announced a new agreement with **National Trading Standards** to deliver a legal backstop for the enforcement of consumer protection law on matters relating to higher education. National Trading Standards will examine each notification it receives from the OfS where a potential breach of consumer protection legislation has been identified, and will provide the OfS with expert advice on consumer law matters in higher education cases.

Notifications

The OfS operates a process intended for students, staff and other people who wish to notify us of a matter that may be of regulatory interest to us (see page 74).

Complaints

There is a formal process for complaints about the OfS in relation to the service we provide, the behaviour of our staff, and whether we have followed appropriate procedures.¹¹⁰ The majority of complaints received through our complaints email address are beyond the scope of our complaints policy. Where appropriate we redirect communications about individual higher education providers to our regulation team.

We received 12 formal complaints about the OfS this year that came within scope of the complaints policy. Two complaints about changed arrangements for recruitment were upheld, and two complaints on other subjects were partially upheld.

One complaint about the OfS's activities was referred to the Parliamentary and Health Services Ombudsman this year. Following an initial review of the correspondence, the ombudsman did not choose to investigate the complaint further.

Internal whistleblowing

We have a formal whistleblowing policy that provides several routes for staff to make disclosures, including to the DfE and the NAO. During this period no internal disclosures were made, and we are not aware of any external disclosures.

Information rights

We received 105 freedom of information (FOI) requests this year, of which 93.3 per cent were responded to within 20 working days following receipt. Requests for information about our regulatory work make up the highest percentage, with the next highest number being requests for data and analysis, and the remainder relating to a variety of business areas throughout the OfS.

During this year there were six FOI requests for internal appeals following a decision not to release information. For the majority of cases, internal reviews upheld the original decision, and a minority concluded that there was no information to disclose. An FOI request in 2021 had been referred by the complainant to the Information Commissioner's Office. The Information Commissioner's Office published a notice in February 2023, which upheld our decision to withhold the data on the grounds of commercial interests (section 43(2) of the Freedom of Information Act).

¹¹⁰ See OfS, '[Complaints against the OfS](#)'.

We received 12 subject access requests, one erasure request and one restriction request under data protection legislation.

Health and safety

Our Health, Safety and Environment committee meets quarterly. In this operating year (to date) no incidents were reported to the Health and Safety Executive under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations. The staff completion thresholds for mandatory health and safety training modules were met.

Social matters, respect for human rights, anti-corruption and bribery

As a public body we must operate in a way that is compatible with the Human Rights Act 1998, including the right for people to be free from slavery and forced labour. We continue to hold the Corporate Ethics Mark from the Chartered Institute of Procurement and Supply, which shows that we are committed to accountability and self-governance and that our procurement team is trained in ethical procurement and supplier management. All staff must follow the seven 'Nolan Principles' of public life and comply with our policy on prevention of bribery, fraud and improper conduct.

European Union exit

The OfS was not directly affected by the UK's decision to leave the EU. However, we consider changes in applications from EU students in the context of our work on the financial health of universities and colleges.

Within the OfS, following government changes to procurement rules, we take account of social impact as part of any tender award criteria, in line with guidance on priority policy outcomes.

Opinion of the Head of Internal Audit

The work of the OfS's internal auditors, KPMG LLP, included: governance and compliance processes responding to reportable events; TEF consultation and governance; financial controls (payroll); cyber review; data controls; risk management; and a data breach 'root cause and lessons learned' review.

A total of 35 management actions were raised, of which three were high priority.

Based on his work throughout the year, the Head of Internal Audit has provided a formal opinion on the adequacy of risk management, control, and governance processes at the OfS.

The basis for forming the opinion was as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting process.
- An assessment of the range of individual assurances arising from risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas.

The assurance framework reflects the OfS's key objectives and risks and is regularly reviewed. The executive considers six-weekly updates on the progress of the business plan, and three-weekly updates on priority areas of activity, including associated risks. There is also a quarterly in-depth review of business plan progress and risks. The Risk and Audit Committee reviews whether the OfS's risk management and procedures are operating effectively.

The overall opinion for the period 1 April 2022 to 31 March 2023 was that significant assurance with minor improvement opportunities can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Formal opinion of the Risk and Audit Committee

Given the opinions of both the Head of Internal Audit and the NAO as expressed in their annual reports, and the other information available to us from our work during the year, the Risk and Audit Committee can provide the OfS chief executive, as Accounting Officer, with reasonable assurance that the OfS's processes relating to corporate governance, risk management and internal control are working satisfactorily.

We recognise that the risks facing the OfS are changing but continue to be significant. Through our process of deep dives, we obtained a deeper understanding of the key risks and have a reasonable level of confidence that these are being managed appropriately.

We are satisfied with the quality of the work provided by Internal Audit and with the services of the NAO. Through this work, we are able to take a measured view and receive assurance on the quality and effectiveness of financial reporting and internal control within the OfS.

In respect of our own performance, we consider that the committee has worked effectively with Internal Audit to ensure the focus of our work is relevant to the risks facing the OfS, and we have challenged appropriately. We have supported the chief executive and management in their work and offered constructive challenge where required. In carrying out these activities, we believe we have fully discharged our responsibilities.

This opinion is intended to give reasonable rather than absolute assurance of effective controls. It informs the chief executive's governance statement.

Accounting Officer responsibilities and overall conclusion

The completion and agreement of the final OfS accounts and their submission to Parliament became my responsibility from 1 May 2022. (In fulfilling this duty in relation to the 2022-23 financial year, I relied on the statements and assurances of the Accounting Officer in place at OfS until 30 April 2022 for the first month of the operating year.)

I have also relied on the oversight of the OfS's systems of corporate governance, risk management and internal control carried out by the OfS Risk and Audit Committee as described in its annual report, to review this annual report and these accounts, and took account of the 2022-23 management report from the OfS's external auditors.

I have considered the evidence provided regarding the production of the annual governance statement. I am satisfied that, where any weaknesses in systems and processes have been identified, there are plans in place both to address them and to ensure continuous improvement. I

have considered the evidence provided in the production of the annual governance statement. The conclusion of my review is that the OfS's overall governance and internal control structures were appropriate for the OfS's business, and that they operated satisfactorily throughout the period of review.

Remuneration and staff report: Part one (not subject to audit)

Remuneration and Nominations Committee

The Remuneration and Nominations Committee is one of the OfS's committees. Members of the committee for 2022-23 were:

- **Monisha Shah** (Committee chair), OfS board (term ended on 31 December 2022)
- **Lord Wharton of Yarm**, chair, OfS board
- **Martha Longdon**, OfS board (term ended on 31 January 2023)
- **San Johal**, independent member
- **Rachel Houchen**, Committee chair, OfS board (term commenced 16 March 2022)

The chief executive normally attends meetings to inform discussion of the performance and remuneration of executive directors and other relevant matters, but is not present for discussion of her own performance and remuneration.

The role of the Remuneration and Nominations Committee is:

- To make recommendations to the OfS board on the terms and conditions of employment of the chief executive and the Director for Fair Access and Participation, noting that some decisions are made by the Secretary of State.
- To carry out an annual review of the remuneration of other directors and, based on the recommendations of the chief executive, to make decisions about changes to pay and levels of performance-related pay.
- To support the OfS chair in setting performance objectives with the chief executive and monitoring their performance.
- To comment on the aims of the annual pay remit, which seeks authority from the DfE on the nature and scale of pay awards to OfS staff.
- To provide advice to the chief executive on the OfS's staffing policies and to comment on the appropriateness of its approach to remuneration in enabling it to recruit, motivate and retain staff.
- To support the OfS chair and chief executive and the DfE in the consideration of succession planning requirements at board and executive level.
- To provide assurance that the process for recruiting independent members to any OfS board committee is open and fair and promotes diversity and equality of opportunity, and to provide advice to the OfS chair on the appointment of suitable independent members to any of these committees.

Remuneration arrangements

The salary and non-consolidated performance pay for the chief executive and the Director for Fair Access and Participation (DFAP) are determined by the Secretary of State for Education, on

consideration of the proposal made by the board on the recommendation of the Remuneration and Nominations Committee.

The aim of the proposal is to enable the OfS to recruit, retain and motivate talented and experienced people capable of fulfilling the responsibilities of these senior roles to the highest standards of excellence and best practice. Salary reviews, based on objectives, take account of market pay data and the government's decisions on the recommendations of the Senior Salaries Review Body. The level of non-consolidated performance pay (up to a maximum of £20,000 per annum for the chief executive) relates to achievement of previously agreed objectives and is normally paid in the following financial year.

Working within the context of the annual Treasury pay guidance and pay remit process, the pay system for the other directors similarly aims to enable the OfS to recruit, retain, and motivate highly talented people to lead on specific areas in the OfS's strategic plan, and to work together with the chief executive to lead the organisation. The Remuneration and Nominations Committee considers proposals for remuneration of the other directors made by the chief executive and makes decisions about any subsequent changes to pay for the following year.

Contracts

The length of the contract of employment for the chief executive and the DFAP is determined by the Secretary of State for Education.

Nicola Dandridge was appointed as chief executive for a four-year term, which began in September 2017 and was due to expire on 31 December 2021. The Secretary of State extended this term and Nicola ended her term of employment on 30 April 2022.

Susan Lapworth was appointed as interim chief executive from 1 May 2022 to 31 December 2022 and was permanently appointed as chief executive from 1 September 2022.

John Blake was appointed as DFAP from 1 January 2022 for a four-year term.

Contracts for all other directors are open-ended and their notice period is a minimum of six months.

Membership of the board

The OfS board consists of the chair, the chief executive, the DFAP and at least seven and not more than 12 ordinary members. Ordinary members of the board are appointed based on their expertise in promoting choice for consumers, managing a regulatory system, and robust financial control. At least one of the ordinary members must have experience of representing or promoting the interests of students in higher education. These appointments are made by the Secretary of State for Education, following a selection process run by the DfE in accordance with the Governance Code for Public Appointments. Ordinary members are eligible to receive an annual payment of £9,180 pro rata.

Staff report

On the census date of 31 March 2023, the OfS employed 399 full-time equivalent staff: of the 427 headcount, 285 were women and 142 were men. Of the 14 board members listed in the Remuneration Report in post during the year (excluding the chief executive, the DFAP and the chair), seven were men and seven were women. Of the nine senior employees listed in the Remuneration Report, six were men and three were women.

The OfS continues to monitor sickness absence as an indicator of staff wellbeing. Our sickness absence remains relatively low. In 2022-23 we lost 3,019 (2021-22: 2,636) working days to sickness, an average of 7.3 (2021-22: 6.6) days per person. This compares with an average 6.4 days for government public service bodies and 4.1 days for private sector services.¹¹¹ One individual retired early on ill-health grounds (2021-22: 0); the total additional accrued pension liabilities in the year amounted to £19,000 (2021-22: £0).

Annual staff turnover for 2022-23 was 14.5 per cent (2021-22 12 per cent).

The OfS is committed to promoting diversity and equal opportunities in employment. Like many other organisations, we recognise the benefits of a diverse and well-motivated workforce, where all are treated fairly. More information can be found on our website.¹¹²

The OfS is a disability confident employer and has given full and fair consideration to applications for employment made by disabled people. Please see our guidance to applicants.¹¹³

The OfS's reasonable adjustments policy ensures that no applicant or employee is subjected to workplace disadvantages due to their disability, where an appropriate reasonable adjustment can be put in place. This policy applies to all areas of employment including recruitment, learning and development and career progression. The OfS is committed to taking positive and proactive steps during an employee's ongoing employment to ensure appropriate and effective reasonable adjustments are put in place. Any requests or matters raised will be treated positively and sensitively and no detriment, harassment or unfavourable treatment will result as a consequence of an employee bringing any adjustment matters to the attention of the OfS. If, after advice from the OfS's occupational health provider, an employee is unable to continue in their current role because of ill health or disability, and no reasonable adjustments can be made to accommodate that employee in their current role, the OfS will make reasonable efforts to find suitable alternative employment within the OfS if a suitable job role is available. If necessary, training and support will be provided to enable an employee to take on a different job role in the OfS.

There have been no staff redeployed externally in relation to coronavirus or Britain's exit from the EU. As we reprioritised our work during the pandemic, many staff were redeployed internally to work on new priorities.

¹¹¹ See ONS, '[Sickness absence in the UK labour market](#)'.

¹¹² See OfS, '[Equality and diversity](#)'.

¹¹³ See OfS, '[Guidance for applicants](#)'.

Remuneration and staff report: Part two (audited)

The OfS chair

Remuneration of the chair was decided by the DfE. The OfS chair receives a salary but does not participate in the organisation's pension scheme. The role requires a time commitment of two days per week. The total remuneration for the OfS chair, **Lord James Wharton of Yarm**, for the year ended 31 March 2023, was £59,000 (2021-22: £59,000).

The OfS board

All ordinary board members are eligible to receive an annual payment of £9,180 pro rata. The payment is non-pensionable. All members are paid the amount directly via payroll. From 1 April 2023 members will be paid on a monthly basis. The total board members' remuneration is shown in the following table.

	Year ending 31 March 2023	Year ending 31 March 2022
Martin Coleman	9,180	9,180
Gurpreet Dehal (term ended 10 September 2021)	-	4,208
Elizabeth Fagan CBE	9,180	9,180
Katja Hall	9,180	9,180
Verity Hancock	9,180	9,180
Rachel Houchen (term commenced 16 March 2022)	*9,563	-
Kathryn King (term ended 31 March 2022)	-	9,180
Kate Lander	9,180	9,180
Simon Levine	9,180	9,180
Martha Longdon (term ended 31 January 2023)	8,415	9,180
Martyn Oliver (term commenced 1 January 2023)	2,295	-
Dayo Olukoshi (term commenced 16 March 2022)	*9,563	-
David Palfreyman OBE	9,180	9,180
Monisha Shah (term ended 31 December 2022)	6,885	9,180
Michael Spence (term commenced 9 May 2023)	8,415	-
Caleb Stevens (term commenced 1 February 2023)	1,530	-
Steven West CBE (term ended 31 May 2021)	-	1,530

Total	£110,926	£97,538
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*£383 due from 2021-22 financial year. Appointments made too late to process payments in advance of year end.

The OfS chief executive

The chief executive's salary and non-consolidated performance bonus are determined by the Secretary of State for Education after considering proposals from the Remuneration and Nominations Committee, as described above. The chief executive received no benefits in kind in 2022-23. The total emoluments for the OfS chief executive are shown in the following table.

	Salary paid ^a		Bonus ^b		Pension benefit (nearest £1,000)		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Nicola Dandridge CBE^c	£18,950 ^e	£170,825	-	£1,000	£5,000	£66,000	£23,950	£237,825
Susan Lapworth^d	£149,900 ^f	-	£1,100	-	£(3,000)	-	£148,000	-

^a Annual pay settlements are awarded from 1 August each year.

^b Bonus in 2022-23 is non-consolidated pay in recognition of performance in 2021-22. Non-consolidated performance pay is calculated as a cash lump sum, weighted by individual performance review score. Non-consolidated performance pay is not pensionable.

^c Term ended 30 April 2022. Annual full year equivalent (FYE) salary is £170,825.

^d Interim term commenced 1 May 2022 and permanent term commenced 1 September 2022. Annual FYE salary is £163,200.

^e One month's gross pay due to the term end date of 30 April 2022.

^f 11 months' gross pay from 1 May 2022 of interim and permanent appointment.

The Director for Fair Access and Participation

The DFAP's salary and non-consolidated performance bonus are determined by the Secretary of State for Education after considering proposals from the Remuneration and Nominations Committee, as described above. The DFAP received no benefits in kind in 2022-23. The total emoluments for the DFAP are shown in the following table.

	Salary paid ^a		Bonus ^b		Pension benefit (nearest £1,000)		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Christopher Millward (term ended 31 December 2021)	-	£101,494 ^d	-	£1,000	-	£22,000	-	£124,494

John Blake^c (term commenced 1 January 2022)	£131,245	£32,500 ^e	-	-	£51,000	£13,000	£182,245	£45,500
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^a Annual pay settlements are awarded from 1 August each year.

^b Bonus in 2022-23 is non-consolidated pay in recognition of performance in 2021-22. Non-consolidated performance pay is calculated as a cash lump sum, weighted by individual performance review score. Non-consolidated performance pay is not pensionable.

^c Annual FYE salary is £132,600

^d Nine months' gross pay due to term ending on 31 December 2021. Annual FYE salary was £134,589.

^e Three months' gross pay due to the term commencement of 1 January 2022 for John Blake. Annual FYE salary was £130,000.

Senior employees

Salary includes gross salary, overtime, reserved rights to London weighting or allowances, recruitment and retention allowances, and any taxable allowances or payments. No senior employee received any benefits in kind in 2022-23.

	Salary (£000)		Bonus (£000) ^a		Pension benefit (nearest £1,000)		Total (£000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Susan Lapworth ^b Director of Regulation (term ended 30 April 2022)	10-15	120-125	-	0-5	-	(10)	10-15	110-115
Richard Puttock ^c Director of Data, Foresight and Analysis (term ended 2 February 2023)	85-90	95-100	0-5	0-5	(21)	24	65-70	120-125
Conor Ryan Director of External Relations	115-120	115-120	0-5	0-5	46	45	160-165	160-165
Nolan Smith Director of Resources and Finance	135-140	130-135	0-5	0-5	(7)	36	125-130	165-170
Jean Arnold ^d Director of Quality	95-100	-	0-5	-	54	-	150-155	-
David Smy ^d Director of Monitoring and Intervention	95-100	-	0-5	-	36	-	145-150	-

^a Bonus in 2022-23 is non-consolidated pay in recognition of performance in 2021-22. Non-consolidated performance pay is calculated as a cash lump sum, weighted by individual performance review score. Non-consolidated performance pay is not pensionable.

^b Annual FYE salary was £120,000-£125,000.

^c Annual FYE salary was £100,000-£105,000.

^d Jean Arnold commenced as Director of Quality, and David Smy as Director of Monitoring and Intervention, on 1 May 2022. Annual FYE salary for both was £100,000-105,000.

Senior employees' pensions

	Accrued pension at pension age as at 31 March 2023 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31 March 2023 (£000)	CETV at 31 March 2022 or start date (£000)	Real increase in CETV (£000)
Nicola Dandridge^b (term ended 30 April 2022) Chief executive Pension Lump sum	15-20 0	0-2.5 0	274	268	4
Susan Lapworth^a (interim term commenced 1 May 2022 and permanent term commenced 1 September 2022) Chief executive Pension Lump sum	25-30 80-85	0-2.5 0-2.5	431	579	(215)
Christopher Millward^b (term ended 31 December 2021) Director for Fair Access and Participation Pension Lump sum	0 0	0 0	0	856	0
John Blake^b (term commenced 1 January 2022) Director for Fair Access and Participation Pension Lump sum	0-5 0	2.5-5 0	36	7	19
Nolan Smith^b Director of Resources and Finance Pension Lump sum	45-50 70-75	0-2.5 0	743	684	(20)

	Accrued pension at pension age as at 31 March 2023 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31 March 2023 (£000)	CETV at 31 March 2022 or start date (£000)	Real increase in CETV (£000)
Conor Ryan^b Director of external relations Pension Lump sum	10-15 0	2.5-5 0	197	150	31
Richard Puttock^b (Term ended 2 February 2023) Director of data, foresight and analysis Pension Lump sum	40-45 75-80	0 0	700	651	(28)
David Smy^b (term commenced 1 May 2022 and term ending 31 March 2023) Director of monitoring and intervention Pension Lump sum	20-25 0	0-2.5 0	178	154	11
Jean Arnold^b (term commenced 1 May 2022 and term ending 31 March 2023) Director of quality Pension Lump sum	25-30 40-45	2.5-5 0-2.5	421	352	31

Note: 'CETV' = 'Cash equivalent transfer value'.

^a Members of the Universities Superannuation Scheme.

^b Members of the Principal Civil Service Pension Scheme.

The OfS contributes to two pension schemes: the Principal Civil Service Pension Scheme (PCSPS) and the Universities Superannuation Scheme (USS). The USS is a multi-employer defined benefit pension scheme. The PCSPS is an unfunded multi-employer defined benefit scheme, but the OfS is unable to identify its share of the underlying assets and liabilities. Further details on pensions are provided below.

Staff costs

As part of central government's commitment to increase transparency and accountability, the OfS is reporting the median earnings of its workforce, and the ratio between this and the earnings of its chief executive. The disclosure will also allow some comparability over time and across the public sector and private sector, where similar disclosures of chief executives' remuneration and pay multiples are made.

The remuneration of the highest annual salary paid to a director (the chief executive) in the OfS, in the financial year 2022-23, was £164,300 (2021-22: £171,825), a 4.4% reduction on 2021-22.

This was 4.0 times (2021-22: 4.4 times) the median remuneration of the workforce, which was £41,118. 25th, 50th and 75th average salary percentiles for 2022-23 were £32,425, £41,118 and £50,995 respectively (2021-22: £32,177, £39,261 and £50,925). On average OfS employees received a pay award of 2 per cent in 2022-23, payable from August 2022. The table below shows pay ratios per percentile:

Percentile	2022-23	2021-22
25th	5.1	5.3
50th	4.0	4.4
75th	3.2	3.4

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions or the cash equivalent transfer value of pensions. With the exception of the senior employees disclosed, one other employee received a salary above £100,000.

In 2022-23 no employees (2021-22: no employees) received remuneration in excess of the highest-paid director. Remuneration ranged from £13,398 to £164,300 (2021-22: £16,426 to £171,825).

The table below shows analysis of staff costs and pension costs.

Staff and pension costs

	Year ended 31 March 2023 (£000)	Year ended 31 March 2022 (£000)
Staff with a permanent UK employment contract with the OfS		
Salaries	18,533	17,385
National Insurance contributions	2,044	1,816
Pension costs	4,765	4,516
	25,342	23,717
Costs of employing contract, agency and temporary staff	620	278
	25,962	23,995
Pension costs breakdown		
Civil Service pensions	4,654	4,405
Partnership pension	57	64
Universities Superannuation Scheme	54	47
	4,765	4,516

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. All eligible staff are considered for a non-consolidated performance-related payment related to individuals' performance against objectives. Annual settlements are awarded from 1 August each year and relate to individuals' performance from the previous financial year.

The OfS had 398 (2021-22: 377) average full-time equivalent staff numbers, which includes 12 (2021-22: seven) contractors. Full-time equivalents are classed as those staff who are employed on either permanent OfS contracts or fixed-term contracts and paid directly from the OfS payroll, including those on maternity leave. The staff numbers do not include any outwardly seconded staff. Although the full-time equivalence for the chair is excluded from the above staff numbers, their costs are included among staff costs.

As of 31 March 2023, there were no staff participating in the COVID-19 furlough scheme and there were no off-payroll engagements or expenditure on consultancy.

Pensions

Employers' contributions of £4,654,030 (2021-22: £4,405,161) were payable to the Principal Civil Service Pension Scheme at one of four rates in the range 26.6 to 30.3 per cent (2021-22: 26.6 to 30.3 per cent) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account: a stakeholder pension with an employer contribution. Employers' contributions of £57,505 (2021-22: £63,507) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 9.0 to 14.75 per cent (2021-22: 9.0 to 14.75 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay and contribute a further 0.5 per cent of pensionable pay to PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Three (2021-22: four) members of staff hold a pension with Universities Superannuation Scheme. For 2022-23, employers' contributions of £53,781 (2021-22: £47,566) were payable at a rate of 21.6 per cent (2021-22: 21.1 per cent). Employers may be required to contribute 2.1 per cent for employees who have elected for enhanced opt-out to retain death in service and incapacity benefits.

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the PCSPS. The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the cash equivalent transfer values shown in this report – see below). All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per cent for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member’s earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement, when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme, to secure pension benefits in another pension scheme or arrangement. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax that may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Universities Superannuation Scheme

The USS is a multi-employer defined benefit scheme, which publishes its own accounts and has its own assets and liabilities held in trust. The OfS is unable to identify its share of the underlying assets and liabilities of this scheme on a consistent and reasonable basis. USS members pay contributions of 9.8 per cent of pensionable earnings. The rate of employers' contributions is 21.6 per cent (2021-22: 21.4 per cent). On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the USS pays a lump sum benefit of three times pensionable pay. Employees who have elected for enhanced opt out, to retain death in service and incapacity benefits, contribute 2.5 per cent of pensionable earnings and employers contribute 2.1 per cent.

In accordance with HM Treasury guidance, the OfS has accounted for USS pensions as if they were defined contribution schemes.

Voluntary exits

There have been no (2021-22: one) exit payments to employees in 2022-23. The contract of the previous DFAP, Christopher Millward, was terminated on 31 December 2021. He received a special severance payment of £80,000 in 2021-22.

Trade union facilities time (unaudited)

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, which came into force on 1 April 2017, the OfS is required to report the following facility time information. During 2022-23 there were 11 (2021-22: 11) employees who were union officials (full-time equivalent of 10.4). These employees spent between 0.3 and 4.3 (2021-22: 0.4 and 3.8) per cent of their working hours on facility time. The total cost of this facility time was £8,684 (2021-22: £8,643), which represents 0.03 (2021-22: 0.04) per cent of the total staff costs of £26.0 million (2021-22 £24.0 million). The facility time was all spent on paid trade union activities.

Parliamentary accountability and audit report (audited)

Fees and charges income

The executive team regularly reviews the OfS's performance in two areas. In relation to its administration budget, the OfS's operating activities are funded mostly by the registration fee income. The OfS's programme budget is the OfS's grant funding activities funded by grant in aid provided by the DfE. More analysis and information can be found in Note 2: Operating segments.

Administration (£000)		
	Year ending 31 March 2023	Year ending 31 March 2022
Income	(26,911)	(26,506)
Expenditure	27,331	27,728
Net operating expenditure	420	1,222

Contingent liabilities

The OfS has no contingent liabilities that need to be disclosed under parliamentary reporting requirements.

Losses and special payments

During 2022-23 the OfS has made no special payments over the reporting threshold of £300,000.



Susan Lapworth

Chief Executive and Accounting Officer

9 June 2023

The Certificate of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Office for Students for the year ended 31 March 2023 under the Higher Education and Research Act 2017.

The financial statements comprise the Office for Students'

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Students' affairs as at 31 March 2023 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Higher Education and Research Act 2017 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Office for Students in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Office for Students' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office for Students' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Office for Students is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Board and Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Higher Education and Research Act 2017.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Office for Students and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Office for Students or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Office for Students from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Higher Education and Research Act 2017; and
- assessing the Office for Students' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Office for Students will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Higher Education and Research Act 2017.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Office for Students' accounting policies, key performance indicators and performance incentives.
- inquired of management, the Office for Students' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Students' policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Students' controls relating to compliance with the Higher Education and Research Act 2017 and Managing Public Money
- inquired of management, the Office for Students' head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant internal and external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Office for Students for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and grant regularity. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Office for Students' framework of authority and other legal and regulatory frameworks in which the Office for Students operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Office for Students. The key laws and regulations I considered in this context included Higher Education and Research Act 2017, Higher Education (Registration Fees)(England) Regulations, Managing Public Money, and relevant employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

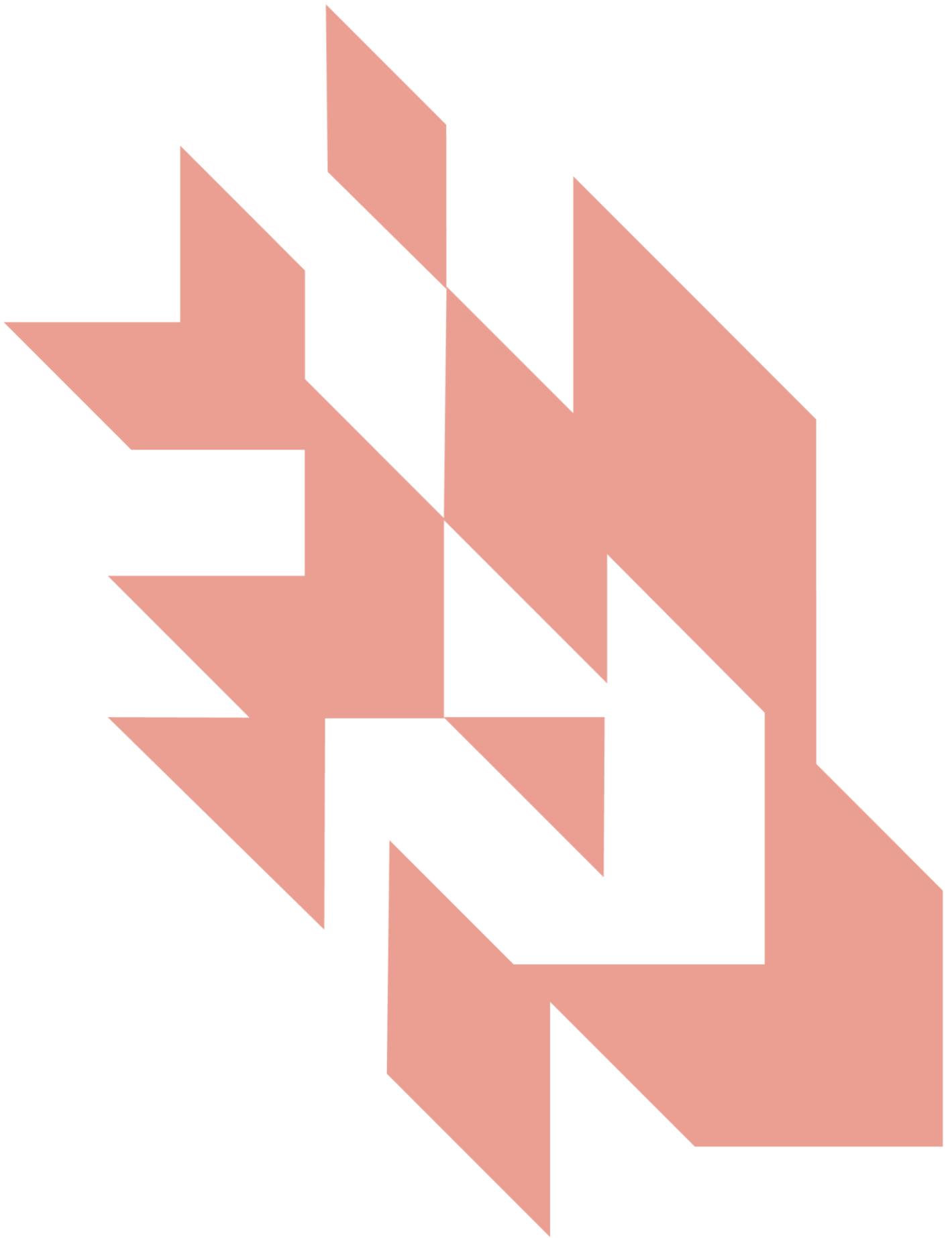
Gareth Davies

16 June 2023

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements



Financial statements

Statement of comprehensive net expenditure for the period ended 31 March 2023			
	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Income	6	(28,274)	(29,140)
Staff costs	4	25,962	23,995
Non-pay administration costs	5	5,923	6,605
Depreciation	7	395	67
Recurrent and non-recurrent grant expenditure	3	1,454,054	1,468,273
Changes in provision	11	76	217
Total operating expenditure		1,486,410	1,499,157
Net operating expenditure		1,458,136	1,470,017
Finance costs		3	0
Net financing expenses		3	0
Comprehensive net expenditure for the period transferred to general reserve		1,458,139	1,470,017

The notes on pages 168 to 189 form part of these accounts.

Statement of financial position as at 31 March 2023			
	Note	As at 31 March 2023 £000	As at 31 March 2022 £000
Non-current assets			
Property, plant and equipment	7	252	0
Recoverable grants falling due after one year	8a	2,551	3,585
		2,803	3,585
Current assets			
Recoverable grants falling due within one year	8a	249	428
Trade and other receivables due within one year	8b	3,395	3,790
Cash and cash equivalents	9	12,163	12,545
		15,807	16,763
Total assets		18,610	20,348
Current liabilities			
Trade and other payables within one year	10	(10,074)	(10,041)
Provisions for liabilities and charges within one year	11	(1,014)	(674)
Total assets less current liabilities		7,522	9,633
Non-current liabilities			
Trade and other payables after one year	10	(1,275)	(1,733)
Provisions for liabilities and charges after one year	11	0	(324)
		(1,275)	(2,057)
Total assets less liabilities		6,247	7,576
Taxpayers' equity			
General reserve		6,247	7,576
		6,247	7,576

The financial statements on pages 164 to 167 were approved and were signed on 9 June 2023 by:



Susan Lapworth, Chief Executive and Accounting Officer

The notes on pages 168 to 189 form part of these accounts.

Statement of cashflows for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Cashflows from operating activities			
Net operating expenditure		(1,458,139)	(1,470,017)
Adjustment for non-cash transactions	7, 11	415	(16)
Decrease in receivables and recoverable grants	8a, 8b	1,608	518
Increase in payables	10	(511)	(1,446)
Net cash outflow from operating activities		(1,456,627)	(1,470,961)
Cashflows from investing activities			
Purchase of property, plant and equipment	7	(153)	0
Net cash outflow from investing activity		(153)	0
Cashflows from financing activities			
Grants from government department		1,456,810	1,469,773
Payment of lease liabilities		(412)	0
Net financing		1,456,398	1,469,773
Net decrease in cash for the period		(382)	(1,188)
Cash and cash equivalents at the beginning of the period	9	12,545	13,733
Net decrease in cash and cash equivalents in the period	9	(382)	(1,188)
Cash and cash equivalents at the end of the period		12,163	12,545

The notes on pages 168 to 189 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2023	
	Total Reserves £000
Changes in taxpayers' equity 2022-23	
Balance brought forward as at 31 March 2022	7,576
Initial adoption of International Financial Reporting Standard 16 on 1 April 2022	0
Balance as at 1 April 2022	7,576
Grant from sponsoring department	1,456,810
Comprehensive net expenditure for the period	(1,458,139)
Balance as at 31 March 2023	6,247
Changes in taxpayers' equity 2021-22	
Balance as at 1 April 2021	7,820
Grant from sponsoring department	1,469,773
Comprehensive net expenditure for the period	(1,470,017)
Balance as at 31 March 2022	7,576

The general reserve consists of grant and grant in aid from the DfE and the net expenditure relating to programme and administration costs.

The notes on pages 168 to 189 form part of these accounts.

1 Accounting policies

1. Basis of accounting

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by HM Treasury, as set out in the statutory accounts direction given by the Secretary of State, with the consent of HM Treasury and in accordance with the Higher Education and Research Act 2017. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the OfS for the purpose of giving a true and fair view has been selected. The particular policies adopted by the OfS for 2022-23 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

2. Accounting convention

The accounts are prepared under the historical cost convention. The currency used to prepare the accounts is sterling and is rounded to the nearest £1,000.

3. Adoption of FReM amendments

The OfS has applied accounting amendments within the FReM, which have become effective from 1 April 2022 with respect to IFRS 16: Leases as interpreted for the public sector context. IFRS 16: Leases introduced new or amended requirements with respect to lease accounting by removing the distinction between operating and finance leases and requiring recognition of a right of use asset and a lease liability at the lease commencement for all leases, except short-term leases and leases of low-value assets. The impact of the adoption of IFRS 16 on the financial statements is described below.

As at 1 April 2022, the OfS has recognised all right of use assets and corresponding lease liabilities at the present value of future lease payments. This has resulted, during the year ended 31 March 2023, in an associated depreciation charge and finance cost.

The new standard has been applied using the modified retrospective approach, with any cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated. The OfS has followed the FReM practical expedient not to reassess whether a contract contains a lease at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, and for leases of low value assets, the OfS has accounted for the lease expense on a straight line basis over the remaining lease term.

4. Early adoption

The OfS has not adopted any accounting standards early in 2022-23.

5. Going concern

OfS activities are funded from either registration fee income or grant in aid.

Registration fees are based on rates that have been set by Parliament to recover the OfS's operating costs. Grant funding activities are funded through the Departmental Group's estimates and there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming. It is therefore appropriate to prepare these accounts on a going concern basis.

6. Financial instruments

IFRS 7 and International Accounting Standards (IAS) 32 require an organisation to present and disclose information on the possible impact of financial instruments on its financial position and performance, and on the extent of its risk exposure. As a non-departmental public body funded by the government, the OfS is not exposed to any liquidity or interest rate risks. The OfS has no overseas operations and does not operate any foreign currency bank accounts. It is not subject to any foreign currency, credit or market risks.

Assets and liabilities that meet the definition of financial instruments are accounted for under IAS 32, IFRS 9 and IFRS 7. Trade receivables, recoverable grants and payables are initially recognised at fair value and held at amortised cost. The cost is judged to be a reasonable approximation of fair value and amortised cost.

During the course of its business, the OfS may on occasion make loans to higher education institutions. These are disclosed in Note 8a as recoverable grants. As these loans are repaid from deductions to future grant payments, the OfS considers the risk of credit loss to be nil.

7. Grants from the Department for Education

All grant in aid from the DfE is treated as financing, as it is a contribution from controlling parties giving rise to a financial interest. The OfS records grant in aid as financing in the statement of cash flows and to the general reserve. Grants are not classified as financing but are subject to conditions such that non-compliance with grant terms would result in the grant being repaid.

8. Operating income

Operating income relates directly to the operating activities of the OfS. Income is accounted for in accordance with IFRS 15: Revenue recognition, which states that revenue shall only be recognised once a performance obligation has been met.

Registration fee income

Section 70 of HERA 2017 makes provision for the OfS to charge providers an annual fee for their registration in the register of English higher education providers. The OfS has the powers under section 72 to retain these fees as income. The OfS fulfils its obligations by maintaining the provider's registration over the period the fee covers. The benefits are simultaneously received by the customer; therefore, the revenue received by the OfS should be recognised proportionately over the academic year the fee covers. Any income paid in excess of the value of performance obligation at the year end is deferred.

Investigation fee income

Section 71 of HERA 2017 makes provision for the OfS to charge providers additional fees for activity or services undertaken by the OfS in the performance of its functions as specified in the regulations.

The Higher Education (Investigation Fees) Regulations 2022 makes provision for the OfS to charge providers additional fees for conducting an investigation of the activities of a registered higher education provider where, as a result of the investigation, the OfS either:

- finds that there is or has been a breach of any ongoing registration condition of the provider
- imposes a specific ongoing registration condition on the provider's registration
- requires the provider's governing body to provide information pursuant to an ongoing registration condition of the provider referred to in section 8(1)(b) of the Higher Education and Research Act 2017
- makes a recommendation that, to mitigate what the OfS considers to be the increased risk of a breach of an ongoing registration condition of the provider, the provider should take or refrain from taking any action specified by the OfS.

The fee is recognised as findings are received by the higher education provider.

Income from joint initiatives and national programmes

The OfS acts as lead partner for a number of jointly funded initiatives with the other UK higher education funding bodies. The OfS in its capacity as lead partner for all projects incurs all associated costs. The OfS fulfils its obligation by providing services per the contractual agreement. A share of these costs is then allocated to the other bodies in the funding group, which then reimburse the OfS. The income is recognised as costs are incurred.

Service-level agreements and rental income

The OfS may enter into service-level or rental agreements in respect of shared office space. The OfS fulfils its obligation by providing services per the contractual agreement. Service-level agreements and rental income are invoiced quarterly, and revenue is recognised in the quarter in which the service is provided.

9. Segmental reporting

In accordance with IFRS 8: Operating Segments, the OfS has considered the need to analyse its activities in relation to operating segments. Since segmental information for total assets and liabilities is not regularly reported to the chief operating decision maker, it has not been produced in the accounts. See note 2 for segmental reporting disclosures on net expenditure.

10. Joint initiatives and national programmes that benefit the higher education sector in the UK

For those joint activities that meet the definition of jointly owned operations under IFRS 11, the OfS is required to show only its share of the income and expenditure within these accounts.

11. Leases

Leases are capitalised at the present value of the minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the principal capital component and finance charges. The finance charges are allocated to each period during the lease term, to produce a constant periodic rate of interest on the remaining balance of the liability.

Where the interest rate implicit in a lease cannot be readily determined, the OfS calculates the lease liability using the HM Treasury discount rates promulgated in Public Expenditure System papers as

the incremental borrowing rate. For leases that commence or are remeasured in the 2022 calendar year, this rate is 0.95 per cent (2021: 0.91 per cent).

Interest on leases is charged to the statement of comprehensive net expenditure (SOCNE) in the year in which the lease payment relates.

Leases which are low in value or represent a short-term lease of up to 12 months are recognised as expenses on a straight line basis and charged to the SOCNE in the year to which they relate.

12. Non-current assets

Property, plant and equipment are capitalised where the costs for an individual asset, or group of functionally interdependent assets, exceeds £10,000. On initial recognition assets are measured at cost, including all direct costs attributable to bringing the assets into working condition. Given the assets' short life and low value, depreciated historical cost is used as a proxy for fair value.

13. Depreciation

Depreciation is provided at rates calculated to write off the cost or valuation of each asset by equal instalments over their expected useful lives as follows:

- leasehold improvements – ten years or the lease term, whichever is shorter
- furniture and fittings – five years
- information technology equipment – three years.

14. Payment of grants

Grants are recognised at the payment dates agreed with the organisations concerned. Most grants are paid on agreed profiles, which are set to reimburse the grant recipients based on the expected profile of expenditure. The profiles are periodically updated throughout the academic year, and therefore no financial year end accruals are expected for these streams of expenditure.

The exception to this is holdback of providers' grant arising from revised student numbers where there is sufficient certainty. Future profile payments are adjusted to reflect the change and could result in a net receivable or payable balance at year end. Sufficient certainty is where the relevant decision maker approves the funding adjustment.

15. Pensions

OfS employees are covered by the provisions of the Principal Civil Service Pension Scheme. This is a multi-employer defined benefit scheme treated for accounting purposes, in accordance with the FReM, as a defined contribution scheme. Prior to the inception of the OfS some staff transferred to the Higher Education Funding Council for England from universities, and these staff are covered by the provisions of the Universities Superannuation Scheme, which is also a defined benefit scheme treated for accounting purposes as a defined contribution scheme. These schemes are described in more detail in the remuneration and staff report.

16. Provisions for liabilities and charges

The OfS makes a provision in the accounts where the following criteria are met in accordance with IAS 37: Provisions, contingent liabilities and contingent assets:

- a legal or constructive obligation exists that will result in the transfer of economic benefit
- the transfer is probable
- a reliable estimate can be made.

17. Taxation

The OfS's income generating activities are not intended to produce surpluses and are therefore considered as not liable for corporation tax. Most of the OfS's activities are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment.

18. IFRS issued but not yet effective

To comply with the requirements of IAS 8: Accounting policies, changes in accounting estimates and errors, the OfS must disclose details of any IFRS that has been issued but is not yet effective. The OfS has carried out a review of the following IFRS and found that none of the updates have any material impact on the 2022-23 accounts:

- IFRS 17: Insurance contracts – effective date, periods starting after 1 January 2023. This is not expected to have an impact as the OfS does not issue insurance contracts.

This standard has been issued but is not yet incorporated into the FReM.

1a Significant judgements

The preparation of these accounts requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenditure, assets and liabilities. Management has specifically made such judgements on the following area.

19. Recovery of grants

The OfS's policy is to recognise grant adjustments as debts only when there is sufficient certainty of recovery. Recovery is made through adjustments to institutions' future grant funding. Further details are given in Note 8a.

The OfS has the powers under HERA 2017 to determine amounts of grant to recover from providers where the terms and conditions of grant have not been met. In exercising these powers, the OfS may in some cases decide not to seek recoveries for periods prior to a certain year. In such cases the decision is taken on an individual basis, with due regard to the circumstances giving rise to a potential recovery.

2 Operating segments

IFRS 8: Operating segments requires operating segments to be identified by an entity based on reports that are regularly reviewed by the chief operating decision maker. The executive team regularly reviews the OfS's performance using two operating segments. The administration segment is the OfS's operating activities funded by the registration fee. The programme segment is the OfS's grant funding activities funded by grant in aid provided by the DfE. The analysis of grant expenditure below is consistent with the presentation in 'Guide to funding 2022-23'.¹¹⁴

	Administration		Programmes		TOTAL	
	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Income						
Registration fees	(26,105)	(25,919)	0	0	(26,105)	(25,919)
Other activities	(806)	(587)	(1,363)	(2,634)	(2,168)	(3,221)
	(26,911)	(26,506)	(1,363)	(2,634)	(28,274)	(29,140)
Expenditure						
Institutional recurrent funding ^a	0	0	1,280,813	1,222,220	1,280,813	1,222,220
Funding for national facilities and initiatives ^b	0	0	64,478	58,921	64,478	58,921
Capital funding ^c	0	0	94,321	151,807	94,321	151,807
Other government allocations ^d	0	0	8,321	32,237	8,321	32,237
Non-pay	5,923	6,605	6,121	3,088	12,044	9,693
	5,923	6,605	1,454,054	1,468,273	1,459,977	1,474,878
Depreciation	395	67	0	0	395	67
Increase in provision	76	217	0	0	76	217
Staff	20,937	20,839	5,025	3,156	25,962	23,995
Net operating expenditure*	420	1,222	1,457,716	1,468,795	1,458,136	1,470,017
Finance cost	3	0	0	0	3	0

¹¹⁴ See OfS, 'Guide to funding 2022-23'.

Net expenditure	423	1,222	1,457,716	1,468,795	1,458,139	1,470,017
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* Net operating expenditure is funded by grant in aid.

Expenditure in 2021-22 includes the costs below, incurred as a direct result of the COVID-19 pandemic. No costs were incurred in 2022-23.

Programme:

- £15 million on hardship funding to recognise the particular impact this year on individual students arising from the COVID-19 pandemic.
- £10.0 million additional medical and dental funding to support providers that have taken on additional undergraduate students studying high-cost subjects.
- £0.5 million on the brokerage scheme to provide an incentivised scheme for supporting prospective students to move from medical schools where there is oversubscription to those with sufficient capacity.
- £1.5 million student mental health national offer to support the ongoing provision of the Student Space website and support service.

Administration:

- £0.1 million on a working from home allowance.

3 Analysis of recurrent and non-recurrent grant expenditure

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Teaching funding ^a	1,280,813	1,222,220
Funding for national facilities and regulatory initiatives ^b	68,629	61,677
Capital funding ^c	94,405	151,807
Other government allocations ^d	10,207	32,569
Total grant	1,454,054	1,468,273

This analysis of grant expenditure is consistent with the presentation in the guide to funding 2022-23.¹¹⁵

^a **Teaching (Institutional recurrent) funding** – grant paid to specific higher education providers to support their recurrent teaching activities. This funding is not meant to fully meet the cost of these activities, as this primarily comes from tuition fees. Instead, our funding is prioritised to support areas where teaching costs are particularly high, or to support particular policy priorities.

^b **Funding for national facilities and regulatory initiatives** – a portion of our recurrent funding, reallocated to meet particular policy priorities. This is provided for specific purposes and to promote change that cannot easily be achieved through institutional recurrent or capital funding.

^c **Capital funding** – allocations provided to enhance the learning experience of higher education students at providers, by helping raise the quality of their learning and teaching facilities.

^d **Other government allocations** – grant administered on behalf of the government to cover programmes such as the TEF. It also includes hardship and student mental health funding in relation to the pandemic. The OfS distributes this funding, which is provided by the DfE for specific purposes.

¹¹⁵ See OfS, 'Guide to funding 2022-23'.

4 Staff costs

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Staff with a permanent UK employment contract with the OfS		
Salaries	18,533	17,385
National insurance	2,044	1,816
Pension costs	4,765	4,516
Total	25,342	23,717
Cost of employing contract, agency and temporary staff	620	278
Total staff costs	25,962	23,995

Staff costs are analysed in the Remuneration and staff report on page 147.

5 Other administration costs

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Non-pay administration costs		
Staff-related and general administrative expenditure	847	520
Rental payments under other operating leases	828	1,275
Premises costs	701	840
Office costs	1,833	1,806
Board and committee members' fees and expenses	210	190
Audit fee	85	75
Rental payments under plant and machinery operating leases	21	22
Professional services	1,398	1,877
Total non-pay administration costs	5,923	6,605

The analysis of expenditure shown above reflects the in-year management accounting process whereby the OfS monitors and reports on its administration costs. Staff-related and general administrative expenditure includes costs of recruitment, training and staff travel.

Premises costs include expenditure on rates, heat and light, building maintenance, equipment and furniture.

Office costs include information technology costs, stationery, postage, catering and hospitality, and minor office equipment costs.

In the 2021-22 financial year, professional services included a special payment of £915,000 for the settlement of legal costs.

6 Income

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Registration fee	26,105	25,919
Income from joint initiatives and national programmes	1,163	2,374
Service level agreement income	852	432
Rental income	126	132
Income from other activities	28	283
Total income	28,274	29,140

Registration income is an annual fee charged to providers for their registration in the register of English higher education providers as per section 70 of the HERA 2017. The fees have been set by Parliament under the Higher Education (Registration Fees) Regulations 2019. The OfS has the powers under section 72 to retain these fees as income.

The OfS receives income from UK funding councils and associated organisations in respect of agreed contributions towards joint initiatives and national programmes. These initiatives and national programmes do not meet the definition of joint operations under IFRS 11 and are therefore shown above. Income includes a contribution towards the OfS's costs of managing and administering these programmes.

The OfS provides a range of services under service-level agreements to UK Research and Innovation, the Competition and Markets Authority and the Department for the Economy Northern Ireland, which include facilities management and quality assurance.

7 Property, plant and equipment

	Leasehold improve- ments £000	Furniture, fixtures and equipment £000	Information technology £000	Right of use £000	Assets in the course of construction £000	Total £000
Cost or valuation						
At 1 April 2022	465	116	124	0	0	705
IFRS 16 adjustment	0	0	0	494	0	494
Additions	0	0	0	0	153	153
At 31 March 2023	465	116	124	494	153	1,352
Depreciation						
At 1 April 2022	465	116	124	0	0	705
Charge for period	0	0	0	395	0	395
At 31 March 2023	465	116	124	395	0	1,100
Net book value at 31 March 2023	0	0	0	99	153	252

	Leasehold improve- ments £000	Furniture, fixtures and equipment £000	Information technology £000	Right of use £000	Assets in the course of construction £000	Total £000
Cost or valuation						
At 1 April 2021	465	116	124	0	0	705
At 31 March 2022	465	116	124	0	0	705
Depreciation						
At 1 April 2021	398	116	124	0	0	638
Charge for period	67	0	0	0	0	67
At 31 March 2022	465	116	124	0	0	705
Net book value at 31 March 2022	0	0	0	0	0	0

The note shows the capitalised value of the OfS's property, plant and equipment. The OfS's office premises in Bristol have not been capitalised as right of use assets, as the rental agreements in place as at 1 April 2022 were for less than one year and are disclosed in Note 12. The right of use asset relates to the rental of the London office. The asset in the course of constructions relates to leasehold improvements at the office premises in Bristol.

8a Recoverable grants

During the course of its business, the OfS may on occasion make loans to higher education providers. The OfS does not consider there to be a risk with these loans, as repayments are deducted from future funding at source.

	As at 31 March 2023 £000	As at 31 March 2022 £000
Balances as at 1 April	4,013	4,441
Advanced during the period	0	0
Recovered during the period	(1,213)	(428)
Balances as at 31 March	2,800	4,013
Within one year	249	428
After one year	2,551	3,585
Balances as at 31 March	2,800	4,013

As at 31 March 2023, zero (2021-22: zero) organisations had outstanding recoverable grants of £1,000,000 or more.

Included in recoverable grants are amounts for the recovery of grant funding due from providers. This relates to adjustments to payment of grant funding to higher education providers (non-government bodies) where student numbers fall outside a standard percentage threshold, arising through data audits or reconciliations. The OfS's policy is to recognise such recoverable amounts as debts only when there is sufficient certainty of recovery. Recovery is made through adjustments to institutions' future grant funding or via other means. Discussions around data and recovery of grant funding happen on a continuous basis as a result of the data collection and audit programmes that run each year. Consequently, at year end, there may be continuing data audits or investigations where the outcomes, and any potential holdback, are not yet certain. Such amounts are not included within the above balances.

Also included in recoverable grants are funds granted to providers on an individual basis to support the initial costs of specific projects, which are normally recovered via an adjustment to their future funding. It has been agreed with the DfE that the recoverable grants should be accounted for as loans, to ensure consistency of reporting across the departmental group. These recoverable grants are provided within the total budgets of the Revolving Green Fund.

8b Trade and other receivables

	As at 31 March 2023 £000	As at 31 March 2022 £000
Receivables due within one year		
Programme prepayments	296	1
Programme receivables	1,609	1,619
Trade prepayments	919	904
Trade and other receivables	185	580
Accrued income	386	686
Total receivables	3,395	3,790
Intra-government balances		
Other central government bodies	554	508
Balances with non-government bodies	2,841	3,282
Total as per receivables note	3,395	3,790

Programme receivables: These include contributions to national initiatives due from UK higher education funding councils for contributions to the OfS's administration costs for managing and administering these initiatives.

Accrued income: This includes cost sharing income that is due to the OfS but has not been invoiced as at 31 March 2023.

9 Cash and cash equivalents

	As at 31 March 2023 £000	As at 31 March 2022 £000
Cash held under Government Banking Service		
Balance as at 1 April 2022	12,545	13,733
Net change in cash and cash equivalent balances	(382)	(1,188)
Total cash and cash equivalents as at 31 March	12,163	12,545

The framework document between the OfS and the DfE advises a minimum working balance consistent with the efficient operation of the OfS. The OfS's balances relate to timing differences in the payment of expenditure committed and the receipt of registration fee income in the 2022-23 academic year.

The OfS banks with the Government Banking Service (GBS). This is a government-wide banking service provided by Royal Bank of Scotland and overseen centrally by the GBS team, ultimately controlled by HM Treasury. The OfS does not earn any interest on any balances held in GBS accounts.

The OfS has no cash held at commercial banks.

10 Trade and other payables

	As at 31 March 2023 £000	As at 31 March 2022 £000
Amounts falling due within one year		
Trade payables – administration	66	183
Accruals – administration	1,767	1,777
Tax and social security	1,131	1,024
Trade payables – programme	42	19
Accruals – programme	669	337
Deferred Income	6,248	6,162
Reimbursement to co-funding partner	65	94
Lease liability	86	0
Hardship funding	0	445
	10,074	10,041
Amounts falling due after one year		
Reimbursement to co-funding partner	1,275	1,733
	1,275	1,733
Total payables	11,349	11,774
Intra-government balances		
Other central government bodies	1,217	1,024
Balances with non-government bodies	10,132	10,750
Total as per payables notes	11,349	11,774

‘Trade payables – administration’ refers to non-pay administration expenditure.

‘Accruals – administration’ include the staff annual leave accrual to reflect the requirements of IAS 19.

The tax and social security payable include amounts due to HM Revenue and Customs in arrears for National Insurance, Pay As You Earn and VAT.

‘Trade payables – programme’ include claims received but not yet paid because of any delays in authorisation, the timing of OfS payment runs or both, or relate to invoices not yet received.

‘Deferred income’ includes registration fee income paid in excess of the value of performance obligation at the year end.

‘Reimbursement to a co-funding partner’ relates to funding repayable to Salix. Salix is an independent, publicly funded finance company that provides the public sector with loans for energy-efficiency projects.

‘Hardship funding’ relates to an amount due to the DfE as a result of underspending by providers.

11 Provisions for liabilities and charges

	As at 31 March 2023 £000	As at 31 March 2022 £000
Opening balance	998	1,081
Provision utilised in year	(60)	(300)
Increase in provision	76	217
Balance as at 31 March	1,014	998
Within one year	1,014	674
After one year	0	324
Balance at 31 March	1,014	998

The provisions are for dilapidations for the buildings noted in Note 12.

12 Commitments under leases

	As at 31 March 2023 £000	As at 31 March 2022 £000
Obligations under leases comprise:		
Buildings		
Not later than one year	131	1,080
More than one year and not later than five years	0	81
	131	1,161
Other		
Not later than one year	13	17
More than one year and not later than five years	0	13
	13	30

The OfS leases its office buildings in Bristol and London. The OfS's leases for the Bristol offices (Nicholson, Westward and Dominions Houses) have not been capitalised as right of use assets as at 1 April 2022, as the leases either expired or had a break clause on 9 January 2023. The break clause for Dominions House was enacted and the OfS has vacated the property. The rental period for Nicholson House has been extended to 30 May 2023, at which point the OfS will vacate the property. The lease for Westward House is under negotiation at the reporting date, and the OfS is occupying the property under the provisions of the Landlord and Tenant Act 1954. The OfS will assess the new lease under IFRS 16 requirements when negotiations have concluded in 2023-24.

The OfS's lease on its offices at Finlaison House in London will terminate on 16 June 2023. This has been capitalised and is disclosed as a right of use asset in note 7.

The OfS leases shown in the 'Other' category relate to the rental of office equipment.

13 Financial commitments and contingent liabilities

	As at 31 March 2023 £000	As at 31 March 2022 £000
Commitments		
Grant committed for the period April to July 2023	562,604	443,061
Grant committed for the next academic year August to July 2024	1,560,493	1,525,253

The OfS has no commitments under non-cancellable contracts.

Recurrent expenditure for institutions is approved on an academic year basis (1 August to 31 July).

Grant funding to the higher education sector for the forthcoming academic year (commencing 1 August) is announced by the OfS each spring. The publication detailing the 2022-23 academic year is called 'Guide to funding for 2022-23'.¹¹⁶

As at 31 March 2022 and 2023 there were no contingent liabilities.

¹¹⁶ See OfS, 'Guide to funding 2022-23'.

14 Related party transactions

The OfS is an independent public body, which during the year was sponsored by the DfE. The DfE and other DfE-sponsored bodies, such as the Student Loans Company, are regarded as related parties with which the OfS has had various transactions during the year.

In addition, the OfS has had a small number of transactions with other government departments and other central government bodies (such as the Scottish Funding Council, the Higher Education Funding Council for Wales, and the Department for the Economy in Northern Ireland).

No board member or senior manager has undertaken any material transactions with the OfS during the year. The remuneration arrangements with members of the OfS board and senior management team are set out in the remuneration report.

The following table provides details of material transactions with organisations that are deemed related parties by virtue of OfS board members, committee members or senior management holding a key position at those organisations. These payments are at arm's length and part of the normal course of the OfS's business.

14 Related party transactions (continued)

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Dr Mary Bishop (Quality Assessment Committee member): The University of Bristol, Co-opted member of the Audit Committee	38,023	34,517
Dr Mary Bishop (Quality Assessment Committee member): Visiting Chair, Staffordshire University	8,366	10,436
Dr Mary Bishop (Quality Assessment Committee member): The University of Bath, Teaching fellow	9,434	10,312
Dr Mary Bishop (Quality Assessment Committee member): Arden University Ltd., Non-executive Director and Chair of the Audit Committee	3,097	1,683
Nils Franke (Quality Assessment Committee member): University Centre Colchester, Dean of Higher Education (Term ended 1 January 2023)	337	263
Paul Gatrack (Quality Assessment Committee member): Head of Operations for Employability and Careers team, The University of Liverpool	35,341	36,831
Verity Hancock (Board member): Leicester College, CEO and Principal	490	477
Dr Jagjeet Jutley-Neilson (Quality Assessment Committee member): Associate Professor / Director of Student Experience and Progression, University of Warwick	16,928	16,689
Paul Kirkham (Quality Assessment Committee member): Institute of Contemporary Music Performance (ICMP), Chief Executive (Term ended 1 January 2023)	2,985	2,401
Kate Lander (Board member): Sparsholt College, father in-law is a Governor and member of the Resources Committee	1,014	591
Margaret Monckton (Risk and Audit Committee member): The University of Nottingham, Chief Financial Officer	41,876	38,894
Chris Millward (Director of Fair Access and Participation): Royal College of Art (The), partner is a director (Term ended 31 December 2021)	-	5,169
Chris Millward (Director of Fair Access and Participation): Bath Spa University, Partner is a board member* (Term ended 31 December 2021)	-	2,397
Dr Graeme Pedlingham (Quality Assessment Committee member): Deputy Pro-Vice-Chancellor for the Student Experience, University of Sussex	8,781	8,533
Monisha Shah (Board member): Rose Bruford College of Theatre and Performance, Chair (Term ended 31 December 2022)	-	2,466
Michael Spence (Board member): University College London, President and Provost (Term commenced 9 May 2022)*	28,518	-
Michael Spence (Board member): University of London, Trustee (Term commenced 9 May 2022)*	343	-
Michael Spence (Board member): Universities UK, Member (Term commenced 9 May 2022)*	8	-
Professor Steve West CBE (board member): The University of the West of England, Vice chancellor, President and CEO (Term ended 31 May 2021)	-	13,514

* Although there may have been prior year transactions with these organisations, there was no prior registered interest.

There are no outstanding balances with these parties as at 31 March 2023.

The OfS has had no material transactions with companies whose directors are closely associated with it. In this context ‘closely associated’ refers to board members, committee members, or directors. These individuals may have other relationships through family members who are employees or students in institutions funded by the OfS, or through membership of governing bodies. Details of relationships are held in the OfS’s register of interests and are available on our website.¹¹⁷

15 Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Certificate and Report of the Comptroller and Auditor General.

¹¹⁷ See OfS, ‘Guide to funding 2022-23’.

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