

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 Annex A and Annex B.

Developments

Middle East conflict

4. The higher education sector is managing consequences from the conflict in the Middle East, particularly those institutions who offer transnational education provision in the region. Issues include travel disruptions for staff and students, operating cost pressures and increased cost of living due to rising energy prices and inflation. There is also a risk of geopolitical tensions affecting free speech and harassment on campus.
3. On 23 March the OfS convened a roundtable event for providers affected by the conflict to discuss the issues they are facing. Over 90 providers, and representatives from the Department for Education and the Office of the Independent Adjudicator (OIAHE) attended. The input from participants in the session focused on economic pressures and visa concerns. We will continue to monitor the impact of the conflict on providers and the sector more broadly and will hold another roundtable before the end of the academic year.

International students

4. In March, the Home Secretary suspended student visas for applicants from Afghanistan, Cameroon, Myanmar and Sudan, after recent increases in asylum claims from those on student visas prompted concerns about potential misuse of the student visa route. The government argued suspension was necessary to stop 'widespread abuse' of the route.

5. In addition, following the government's 2025 immigration white paper, UK universities sponsoring international students now face much stricter Basic Compliance Assessment (BCA) benchmarks (visa success rate, and course enrolment and completion rates). This is a significant change requiring the sector to adapt, and which is anticipated to be particularly challenging for smaller more specialist institutions. **Exempt from publication.** We will continue to monitor these developments as part of our oversight of the financial health of the sector.

Student finance

6. The government announced interest on Plan 2 and 3 student loans will be capped at 6 per cent from 1 September 2026.¹ This replaces the set interest rate of the Retail Price Index (RPI) plus 3 per cent (currently 7.1 per cent). Ministers have said this is in reaction to potential inflationary pressures because of the Middle East conflict.
5. The House of Commons Treasury Committee has launched an inquiry into student loans, which will examine whether repayment terms are reasonable when considered alongside the broader taxation of graduates.² The committee is seeking to understand whether graduates are being treated fairly once they leave higher education.
6. The OfS does not have a role in setting or administering student loans, but it is important that we understand the ways that loan rates affect student and public perceptions of higher education, and the potential impact this may have on access and participation. We will monitor the progress of the committee's inquiry and consider the debates around this issue as pertinent to our 'vocal' strategic attitude about the value of higher education.

Free speech and harassment

7. The government has announced a new freedom of speech complaints scheme will come in to force by the start of the next academic year.³ The OfS will continue to work collaboratively with providers and senior leaders across the sector to secure and promote free speech and to consider good practice prior to the scheme coming into force.
7. In March 2026 the Union of Jewish Students (UJS) published a report into the nature and prevalence of campus antisemitism, including finding that one in four students (23 per cent) have seen behaviour that targets Jewish students for their religion/ethnicity with a third feeling unsafe engaging in political debates.⁴ The chair and Director for Freedom of Speech and Academic Freedom (DFSFAF) have engaged with the UJS since the publication of the report. DFSFAF continues to engage with individual providers on addressing antisemitism in the context of both their free speech duties and the requirements of E6.

Artificial intelligence

8. HEPI has published its third Student Generative AI Survey.⁵ Results showed AI use among students is now near universal and continues to reshape learning, assessment and institutional

¹ Available at [Interest rate cap introduced to protect Plan 2 borrowers - GOV.UK](#)

² Available at [Student loans: new inquiry on repayment terms and the taxation of graduates launches - Committees - UK Parliament](#)

³ Available at <https://commonsbusiness.parliament.uk/Document/104490/Pdf?subType=Standard>

⁴ Available at [New national polling reveals scale of antisemitism crisis on UK campuses - UJS](#)

⁵ Available at [HEPI-Report-199-Gen-AI-Survey-2026.pdf](#)

practice. 94 per cent of students say they use generative AI in assessed work, most commonly to explain concepts, summarise academic material and help structure ideas; 49 per cent of students believe AI has improved their student experience while 16 per cent feel that AI has made their student experience somewhat or significantly worse, citing concerns about fairness and skill erosion.

9. The OfS will launch a research project exploring providers' responses to AI use. The project will be conducted in collaboration with Advance HE and a report setting out the findings is expected to be published in the autumn.

Headlines from OfS engagement

10. In March the OfS joined Wonkhe's Secret Life of Students event which was themed around AI. The Director of Strategy and Delivery joined a panel discussion and OfS colleagues hosted a stand and invited attendees to participate in an informal poll about uses of AI in higher education. The input from participants in the session will be used in the development of our upcoming research project.
8. On Thursday 30 April we hosted the latest in our student debrief event series, with 143 students and student-facing support staff attending to hear about our work relating to sexual harassment and misconduct. The presentation was followed by a Q&A session, with questions covering compliance, mandatory training and ways to ensure students are fully supported. The purpose of the event was to test students' understanding and awareness of this area of our regulation following its introduction last year.
9. Following the launch of our consultation on a new approach to regulating consumer and student protection, we hosted a briefing event to answer questions about the proposals which was attended by representatives from 300 providers. A targeted briefing for students will take place on 15 May where they will have the opportunity to share their views on the proposals.
11. Findings from our regular student pulse survey are presented in Annex A. Overall, the percentage of students saying their higher education experience matches their expectations is stable compared to this point last year. The financial situation of students overall is stable compared to the previous wave but covering living expenses has become more difficult since last year.
12. 12 provider visits have taken place since the last board meeting in February. These are listed at Annex B.

Paper publication

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

Annex B: Provider visits

Provider name	Date
University College Birmingham	12 March 2026
University of Wolverhampton	13 March 2026
Weymouth and Kingston Maurward College (Coastland College)	19 March 2026
University of York	21 April 2026
York St John University	21 April 2026
The Royal College of Art	22 April 2026
University of Bradford	22 April 2026
Sotheby's Institute of Art	24 April 2026
Birmingham Newman University	27 April 2026
TEC Partnership	29 April 2026
Gateshead College	7 May 2026
Northeastern University	7 May 2026