

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, B and C.

Developments

Political

3. Elections across the UK took place on 7 May, which saw Labour and the Conservatives lose ground to other parties including Reform UK and the Greens. The Prime Minister subsequently resigned on 22 June with Andy Burnham likely to be appointed his successor on 20 July. It is unclear yet whether this will bring a change in policy direction; however, he has signalled there will be greater devolution and a bigger focus on regional and place-based policies, with universities at the 'heart' of local economies. At its May meeting, the Public Affairs Committee discussed the changing political landscape and shared early thoughts on how the OfS should best engage. A public affairs strategy will be discussed at the next committee meeting in September.
4. The Minister for Skills, Jacqui Smith, wrote to all English providers on 25 June setting out the government's position on the quality of higher education and student outcomes. The letter followed a government announcement that it is drawing up options for legislation to limit the growth of some courses with 'consistently poor returns for students'.
5. The announcement coincided with the publication of new Institute for Fiscal Studies figures. These found that while the average graduate can expect to be around £100,000 better off over

their lifetime for going to university, the returns vary sharply by subject, with 25 per cent of students not seeing a positive return from their studies.^{1 2} Exempt from publication.

6. Exempt from publication.

Financial sustainability

7. In its report following its inquiry into sector finances published in May, the Education Committee has warned that the government has no clear plan for universities facing insolvency and that protections for students are inadequate.³ The committee has several recommendations directed at the OfS, including:
- a. The introduction of an early warning system.
 - b. Reviewing the cost of regulation.
 - c. Reforming the strategic priorities grant.
 - d. Developing a governance improvement programme for providers.
 - e. Creating guidance for providers exiting franchising relationships.
 - f. Strengthening student protection regulation.
8. Many of the recommendations are already in progress through the OfS's existing programme of work. Exempt from publication.
9. The National Audit Office (NAO) has also begun a review of the financial sustainability of universities, which will have a particular focus on how far the OfS and the DfE are together equipped to mitigate the impact of provider failure. Exempt from publication.
10. Universities UK has published a survey which found 65 per cent of providers are considering collaborative structures such as federations and alliances with 40 per cent open to, or actively considering, mergers or acquisitions with other institutions.⁴ We have published new information to support institutions considering potential collaboration and mergers activity.⁵

Student finance

11. The Treasury Committee received more than 52,000 responses to its survey on student finance, which has surfaced frustration and disappointment among respondents with the current system. Almost 90 per cent of respondents perceived that their repayment terms weren't reasonable, while over half indicated they didn't understand the terms before they took them out. While we do not have a role in student loans, the perceived fairness of the system is

¹ See [New deal for young people to end 'degree by default' culture and boost youth apprenticeships - GOV.UK](#)

² See [The average graduate can expect to be around £100k better off over their lifetime for going to university – but a quarter can expect to be financially worse off | Institute for Fiscal Studies](#)

³ See [Higher Education and Funding: Threat of Insolvency and International Students](#)

⁴ See [Two in five universities consider joining forces through 'multi academy trust' style models or mergers, new survey shows](#)

⁵ See [Mergers, acquisitions and changes to legal status - Office for Students](#)

an important issue for students and relevant to the sector and our work. We will continue to monitor the progress of the committee's inquiry.

Free speech and harassment

12. In May, the Prime Minister held an antisemitism forum alongside several vice chancellors. During the forum, the Prime Minister called on universities to demonstrate action when antisemitic abuse occurs and publish the scale of the problem and the steps they have taken to address it. 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 complaints scheme coming into force.

External policy reports

13. Since the last board meeting, several policy reports have been published relating to public attitudes towards higher education and the value of a degree.
14. In his report on young people in work, Alan Milburn found there are 1 million young people across the UK who are not in employment, education or training, which could rise to 1.25 million by 2030.⁶ He finds that around 13 per cent of these young people hold a degree or other higher education qualifications. However, the report also recognises that at least 57 per cent of these have been out of full-time education or employment for less than a year, versus 16 per cent of non-graduates, which supports the view that higher education provides a faster transition into employment even in a challenging graduate jobs market.
15. Policy Exchange published a report arguing that England's higher education system requires fundamental reform.⁷ It states that the sector has grown too much and too quickly, and as a result students are taking on substantial debt for degrees that do not always lead to strong outcomes. It describes a 'collapse' in standards which has degraded the value of a degree from English providers.
16. The report calls for fewer people in higher education through stricter minimum entry requirements and an end to the Graduate Visa. The report wants wholesale reform of the OfS, including removing conditions of registration in favour of a 'lighter-touch' monitoring approach like HEFCE, the abolition of the National Student Survey and capping the number of top degrees awarded.
17. A new British Social Attitudes survey has reported public confidence in the value of a university education has fallen, with 34 per cent of people surveyed believing a degree is not worth the time or money spent on it, up from 14 per cent in 2005.⁸ 36 per cent of people believe those who go to university will be financially better off, down from 50 per cent.

⁶ See [Young people and work: interim report - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/614442/Young_people_and_work_interim_report.pdf)

⁷ See [policyexchange.org.uk/wp-content/uploads/Tarnished-Towers .pdf](https://policyexchange.org.uk/wp-content/uploads/Tarnished-Towers.pdf)

⁸ See [bsa-43-1-higher-education-1926.pdf](https://www.bsa-43-1-higher-education-1926.pdf)

18. Conversely, the 2026 Student Academic Experience Survey, published by Advance HE and the Higher Education Policy Institute (HEPI), finds more students rating the value of their course as 'good' or 'very good' than in the previous ten years of the survey.⁹
19. We are considering our role within the public debate around perceptions of the value of a degree and attitudes to higher education, including through discussions with the newly formed Public Affairs Committee and the Provider Panel. **Exempt from publication.**

Headlines from OfS engagement

20. Findings from our regular student pulse survey are presented in Annex B. There are two statistically significant findings to note: a decline in the percentage of students saying their higher education experience matches their expectations from this time last year, and a slight improvement in students' perceptions of their financial situation from previous pulse surveys. We will continue to monitor these data points to test if a pattern emerges.
21. The OfS has launched a collaborative research project in collaboration with Advance HE exploring providers' responses to AI use.¹⁰ Ten evidence-gathering events with providers and students are in progress and we expect to publish a final report in the autumn.
22. On 10 June, the Director for Freedom of Speech and Academic Freedom met with accountable officers and their deputies to set out next steps for free speech regulation following the Sussex judgment. He explained the OfS was carefully considering the implications of the judgment, and confirmed that targeted amendments would be made to regulatory advice 24. Attendees emphasised the importance of ensuring that these amendments are clear, accessible and practical.
23. The OfS held a lifelong learning entitlement roundtable with providers who are planning to offer modular provision from January 2027. Discussions surfaced that providers are taking a 'test, learn, and scale' approach, prioritising careful iteration over rapid expansion, and are focusing modular offers on adult learners and employers to meet local and regional skills demands. The outcomes were published in an OfS blog.¹¹
24. On 25 June, the OfS held an event for providers to discuss how the OfS, institutions and other organisations can work together towards a financially sustainable sector. Common themes raised in the discussions included confronting challenges early, the importance of strong communication and effective governance.
25. OfS staff have made 20 provider visits since the last board meeting in May. These are listed at Annex C.

⁹ See [Student Academic Experience Survey 2026 - HEPI](#)

¹⁰ See [OfS collaborates with Advance HE to conduct research into how universities and colleges are using artificial intelligence - Office for Students](#)

¹¹ See [Conversations with the sector: Preparing for the LLE - Office for Students](#)

Paper publication

26. To be published alongside board papers, subject to appropriate redactions. Annex A is exempt from publication as it is not a published document. Annex B is exempt from publication as a summary of the data is expected to be published separately.

Annex C: Provider visits

Provider name	Date
Birmingham Metropolitan College	19 May
Arden University	20 May
Birkbeck College	27 May
Collective Acting Studio	28 May
University Centre South Devon	1 June
University of East Anglia	1 June
BPP University	2 June
Central Film School	3 June
London Film School	4 June
Harper Adams University	8 June
The Royal Veterinary College	8 June
Royal Northern College of Music	10 June
Central School of Ballet	15 June
London College of Business Studies	15 June
The School of Oriental and African Studies	18 June
University of the West of England	22 June
University of Bristol	22 June
Oxford International Educational Trust	29 June
Arts University Plymouth	7 July
Cornwall College	8 July