October 2026

The OfS's operating environment

Board's primary role in relation to this paper:

☐ A. Set strategy

☐ B. Set risk appetite

☐ C. Oversee performance

☒ D. Understand context

Purpose

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

2. The board is invited to:

   a. Note the contents of the paper and Annexes A, B and C.

Developments

Political and party conferences

3. Andy Burnham MP was confirmed as leader of the Labour Party and Prime Minister. A Cabinet reshuffle followed, which saw Lucy Powell appointed as Education Secretary, while Jacqui Smith was reappointed as Skills Minister. In a speech to the Universities UK conference, Jacqui Smith highlighted universities' role as 'anchor institutions' supporting economic growth, innovation and skills development, while also emphasising financial sustainability, quality and widening participation as continuing government priorities.

4. The Cabinet published a statement signalling a significant shift towards devolved decision making, with greater powers and resources being transferred to regional and local institutions.[1] This strengthens the government's policy focus on place, skills and economic growth, and reinforces the importance of higher education providers contributing to regional priorities and working effectively with emerging devolved governance arrangements. [Exempt from publication].

[1] https://assets.publishing.service.gov.uk/media/6a6c7acf0ddb7e4831c62abd/REWIRING_THE_STATE_-_CABINET_STATEMENT.pdf

5. At the Reform UK conference, the party set out proposals to expand apprenticeships, while party leader Nigel Farage indicated support for stricter controls on university student numbers. Suella Braverman has separately proposed requiring students to privately fund courses the party describes as ‘woke’ and removing access to student loan funding for providers that persistently deliver poor quality provision. Labour reinforced the government's focus on higher education and skills as contributors to economic growth, regional development and workforce needs. The Liberal Democrats focused primarily on skills and educational opportunity, with limited new higher education policy announcements.

Financial sustainability

6. Responding to the Education Committee’s inquiry, the government has confirmed that it does not intend to introduce a university insolvency scheme. [Exempt from publication].

7. The British Academy has warned that financial pressures are contributing to the loss of humanities provision and creating regional subject ‘cold spots’. Analysis found nearly 4,000 academic posts in subjects such as languages, classics and theology were lost in a single year.[2] The OfS has launched a prototype market monitoring tool, developed with government and sector partners. The tool provides new insights into regional patterns of higher education provision, skills demand and graduate outcomes.[3] It is expected to support evidence-based decision making by providers and policymakers, while helping to strengthen understanding of emerging skills and workforce needs. The prototype will be developed iteratively in response to stakeholder feedback.

8. UCAS data show a record number of 18-year-olds accepted into higher education, with acceptances up 5.4 per cent at higher tariff providers and 2.6 per cent at medium tariff providers, but down 3.9 per cent at lower tariff providers – a fourth consecutive annual fall.[4] [Exempt from publication]. We will release our latest modelling of sector finances, including the impact of the most recent recruitment round, later this year.

9. The National Audit Office’s review of financial sustainability remains ongoing, with a focus on how far the OfS and the Department for Education are together equipped to mitigate provider failure. We continue to engage with stakeholders on the review and expect the final report to be published later this year.

10. New analysis by Public First argues that many universities have become increasingly reliant on international student fee income at a time of growing uncertainty in global recruitment markets.[5] The report highlights risks associated with changing immigration policy, increased international competition and slowing growth in key source countries. The OfS will continue to monitor assumptions around future international student recruitment.

Quality, standards and artificial intelligence

11. At the Universities UK (UUK) conference, Professor Andreas Schleicher, Director for Education and Skills at the Organisation for Economic Co-operation and Development (OECD), argued

[2] Humanities among degrees being ‘extinguished’ by hard-up universities | Universities | The Guardian

[3] Higher education market monitoring tool - Office for Students

[4] Humanities among degrees being ‘extinguished’ by hard-up universities | Universities | The Guardian

[5] The international student trap: new modelling finds UK universities have nowhere stable left to grow

that higher education systems are facing significant disruption from artificial intelligence, demographic change and evolving labour market demands, with increasing emphasis on lifelong learning, transferable skills and demonstrating value to students and society.[6] He highlighted the growing importance of outcomes-focused measures and the need for institutions to equip learners with the ability to adapt to changing careers and technologies.

12. A Policy Exchange report found that 78 per cent of universities use summative online exams taken at home, that only 10 per cent monitor all such exams, and that 70 per cent intend to continue.[7] It recommends that the OfS and the Quality Assurance Agency (QAA) instruct providers that unsupervised online exams are not compliant with quality assurance requirements and should cease immediately. Our research with Advance HE on providers' responses to artificial intelligence is due to be published later this autumn.

13. The Financial Times reported that Global Banking School is now the largest teacher of full-time undergraduates in the UK, and that franchised provision has driven a rise in students starting courses without formal qualifications.[8] We continue to monitor franchised provision and the effectiveness of the new regulatory requirements in addressing associated risks.

Free speech and harassment

14. Following the death of Professor Jason Arday, the University of Cambridge launched an independent investigation. [Exempt from publication]. Lord Young of Acton (Toby Young) also raised this in the House of Lords, asking government to provide additional powers to the OfS to investigate academic misconduct. The Minister for Skills noted the OfS already has the power to investigate providers that do not maintain academic standards of qualifications.[9]

15. The Community Security Trust reported campus antisemitism remains significantly higher than pre-7 October 2023.[10] Their latest data notes 83 university-related antisemitic incidents in the 2024-25 academic year and 95 in 2025-26 were recorded, representing a 14 per cent increase across the two years. In addition, researchers at the University of Oxford found that one in five Oxford students report having experienced sexual assault and more than two thirds have experienced sexual harassment.[11] The OfS continues to monitor how providers are implementing condition E6.

Students and skills

16. Following an election earlier this year, the National Union of Students' (NUS) new officer team began their roles from July 2026 for a two-year term. Favour Samuel and Lewis Wilson have been elected as NUS England President and NUS Vice President Higher Education (England). The Chief Executives and Director of Strategy met with the new officials in September.

17. UUK's Future Jobs Roadmap sets out a sector-led ambition for all undergraduates in England to have access to meaningful work-based learning by 2035, alongside enhanced careers

[6] Professor Andreas Schleicher.pdf

[7] Policy Exchange - Evidence of Learning Through Assessment

[8] https://www.ft.com/content/6c54f212-7491-4d41-ae57-bd67b4ea0f43?syn-25a6b1a6=1

[9] Office for Students: Academic Misconduct Allegations - Hansard - UK Parliament

[10] Antisemitism on the rise at universities, charity warns - BBC News

[11] Half of student sexual assaults involve drug or alcohol use

support and greater focus on AI-related skills.[12] The proposals are intended to strengthen graduate employment outcomes and respond to employer demand for workplace-ready skills.

18. The government has responded to the Treasury Committee's inquiry into student loans by committing to improve transparency and information for prospective students, while deferring decisions on wider reforms to repayment arrangements and interest rates.[13] The response indicates a cautious approach to student finance reform and may temper expectations of more substantial policy change in the near term.

19. UCAS data indicates the proportion of accepted applicants intending to live at home has risen every year since 2022.[14] OfS-commissioned research on commuter students found that those travelling more than 45 minutes are far more likely to report negative impacts on their experience (32 per cent against 12 per cent), and that more than two in five commuters cannot identify any support from their institution. We will consider how to reflect these findings in our engagement with providers on how best to support commuter students.

Headlines from OfS engagement

20. Exempt from publication.

21. Engagement with student unions over the summer highlighted strong support for a closer relationship with the OfS. Student representatives want clearer, simpler communications from the OfS and greater notice of engagement opportunities. Discussions surfaced pressures linked to cost of living, commuting and changing patterns of study, as well as concerns about loneliness and belonging. The OfS continues work to improve its connections with student representatives in England and to draw on their insights.

22. 14 provider visits have taken place since the last board meeting in July. These are listed at Annex C.

Paper publication

23. To be published alongside board papers, subject to appropriate redactions. Annex B is exempt from publication as a summary of the data is expected to be published separately.

For further information, please contact Josh Fleming, Director of Strategy and Delivery, josh.fleming@officeforstudents.org.uk.

[12] Future Jobs Roadmap — Future Universities

[13] Student loans: Broken and unfair? Government response

[14] More students planning to live at home for uni over 'insane' living costs - BBC News

Annex A: Exempt from publication

Annex B: Exempt from publication

Annex C: Provider visits

Provider name	OfS lead visitor(s)	Date
University of Greenwich	Exempt from publication	17 July 2026
University of Birmingham	Exempt from publication	20 July 2026
University of Worcester	Exempt from publication	20 July 2026
Open University	Exempt from publication	28 July 2026
LAMDA	Exempt from publication	10 August 2026
University of Lancashire	Exempt from publication	20 August 2026
Royal Northern College of Music	Exempt from publication	21 August 2026
University of Nottingham	Exempt from publication	11 September 2026
Loughborough College	Exempt from publication	11 September 2026
Arden University	Exempt from publication	18 September 2026
London Metropolitan University	Exempt from publication	25 September 2026
Loughborough University	Exempt from publication	25 September 2026
Ravensbourne University	Exempt from publication	29 September 2026
Blackburn College	Exempt from publication	7 October 2026