

Office for
Students



Annual report and accounts 2023-24

June 2024

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The Office for Students

Annual report and accounts 2023-2024 For the period 1 April 2023 to 31 March 2024

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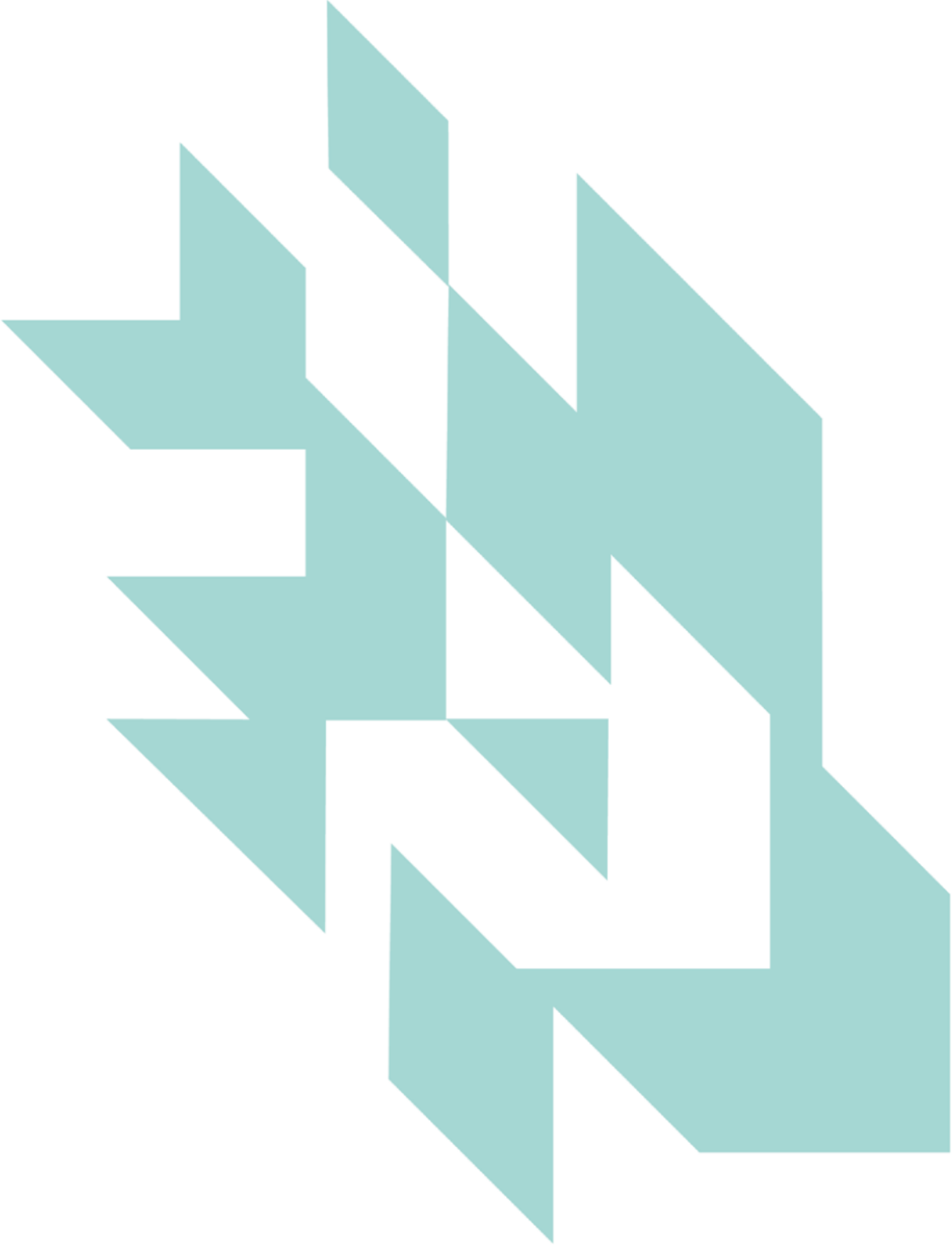
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Contents

Performance report	3
Chief executive's statement	6
About us	19
Performance analysis	50
Quality and standards	50
Equality of opportunity	72
Enabling regulation	107
Financial performance	149
Sustainability report	152
Accountability report	168
Corporate governance report	169
Directors' report	169
Statement of Accounting Officer's responsibilities	172
Governance statement	174
Remuneration and staff report	208
Parliamentary accountability and audit report (audited)	236
The Certificate and Report of the Comptroller and Auditor General to the Houses Of Parliament	238
Financial statements	250

Performance report



Performance overview

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 2023-24 operating year.

The OfS is the independent regulator of higher education in England. The higher education sector is large and diverse, comprising multi-faculty universities, small specialist institutions, further education colleges and private companies, and has huge economic impact and social importance. Over 420 providers are registered with the OfS, and they teach or supervise over 2.5 million students.

As a principles-based regulator, we aim to ensure that every student, whatever their background, has a fulfilling experience of higher education that broadens their knowledge and skills, and equips them for future work or further study. We adopt a risk-based approach to monitoring compliance with our requirements, targeting our work on the universities and colleges most at risk of breaching conditions.

Our strategy has two priority areas, quality and standards and equality of opportunity. We consider these to be mutually reinforcing: high quality courses with secure standards and positive outcomes must be available to students from all backgrounds.

A third area of work – enabling regulation – supports our ability to regulate effectively. It includes monitoring financial sustainability, ensuring effective governance arrangements at universities and colleges, and work on consumer protection.

Chief executive's statement

Each year in the OfS's annual report I observe that it has been a year of significant activity and change. This year is no different, and our report sets out the progress we have made in delivering our strategy and goals in an operating environment that continues to present challenges for the sector. I am also able to report on the evolution of the OfS as a regulator. Some of that evolution has been driven by colleagues across the OfS, as teams have implemented key pieces of work and got into their regulatory stride. And some of it has been prompted by scrutiny from outside the organisation, from colleagues in the sector, and from Parliament.

We sought to respond openly to the conclusions the House of Lords Industry and Regulators Committee set out in its report on the OfS's work.¹ We embraced the committee's feedback as a learning opportunity and a prompt to improve what we do and how we work. This has been particularly visible this year in the steps we continue to take to improve how we engage with the sector and with students.

I'm grateful that staff and students from more than 80 universities and colleges have given their time to meet with me, OfS staff and board members, as we've visited the institutions we regulate. We have received

1 Available at House of Lords Industry and Regulators Committee, 'Must do better: The Office for Students and the looming crisis facing higher education'.

positive feedback about the value of these visits and the opportunity they present to discuss shared interests. From our perspective they also help us to understand the impact of our regulation and how we can improve.

We have also extended our programme of events and webinars this year, to reach more people and to increase understanding of our work across the sector. We have hosted chairs of governing bodies and new accountable officers, and have offered a general introduction to the OfS to over 1,200 people working in higher education.

Students' experiences and insights continue to be a vital part of our engagement work, informing and influencing the approaches we take. Throughout the year, we have once again valued the input of the members of our student panel and the impact this has on our regulation. Students should feel confident that we want to hear their voices, and improving our approach to engagement with them will continue to be a priority.

The 'About us' section of this report provides more detail about our engagement and communications work (see page 31).

Quality and standards

Improving quality across the sector for all students is of fundamental importance, to ensure value for money for students and taxpayers and to protect the international reputation of English higher education. Our regulatory framework sets out how we incentivise all universities and colleges to improve the quality of their courses, and

the steps we can take where we have particular concerns about quality for an individual provider. The highlights of our work on quality are set out below; the 'Quality and standards' section of this report provides more detail on this work (see page 50).

Teaching Excellence Framework

The Teaching Excellence Framework (TEF) encourages universities and colleges to continue to improve and deliver excellence in the areas we know students care about the most: teaching, learning and achieving positive outcomes. The TEF rates universities and colleges on how well they deliver an excellent experience and positive outcomes for their mix of undergraduate students and courses. The published ratings inform the choices made by prospective students.

Of the 227 providers that took part in the TEF:

- 51 providers were rated Gold, for delivering an outstanding experience and outcomes for their students.
- 125 providers were rated Silver, for delivering a very high quality student experience and outcomes, and overall are performing well above our regulatory baseline.
- 48 providers were rated Bronze, for delivering very high quality – notably above our regulatory baseline – in some of the areas that were assessed.
- Three providers received a 'Requires improvement' outcome, where the TEF panel did not find sufficient

evidence of excellence and judged that improvement would be required to be awarded a TEF rating.

We have published the submissions from universities and colleges, student submissions, case studies and statements from the TEF panel to explain the reasons for the rating for each institution.

Quality assessments

The TEF takes place every four years. Between those sector-wide exercises our focus shifts to a smaller number of cases where we are concerned that the minimum requirements set out in our conditions of registration may not be met. Our conditions set out our expectations that students should receive a high quality academic experience, have the resources and support they need, and be assessed effectively. We also expect to see positive outcomes for students from all backgrounds – and we look carefully at the proportion of students continuing and completing their courses and going on to successful outcomes after their studies.

This year, we have embedded robust arrangements to deliver this important work. We have recruited a pool of high-calibre academic experts from across the sector to provide independent expert advice about the quality of courses offered by registered providers and those seeking registration or degree awarding powers. Their work has been careful, detailed and highly credible, with reports published so far setting out judgements for eight providers offering courses in business and management and in computing.

The assessment reports for some of those providers contain findings of ‘No concerns’. For others, more significant issues are set out, including concerns about the experiences of students from disadvantaged backgrounds. This reinforces our view that quality and equality are not, and must not be seen as, mutually exclusive – students from all backgrounds are entitled to a high quality academic experience and the support they need to succeed.

As we move into 2024-25, we are considering feedback from the universities and colleges that were assessed as part of this first group of cases. This is an area in which we hope an open and collaborative approach to reflecting on the implementation of new regulatory approaches will bring benefits to the OfS, providers and students.

Freedom of speech

We have been working hard this year to prepare for an expanded role in regulating freedom of speech and academic freedom, following royal assent for new legislation. The core mission of universities and colleges is the pursuit of knowledge, and free speech and academic freedom are fundamental to this purpose. We also see them as important dimensions of our work on quality: a high quality education must be underpinned by the free and robust exchange of ideas.

During this year, our engagement with universities, colleges and students’ unions has accelerated as we prepared for those new responsibilities. We have consulted on rules for a new free speech complaints

scheme and approach to the regulation of students' unions.² At the close of the financial year, we were consulting on draft guidance aimed at helping universities, colleges and students' unions to navigate the new duties.³

Equality of opportunity

A lack of equal opportunities remains a real and enduring challenge for many students and potential students. Our Equality of Opportunity Risk Register identifies 12 sector-wide risks that may affect a student's opportunity to access and succeed in higher education.⁴ We use funding, guidance and evidence of 'what works' to support universities and colleges to make progress on widening access and participation.

Universities and colleges may also receive a share of OfS funding for student access and success, a total of £306 million for the 2023-24 academic year. Providers must use this funding to support the aims and objectives set out in their access and participation plans or statements.

2 Available at OfS, '[Consultation regulating relevant students' unions](#)'; OfS, '[Consultation regulating relevant students' unions](#)'.

3 Available at OfS, '[Consultation on proposed regulatory advice and other matters relating to freedom of speech](#)'.

4 Our definition of a student encompasses current, former and future students.

This year we considered and approved new access and participation plans for the first wave of 34 higher education providers that volunteered for early submission. We sought feedback from this pioneer group about how our reforms had shaped their approach to designing and evaluating interventions to improve equality of opportunity for their students. We made changes to our guidance as a result and look forward to seeing ambitious plans from the next wave of providers.

Supporting students

This year we established the Disability in Higher Education Advisory Panel to consider how well universities and colleges support disabled students. We are asking the panel to draw on evidence, research and analysis from across the sector to make recommendations about how support for disabled students can be improved. Members bring extensive experience of senior leadership in higher education or in disability policy in public, private or third sector organisations. And, of course, student members will bring an essential perspective to the panel's work.

We are also continuing our work to support improved mental health for students. We fund the work of an independent hub for higher education professionals so that they can access research and evaluation guidance. Our funding supported the development of a Mental Health Evidence Toolkit this year to improve the

effectiveness of universities' and colleges' support for students.⁵

Harassment and sexual misconduct

Students tell us they support our work on harassment and sexual misconduct. They, and we, expect universities and colleges to protect students from harassment and sexual misconduct and to respond effectively when incidents do occur. This year we launched the first national survey of the prevalence of sexual misconduct in higher education in the UK. We also consulted on introducing a new condition of registration that would require all registered providers to take steps to tackle harassment and sexual misconduct.

Routes into and through higher education

A range of different routes for students to take into and through higher education is an important feature of a healthy and diverse higher education system. We ran two funding competitions this year to improve capacity and equality of opportunity within degree apprenticeships. We allocated £12 million for the 2023-24 academic year to 51 universities and colleges, with a further £14 million announced for allocation for 2024-25 to support Level 6 degree apprenticeships at 32 institutions.

We also continue to develop our thinking about how our regulation will need to adapt following royal assent for

5 See Transforming Access and Student Outcomes in Higher Education (TASO), '[Student mental health hub](#)'.

The Lifelong Learning (Higher Education Fee Limits) Act 2023. We issued a call for evidence on how we might measure and regulate student outcomes resulting from the more flexible modular study these reforms are seeking to promote.

Our Performance analysis report considers our equality of opportunity work in more detail (see page 72).

Financial sustainability

The financial sustainability of universities, colleges, and the higher education sector in England as a whole, is a growing focus for our work as financial pressure continues to build across the sector. We collect and analyse financial data from around 270 universities and colleges in England, identifying those institutions under financial stress.⁶ We are engaging with an increasing number of institutions in this situation, meeting with senior leaders and governors, to make sure we understand the steps they are taking to improve financial resilience and to intervene to protect the interests of students where we consider that necessary.

In parallel to our work with individual providers, we continue to develop our modelling and analysis of sector-wide patterns and trends. Our latest report, based on the sector's 2023 financial returns, indicates that the scale

6 Approximately 150 further education bodies offering higher education submit their financial returns to the Education and Skills Funding Agency as their primary regulator.

of the challenge is increasing.⁷ Providers are forecasting deterioration in the short- to medium-term financial outlook. Their data returns show that the sector's financial performance was weaker in 2022-23 than in 2021-22, and is expected to decline further in 2023-24, with 40 per cent of providers expecting to be in deficit and an increasing number showing low net cashflow. We are particularly concerned that plans for increasing income over the forecast period are based on assumptions of growth in student recruitment which are unrealistic. For the first time we have published more information about the various scenarios we have modelled. These set out vividly the challenges of a range of potential futures for the sector.

As we discuss financial resilience with colleagues across the sector, it is becoming increasingly clear that ongoing effective governance is the best way to ensure that emerging financial risks are identified, and early action taken to prevent these risks from crystallising. We continue to emphasise the important role of governing bodies in asking challenging questions about financial management and risk, and in stress testing assumptions for ambitious student growth – particularly of international students. The sector recognises that business models may need to change to deliver a sustainable future, and we see universities and colleges proactively embarking

7 See OfS, 'Financial sustainability of higher education providers in England 2024' (OfS 2024.21), May 2024.

on wide-ranging changes. In this context we are increasingly aware that individual institutions will make rational business decisions in response to the difficult operating environment, but the long-term aggregate impact of these changes is difficult to monitor and may not be well-understood.

Good governance is also important beyond ensuring effective financial management. This year the National Audit Office and the Public Accounts Committee raised concerns about fraud and abuse of student loan funding where higher education courses are delivered through subcontractual arrangements.⁸ During the year we have extended our case work on these issues, imposing additional reporting requirements on some universities, and requiring audits of student data and internal control arrangements to provide assurance that student loan funding is being used as intended. We have engaged with vice-chancellors and chairs of governing bodies to set out our concerns about ongoing risks to public funding.

The ‘Enabling regulation’ section of this report sets out more detail on our work on financial sustainability and good governance.

8 Available at National Audit Office (NAO), ‘Investigation into student finance for study at franchised higher education providers’; the House of Commons Committee of Public Accounts, ‘Investigation into student loans issued to those studying at franchised higher education providers’.

Looking forward

As 2024-25 begins, we are making good progress on developing the OfS's next organisational strategy. This needs to be in place for April 2025. We have consciously chosen to take a collaborative approach to strategy development – working with students and with institutions to develop a shared understanding of the goals we should pursue, to ensure the sector works in the interests of students. That continuing focus on students will be a theme running through the year as we develop, test and share our reformed approach to student engagement.

This is built around the 'three ins' for our work with students: Information, input, and insight. Student information is what we think students need to know about higher education before, during and after their involvement in it. Student input means opportunities for students and their representatives to tell us what they think we need to know, and hear our responses. And student insight is what we think we need to know about what students experience before, during and after higher education, to properly deliver our regulatory work.

To further this work, we are commissioning new polling and a range of focus groups and we look forward to sharing learning from these during the year.

And, of course, our important regulatory work will continue. We will continue to register new providers, authorise others to award their own degrees, and assess quality to ensure students are receiving the high

quality education they expect from our internationally respected sector.

Susan Lapworth, Chief Executive

About us

The Office for Students is the independent regulator of higher education in England. It was established by the Higher Education and Research Act 2017 (HERA). As an independent public body, the OfS reports 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 420 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 its 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 represent the minimum performance to which students and taxpayers are entitled.

The baseline is mainly 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.

In return for compliance with the OfS regulatory framework and conditions of registration universities and colleges receive significant benefits from registration, in particular the unlocking of significant income streams.

In the 2022-23 academic year, registered providers in England received approximately £10.9 billion through student loans for tuition fees,⁹ £9.8 billion in course fees from international students,¹⁰ and £10.1 billion of registration-contingent research and other public funding.¹¹

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,

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- 9 Available at Gov.uk, 'Student support for higher education in England 2023'. The £10.9 billion excludes maintenance loans to students of £8.8 billion. It includes payments to students on higher education courses at further education colleges.
- 10 Figure derived from the OfS annual financial return, comprising non-EU and EU student fees, minus EU student fees funded by the Student Loans Company. The figure excludes students at further education colleges, although the numbers are considered to be immaterial.
- 11 The 'registration-contingent research and other public funding' category includes the funding that the OfS allocates to higher education providers each year, but for consistency with other figures derived from the OfS annual financial return, the figure excludes the OfS funding allocated to further education colleges.

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.¹²

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

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



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.

We publish 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.¹³ The KPMs comprise those aligned to our corporate

13 Available at OfS, [‘Key performance measures’](#).

strategy and 'operational measures' relating to our operational performance.



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 (OMs) report on our core regulatory activity.

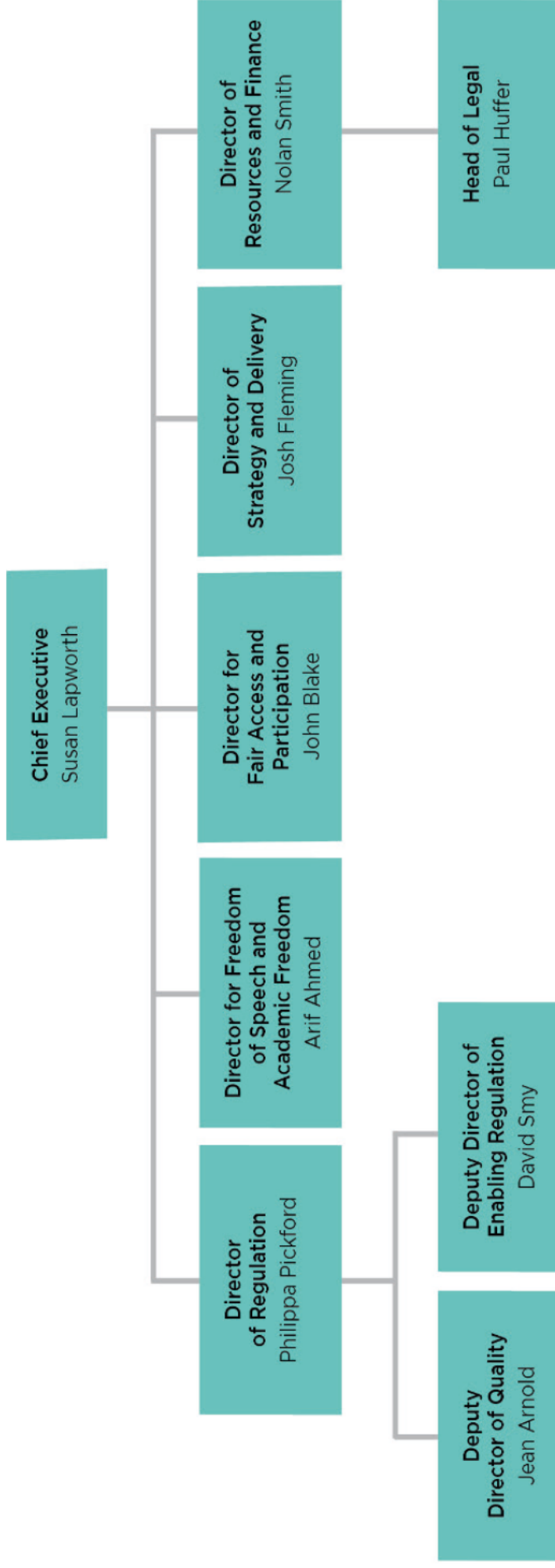
Measuring and reporting our progress

We measured our progress against our objectives in several ways in 2023-24:

- We undertook monthly reviews of our business plan to take account of changes in the external environment and resources. 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: activity-level progress within the business plan; strategic risks; technology issues; staff resource; and the OfS's financial position.
- 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 Operational Measures.
- We reported to the DfE on our progress.
- We continued our programme of evaluation to better understand the impact of our regulatory activity.

How we were organised during the year and our senior team

Detail on OfS board members is in the corporate governance report (see page 169) and online.¹⁴ By the end of the year, the structure of the executive team was as shown below.



14 See OfS, ‘Who we are’.

Accompanying changes in our senior team, we embarked on a change programme in April 2023, which concluded in March 2024. That programme was designed to create a new single regulation directorate and increase capacity in the new directorate at a senior level. The programme also created a delivery team to drive and coordinate our work across the organisation and a more flexible and agile resourcing model to better align resources behind our priorities.

Our income

Most of our operational income comes from an annual registration fee charged to all registered providers. Our £30.5 million administration costs this year were 98 per cent funded through registration fees from providers. This compares with £27.3 million administration cost spending in 2022-23, 95.5 per cent funded through registration funds from providers.

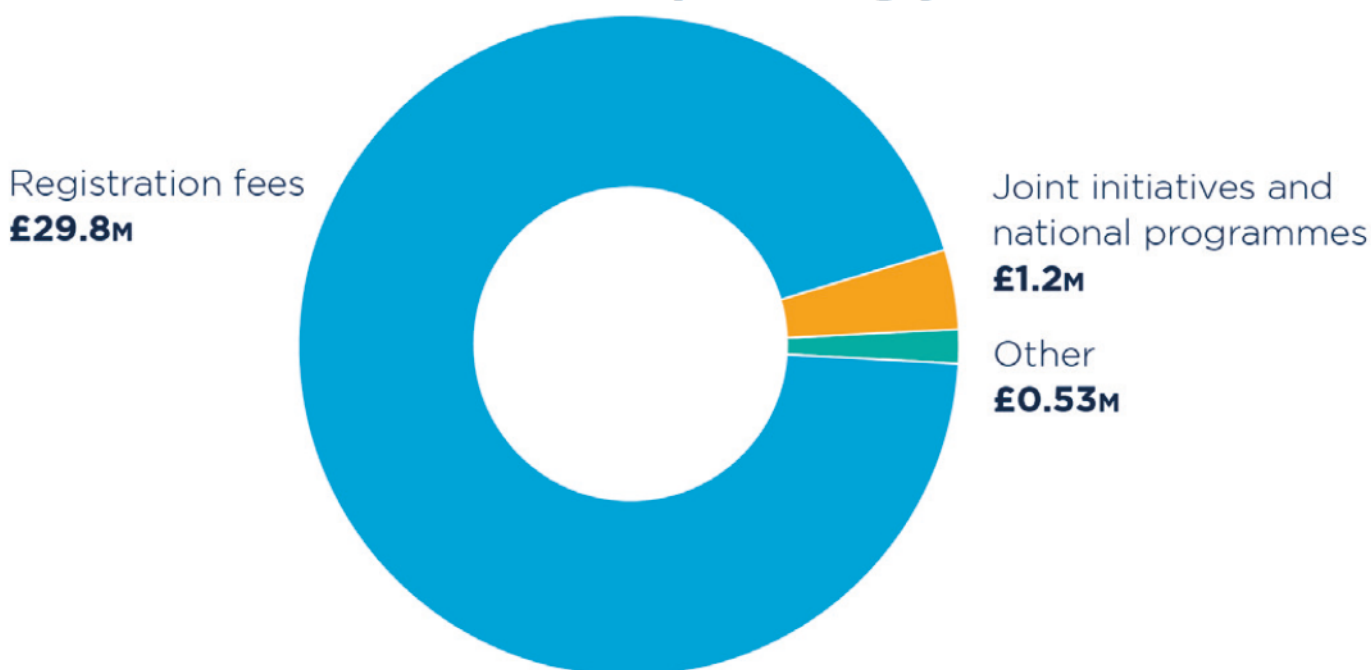
The total value of registration fees paid by registered providers to the OfS in 2023-24 represented approximately 0.1 per cent of the income to which they gain access by virtue of registration with the OfS.¹⁵ The level of fees charged is determined by the Secretary of State and set out in secondary legislation. They are based on rates set to recover the OfS's operating costs.

15 Total OfS registration fees for the 2023-24 financial year end (£29.8 million) divided by total registration-contingent income for 2022-23 (£30,854 million).

We also received grant-in-aid from the DfE to provide grant funding to providers in the Approved (fee cap) category.

As there is no reason to believe that future sponsorship and future parliamentary approval will not be forthcoming, it is appropriate for the accounts to be prepared on a going concern basis.

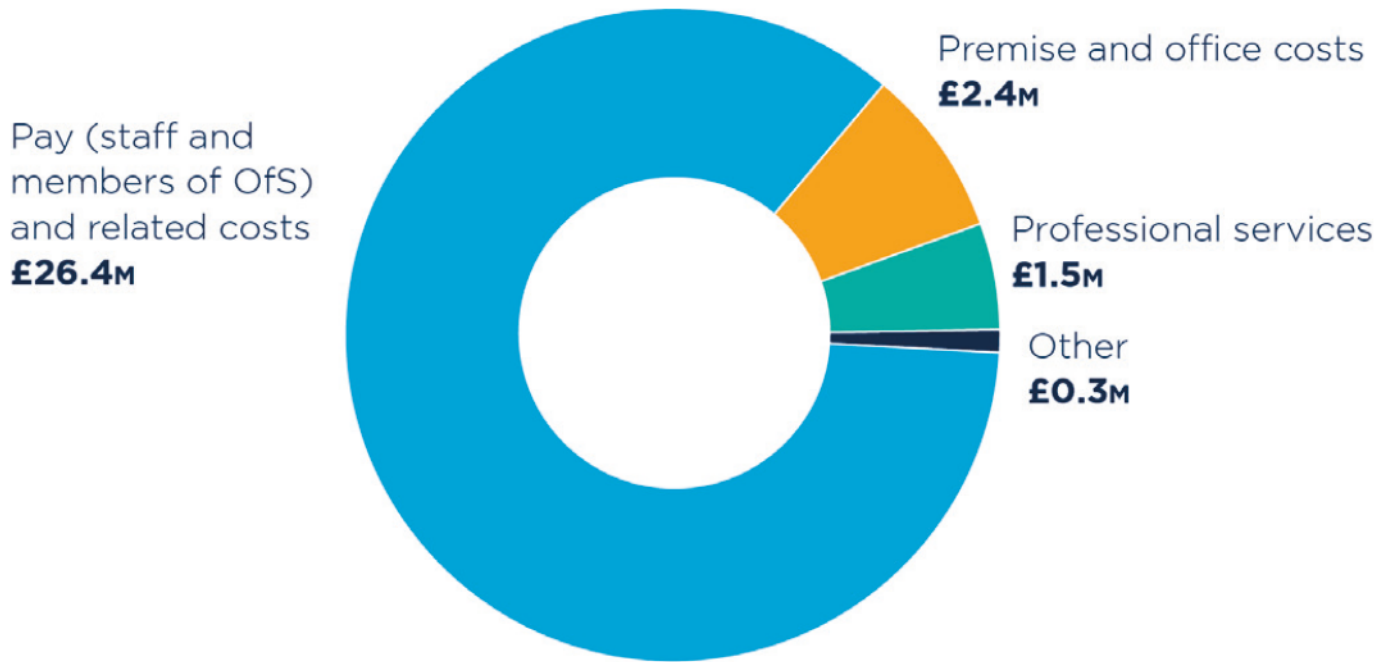
Income in the 2023-24 operating year



Our expenditure

Our running costs in financial year 2023-24

Most of our running costs relate to staff. Other significant spending areas include premises and office costs, including IT. Further information is provided in notes 2 and 5 of the Financial Statements

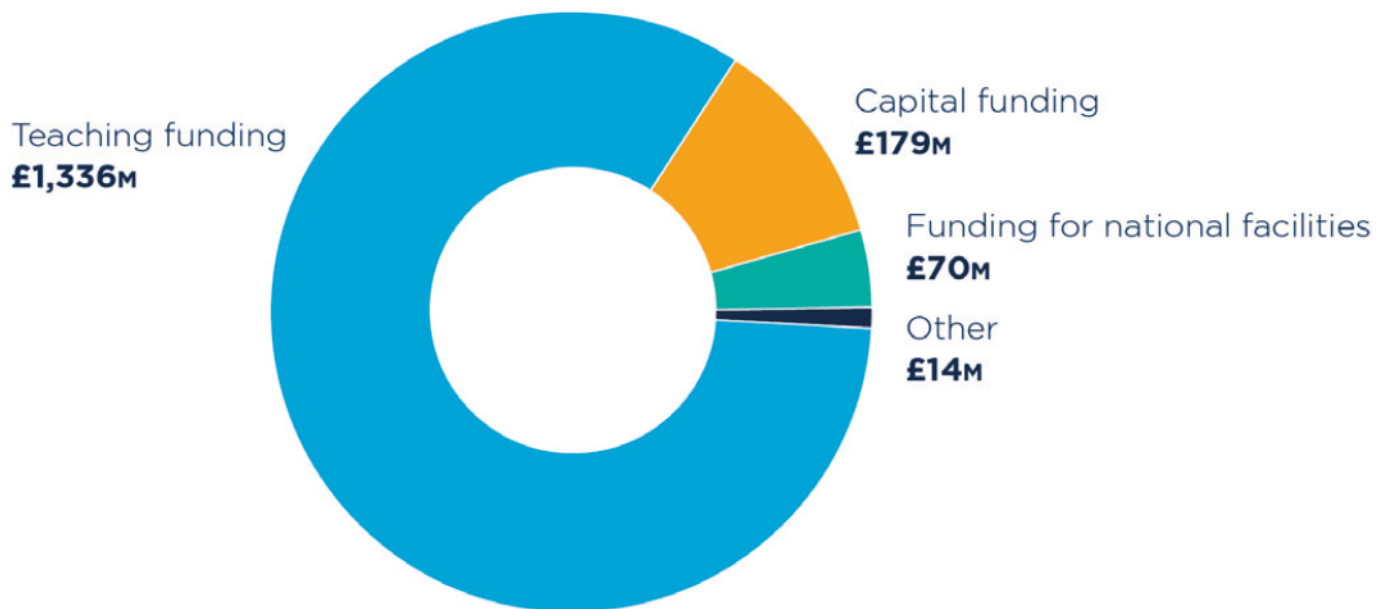


Programme expenditure in the 2023–24 financial year

While the most significant source of funding for teaching to providers is tuition fees charged to students, it is not the only source of funding. We allocated funding to 338 providers in the 2023-24 academic year. Further information is provided in note 3 of the Financial Statements.

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 for the development of degree apprenticeships at Level 6, the nursing, midwifery and allied health supplement, 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). Higher capital funding expenditure in 2023-24 (£179 million) compared with 2022-23 (£94 million) reflects the profile of drawdown of allocations by providers following a competitive bidding exercise held in the summer of 2022.¹⁶

Most funding is allocated by formula as recurrent grants, based on the numbers and types of students at a provider. The 2023-24 academic year overlaps with two financial years: the last eight months of the 2023-24

16 £399 million was allocated to be distributed between 100 providers between financial years 2022-23 and 2024-25. We proactively monitor the progress and spending of the funded projects. Further details are available at OfS, [‘Capital funding for financial-years 2022-23 to 2024-25’](#).

financial year and the first four months of the 2024-25 financial year.

We distributed £1,599 million in the financial year 2023-24 compared with £1,454 million in the financial year 2022-23.¹⁷ Most of this was in the form of recurrent teaching grants paid directly to providers.

Effective engagement with students and the sector

Effective engagement with both the students we serve and the universities and colleges we regulate is critical to ensuring our regulatory activity achieves the desired positive impact.

Understanding what students want and need from higher education is essential. We want students to feel confident that their voices are heard, which is why we are now developing a new approach to student engagement to strengthen students' voices in our work. We have also taken steps to improve the way we work with the institutions we regulate, and continue to assess and make improvements in response to feedback.

17 The total programme spending in 2023-24 also includes £7 million of staff costs (costs of staff working exclusively on programme-related activities), giving a total figure of £1,606 million. The comparative figure for 2022-23 was £1,459 million, as this programme spending included £5 million of staff costs.

Defining the student interest more clearly

Over the past year we have recognised that we have not always been clear enough about how the student interest informs our work, and this has affected the visibility of the work that we do in this space. We have therefore begun a major piece of work to further define and communicate how we think about the student interest, and identify where regulation can address the greatest risks to students.

We define the category of ‘students’ broadly as including all those currently in the system, those who have progressed from their studies, and those who have yet to decide where, or even whether, they will study. Sometimes the interests of these different groups of students may be in tension, and reaching an appropriate balance between them is an important aspect of regulating higher education. We are drawing on the perspectives of current, prospective and former students and other stakeholders to inform this work, and we aim to have a more granular expression of what students can expect from their higher education experience, and be able to better communicate how our regulation focuses on this.



How does the OfS engage with students?

The OfS engages students:

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 **National Student Survey** (NSS), one of the largest census surveys of students about their experiences in the world.



Through **regular polling and user testing** to inform policy and service development.

Through **supporting students' unions** to understand our processes.

The work of our student panel

The chair of the student panel is a member of our board, and the panel informs policy development across the organisation, helping us to better understand students' views and perspectives.

As part of our developing work on student engagement, which includes defining the student interest more clearly, we are reframing our student panel to ensure it operates as a forum in which members can raise issues they want the OfS to know about. For example, access to affordable accommodation and support for student mental health are often raised as issues of concern at the student panel. We will be clear about whether issues raised by the panel are within the OfS's remit. While we cannot

promise the benefits of regulation in areas that we cannot be confident we can deliver, we are open to the view that as a regulator framed and formed in relation to the interests of students, it may fall to us to take action, or to seek to better co-ordinate the activity of others.

Our student panel has had an impact in a number of areas of our work this year, including:

- Student participation in TEF 2023 through student submissions. The panel improved the TEF team's understanding of the time and workload for student authors in producing submissions. The impact consisted of specific suggestions for improving the guidance for the next TEF exercise, and an action to promote the importance of student submissions to student audiences, to increase awareness and encourage early preparation.
- Supporting the development of the OfS's communication plan by providing feedback on how the OfS can communicate with students more effectively, and considering how to refresh our approach to student engagement and the work of the student panel. The terms of current members of our student panel were extended, to ensure continuity in this work to shape a refreshed approach to student input.
- Horizon-scanning of the issues that could affect the higher education sector in the future, to inform development of the OfS's strategy for 2025 to 2028. This helped at a formative stage, to shape the future of the OfS's work.

- Sharing insights into the student experience, to support students and their representatives' engagement in the development of access and participation plans and student submissions. The panel's feedback informed our plans to support students completing student submissions through access to a named OfS contact, and other potential technology-based enhancements.
- Sharing views on proposals relating to the new free speech complaints scheme, and how the OfS should regulate students' unions on freedom of speech matters, and providing advice about how to encourage students to become involved in the consultations relating to freedom of speech.

Students' wider involvement in our work

Beyond the student panel, students participated in policy-related and regulatory activities and events this year:

- Student members were integral to the TEF 2023 process. 34 per cent of members of the assessment panel were students. Members of the TEF panel provided expert judgement, with a breadth and depth of expertise from diverse educational contexts, and a focus on what matters to students.
- Separately, we encouraged students to make independent student submissions alongside their provider's TEF submission.
- In 2023, we assessed access and participation plans (APPs) from 34 providers that volunteered to take part

in a pilot cohort (see page 74). We invited students to make submissions explaining their engagement with, and views of, the content of their providers' plans, and received 22 student submissions providing these insights. To support students, we released comprehensive guidance and a video explaining what an APP is and why it is important, and explaining why we encouraged student submissions. We also supported student representatives with an online session with senior staff, to answer any questions they had. This approach is being replicated for the second wave of plans.

- Students contributed to a roundtable event to inform the development of our consultations on our freedom of speech work. Following the publication of the consultations, we hosted webinars to give students and students' unions the opportunity to find out more about our proposals. We set up consultations on a digital platform with easy-to-read guides to make it easier for students to engage and respond.
- We shared resources about tackling harassment and sexual misconduct, and discussed our expectations with students and students' unions.
- We engaged with students to understand and share what works in supporting mental health and wellbeing among students. Our funding has also provided opportunities for student co-creation of responses to support student mental health. The evaluation of our Mental Health Funding Challenge Competition found

that student input had a demonstrable impact, for example on operational considerations and the design for engagement with students. Students involved in the development of projects noticed significant changes in staff understanding because of the programme, with 64 per cent of student co-creators agreeing that the provision now available to support student mental health is more relevant to student needs.¹⁸

How students raise concerns with the OfS

Students contact us about issues of concern through an enquiry or by submitting a notification. These often relate to our regulation of quality, such as the amount of teaching the student receives, the feedback provided to them, and the level of support, both academic and pastoral, they can access. We use this information to inform our monitoring of individual providers (see page 107, which explains more about notifications).

We also engage with students' unions and other organisations representing students. Strengthening our engagement with students is of particular importance in the context of the Higher Education (Freedom of Speech) Act 2023, which brings students' unions within our regulatory remit.

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

Developing our new approach to student engagement

We are building improvements in our approach to student engagement around what we call ‘the three ins’ of our work with students: information, input, and insight.

- **Student information:** This is what we think students need to know (or at least have the chance to know) about higher education before, during and after their involvement in it. This is the information that we think is helpful to students as they choose what and where and how to study, and the information they need to succeed while they are studying – and to seek redress when things go wrong.
- **Student input:** This means opportunities for students and their representatives to share what students think we need to know, and hear our responses. They might want to tell us something about gaps in a provider’s access and participation plan. But they might also want to tell us how difficult it is in some cities to find good affordable rental accommodation. We need to hear all of this, whether or not we are able to respond in regulatory terms.
- **Student insight:** This is what we think we need to know about what students experience before, during and after higher education in order to properly deliver our regulatory work. For example, if we are extending our work on sexual misconduct in higher education, we really need to know how students are experiencing

that issue and whether our interventions are making a difference.

Our new strategy for 2025 to 2028 will place our understanding of the student interest at the centre of our work, and we will develop our approach by exploiting the ‘three ins’ outlined above. This will be informed by new polling and a range of focus groups to help to expand our insight, together with the input of our student panel.

We are also reviewing our outward communications to students, considering how to develop our ‘Student spotlight’ newsletter, improve our student-facing materials and showcase more effectively how students participate in our work.

Engagement with the sector

In addition to the development of our student engagement work, we have sought to improve our relationship with the sector over the past year.

Open dialogue with the universities and colleges we regulate is essential for regulation that works effectively in the interests of students. Communications and engagement activity can complement our more formal guidance and requirements, and help providers understand our expectations and their responsibilities. It is also important to build a culture of dialogue, so that providers that do find themselves in difficulty, for example due to financial challenges, will come to us for discussion and information that can lead to better long-term outcomes.

Many of the changes we have implemented draw on the recommendations from our initial research, published in January 2023, on our engagement with higher education institutions. This includes our programme of visits to providers.

Visiting higher education providers helps us to develop our understanding of the context in which they operate and the challenges they face. Visits also provide an opportunity for staff and students to hear about our approach to regulation, discuss shared priorities, ask questions and give us feedback.

In the past year we have visited 82 universities and colleges, and have discussed issues as varied as student engagement, access and participation in higher education, freedom of speech and skills development. As a result of conversations during these visits, we introduced additional engagement activity including an early introductory call to each new head of institution. Our visits are continuing into 2024-25 and we are seeking structured feedback from institutions about how we can develop them further.

In addition to visits, we have begun a series of quarterly webinars for heads of institutions. Led by senior leaders within OfS, these events are designed to share information on recent developments or upcoming regulatory activity. An important part of these events is the opportunity for open questions and answers. We are pleased that 92 per cent of respondents to our post-event evaluation survey said that they had a clearer

understanding of current and upcoming OfS priorities, and we continue to develop the format to make them more open and engaging.

We have also introduced an in-person ‘Introduction to the OfS’ for new leaders of universities and colleges. In the two events we have run so far, these new heads have been able to meet senior OfS staff and learn more about we work with their institutions. We have hosted an event for chairs of governing bodies, and – in direct response to our research in 2023 – launched an ‘Introduction to the OfS’ event for anyone working in higher education, which attracted more than 1,200 attendees in January.

Heads of institutions are routinely kept up to date on news, publications, and things to look out for in our regular fortnightly mailing from the chief executive.

More broadly, we have engaged directly with higher education professionals across the sector through our regular series of publications, events and webinars. These include publishing three Insight briefs and supporting events, convening experts and sharing new perspectives on technical higher education, mental health and protecting students as consumers. We continue to amplify our regulatory work across the media and digital channels.

We will use the upcoming year to test and evaluate how we can further improve our engagement with institutions. We have asked heads of institutions to take part in a new piece of research which we will publish in the autumn. We plan to continue using regular surveying of the sector on these issues in future. And a major engagement activity over the coming year will be drawing on sector expertise to help us to develop our next OfS strategy.

Communications and engagement highlights

1 April 2023 to 31 March 2024

Engagement

82 visits to universities and colleges

4 OfS briefings for accountable officers, with 92% of attendees saying they had a clearer understanding of current and upcoming OfS priorities following the event

25 OfS mailings to accountable officers



Events

Over 300 attendees to freedom of speech webinars

2 Insight events on technical higher education and protecting students as consumers, with **650+ attendees**

800+ attendees to access and participation webinars

1200+ attendees to Introduction to the OfS events



Media highlights



The OfS **continues to generate significant media interest** from the national press. In the last year OfS spokespeople have been interviewed by a range of broadcasters, including **Radio 4's Today Programme, Times Radio, and BBC1's television news.**

We **actively engage** with the higher education specialist press. We have invited colleagues from sector news organisations to on-the-record and background briefings on a range of topics including access and participation, the OfS's approach to funding and freedom of speech.



Digital

TEF ratings: **241.2k views**



Free speech consultation: **42.1k views**

Harassment and sexual misconduct consultation: **10.K views**

96.8k readers of OfS news stories

37.4k readers of the OfS blog

11.2k readers of Insight briefs

The number of subscribers to our newsletter has **increased by 16%** compared with last year

Views to our **YouTube** channel have **increased by 18%** compared with last year and subscribers to the channel have **increased by 10%**



Social media highlights



LinkedIn

23,626 followers, 6,358 increase from March 2023

33k average organic impressions

17.2k average sponsored impressions

50.2k average total impressions



X

20,926 followers, 504 increase from March 2023

68.9k average impressions per month

Our principal risks during the 2023-24 financial year

We identify, assess, manage, review and record risks in line with our risk management policy and approach. Our approach is described in more detail in our corporate governance report (see page 169). Our approach involves:

- identifying and managing risks at strategic, corporate and operational levels
- aligning risk management with planning and project management at corporate level
- systematic use of risk appetite in determining the response to risks
- integration of assurance and internal control review
- building our risk maturity through our work on a consistent organisation-wide culture relating to risk.¹⁹

There are three levels of risk: strategic, corporate and operational. Our strategic risks are overseen by our board with advice from the Risk and Audit Committee. Our risk management framework aligns our corporate risks with strategic risks.

Our main strategic risks during the 2023-24 financial year were assessed as follows.

¹⁹ An account of our risk management systems is given on page 183.

Maintaining strategic clarity

This relates to the risks presented by external volatility and a rapidly changing policy and external environment relating to higher education, which could lead to a lack of clarity about the OfS's purpose and role.

Mitigating actions include:

- Implementing the strategy for the period from 2022 to 2025, which sets a clear strategic agenda and ensures that the OfS board is closely engaged with strategic discussions.
- Clearly communicating the boundaries of the OfS's powers and duties and the approach set in the regulatory framework.
- Maintaining our independence in decision-making and prioritisation, in line with OfS duties.
- Maintaining good working relationships with the DfE and other key stakeholders.
- Strengthening our relationships by increasing our engagement with the sector at different levels and by refreshing our approach to engagement with students.
- Delivering visible and effective regulation, demonstrating how our priorities and approach protect the interests of students and taxpayers.

Effectiveness of regulation

This relates to the risk that our approach to regulation, its implementation, and the behavioural response of

others in the system do not deliver the outcomes we wish to see.

Mitigating actions include:

- Evaluating the impact of implementation of our policies.
- Carefully considering the incentives created by any new requirements.
- Using KPMs designed to show the impact of our regulation.
- Improving communication and engagement with all stakeholders, including with students on the development of regulatory policy issues.
- Carrying out a programme of visits to providers, to increase our understanding of the perspectives of universities and colleges, and theirs of the OfS.

Data quality

This relates to the risk that data is not of sufficient quality, or is not available as we require, which could impact on our ability to deliver our functions. The challenges experienced with the implementation of Data Futures created additional risks to the quality of data (see page 119 for further information about Data Futures).

Mitigating actions include:

- Maintaining close oversight of Jisc's delivery of Data Futures.

- Carrying out an independent review of the challenges experienced with the delivery of the 2022-23 Student data collection.
- Operating the annual data assurance programme in a way consistent with regulatory priorities and risk.
- Designing and delivering our internal Data Transformation Programme, including providing increased resource to support timely delivery.

Legal risk

This relates to the risk that the complex legal context and the range of novel issues we face leads to our risk appetite for legal matters not being set in the right place, which could result in sub-optimal delivery of the outcomes we want to see.

Mitigating actions include:

- Ensuring the effective operation of our regulatory framework and the effective functioning of the Provider Risk Committee.
- Maintaining sufficient resource in the legal team.
- Ensuring that regulatory risk appetite is set by the board and communicated downwards to the Regulation directorate.
- Delivering effective learning and development on our public law obligations and how to meet them in practice, with senior policy staff responsible for effective implementation.

Financial sustainability of providers and disorderly market exit

This relates to the risk of providers coming under financial distress, which could lead to the unplanned closure of a university, potentially without arrangements in place to help students to complete their courses.

Mitigating actions include:

- Following the board's steer on our approach and risk appetite for intervention.
- Requiring providers to report risks as they emerge.
- Engaging with providers to better understand the issues they are facing and setting expectations for how they should assess their own financial risks.
- Evolving our approach to monitoring financial risk and developing our ability to stress test the sector's finances, and using condition C4 of our regulatory framework to intervene in a targeted way when there is a material risk that a provider may cease to provide higher education within the next 12 months. We are able to issue student protection directions in these circumstances.²⁰

20 Available at OfS, [‘Regulatory notice 6: Condition C4 – Student protection directions’](#). 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 operate.

OfS delivery and resources

This relates to the risk that changes to our remit and the expectations placed on us, together with inflationary cost pressures, could lead to insufficient funding, capacity and resources for the OfS to fully deliver its functions.

Mitigating actions include:

- Robustly reviewing and prioritising activities in the annual OfS business plan, assessing progress towards our strategic goals at regular checkpoints, and ensuring we respond to change in a flexible and managed way.
- Implementing an organisation-wide change programme to align our resources behind priorities and ensure they can be deployed flexibly.
- Evaluating and acting on learning and development needs for core regulatory activity.
- Implementing our OfS People strategy for 2024 to 2028.
- Delivering efficiency savings in areas where they will have the least negative impact.

Cyber security

This relates to the risk that ever-changing external threats could lead to OfS services being disrupted or information being compromised.

Mitigating actions include:

- Continuing certification that OfS meets the requirements of the Cyber Essentials Plus scheme.
- 24-hour security monitoring systems in place to monitor our networks.
- Mandatory training on cyber and information security to increase awareness of threats.

Performance analysis

This section provides a detailed view of our performance. It reports against our strategic objectives as set out in our strategic plan for 2022 to 2025, and includes trend data from our key performance measures and operational measures. Discussion is structured around our three areas of focus – Quality and standards, Equality of opportunity and Enabling regulation – and our 11 goals.

Quality and standards

This section considers our progress towards our four goals relating to quality and standards in higher education.



Key achievements



We published the **results of TEF 2023**, awarding **51 Gold, 125 Silver, 48 Bronze** ratings.

We published **eight quality assessment reports** of specific courses at selected higher education providers.



We consulted on a **new free speech complaints scheme** and the regulation of students' unions on free speech matters.



Goal 1 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 quality baseline and a cyclical assessment to incentivise improvement above that baseline.

Improvement above the baseline

Teaching Excellence Framework

Aspect 1: Student experience

Aspect 2: Student outcomes

High quality baseline

Condition B1: Academic experience

Condition B2: Resources, support and engagement

Condition B3: Student outcomes

Condition B4: Assessment and awards

Condition B5: Sector-recognised standards

The lower box in the diagram shows our 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 choose to study. These conditions set out our expectations on the design and delivery of courses, on the academic support that students receive, and that students are rigorously assessed.

Courses at many universities and colleges sit comfortably above this regulatory baseline. We use a combination of data and regulatory intelligence to identify providers and courses where there might be issues with quality, and explore these through quality assessments.

The upper box in the diagram describes the Teaching Excellence Framework. The TEF is a cyclical assessment of the quality of courses and student outcomes at universities and colleges, undertaken by teams including independent experts and students. These assessments are a central part of our approach to improving quality across the sector, incentivising excellent teaching and outcomes above and beyond our regulatory baseline.

Teaching Excellence Framework

This year, we completed delivery of TEF 2023, which was the first to use the revised assessment framework that we introduced last year.²¹ The revised TEF framework includes two aspects of assessment: the student experience and student outcomes.

Universities and colleges with more than 500 undergraduate students are required to participate in the TEF and others may participate voluntarily. 227 universities and colleges were assessed in TEF 2023 by a panel consisting of academic experts and students, which considered evidence from the TEF data indicators, providers' submissions and independent student submissions to reach its judgements.

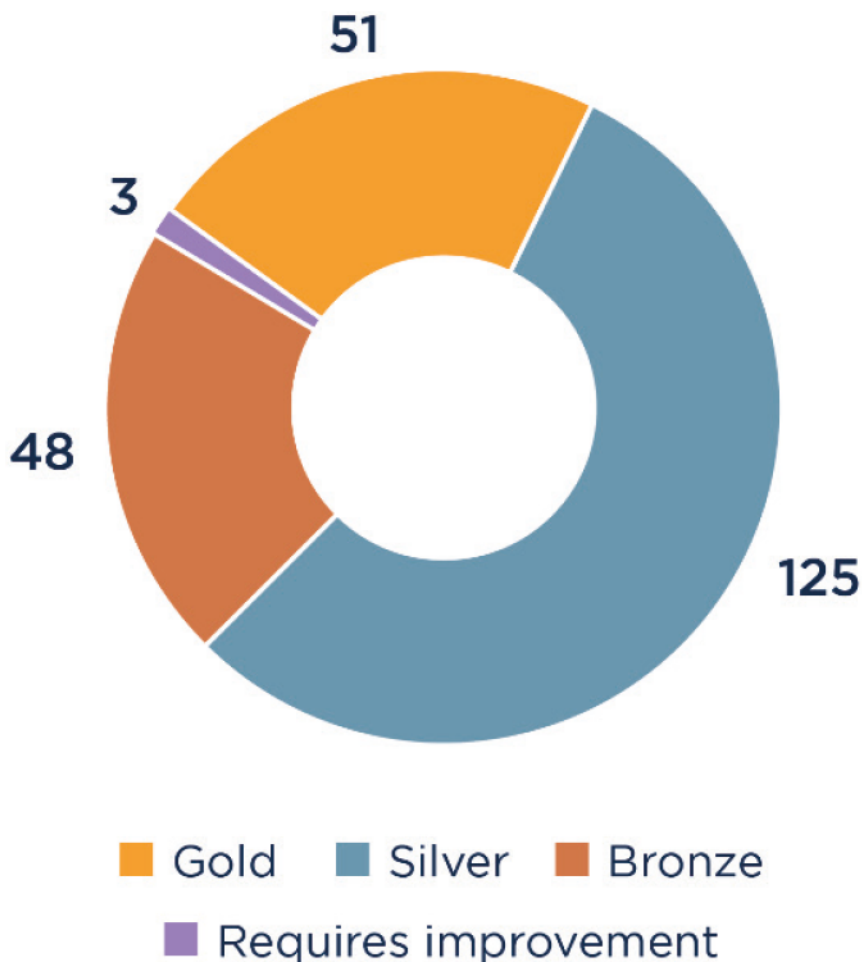
The TEF is designed to recognise the diversity of the higher education sector and the different ways in which excellence might be demonstrated. The TEF 2023 outcomes show that outstanding provision can be found across all different types of higher education provider. They also tell us that almost all of those that participated can demonstrate they are delivering at least very high quality in some of the areas assessed, with most performing well above our regulatory baseline.

The TEF rating categories of Bronze, Silver and Gold signify increasing degrees of excellence above the high quality baseline.

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

- **Gold** signifies that the student experience and student outcomes are typically outstanding.
- **Silver** signifies that the student experience and student outcomes are typically very high quality.
- **Bronze** signifies that the student experience and student outcomes are typically high quality with some very high quality features.

Providers that were not considered to have demonstrated sufficient evidence of excellence above our baseline received an outcome of 'Requires improvement' in place of a rating. The figure below shows the number of providers awarded each overall rating and the number with an overall outcome of Requires improvement.



The TEF outcomes are published on our website, along with a summary of the panel’s reasoning for its judgements and the evidence it considered.²² The outcomes also appear on the Discover Uni website and UCAS course pages, where they provide supplementary information to help prospective students decide where to study.

Quality assessments

We draw on the judgements of independent academics in assessment reports to inform the OfS’s regulatory decisions about quality. We have recruited a pool of high-calibre academic experts from across the sector to provide independent expert advice about the quality of providers seeking registration and degree awarding powers, as well as for assessments of registered providers where our risk-based monitoring suggests there are issues to explore. Assessments have included on-site visits, with teams considering a range of evidence, including from staff and students.

This year, over 150 more academic experts joined our pool to deliver quality assessment activity. Another 75 joined our pool of assessors working on degree apprenticeship assessment, to support the expansion of work in this area.

The OfS began delivering quality assessments that would previously have been delivered by the designated quality body for providers seeking registration and

22 Available at OfS, [‘TEF 2023 ratings’](#).

degree awarding powers (DAPs). At the end of March 2024, there were 12 registration-related assessments in progress, with a mixture of assessments against the pre-May 2022 quality and standards conditions (requiring a quality and standards review) and the post-May 2022 quality and standards conditions. During the 2023-24 academic year, 15 DAPs cases have progressed to active assessment.

During 2022, we commissioned assessments of business and management courses, and computing courses, at selected providers. Between September 2023 and the end of March 2024, we published eight assessment reports that set out the advice of academic experts who carried out assessments on behalf of the OfS.²³ Of the eight reports, four found concerns and four indicated that no concerns had been found. Many of the concerns about quality either related to the experience of students from disadvantaged backgrounds, or disproportionately affected such students, reinforcing our view that quality and equality are not and must not be seen as mutually exclusive.

Where the assessment teams found areas of concern, we engaged with providers to understand the actions that had already been taken and considered whether any regulatory action was appropriate.

23 Available at OfS, ['Assessment reports'](#).

Student outcomes

We expect providers to deliver positive outcomes for their students. We set numerical thresholds for the percentage of students who: continue from their first to second year of studies; complete their courses; and progress to graduate employment, further study or other positive outcomes. We set appropriate thresholds for different modes of study (for example, full-time or part-time) and levels of study. The thresholds are designed to ensure that students from all backgrounds can achieve positive outcomes and are protected from performance that is below our minimum expectations, whatever, wherever and however they study.²⁴

In each cycle of assessments of student outcomes, we select and assess a number of providers where the data suggests they have not met the relevant numerical thresholds. We consider the performance of each provider, and the context in which it delivers its performance, in deciding whether regulatory action is appropriate. This is complex work. During the year, 18 cases from the first cycle of assessment were undertaken.

Student outcomes data dashboard

We publish a student outcomes data dashboard, which shows the performance of all universities and colleges registered with the OfS in relation to student

24 See OfS, [‘Numerical thresholds for condition B3’](#).

outcomes thresholds.²⁵ We publish this data to increase transparency and to inform providers of their performance for their own quality enhancement activities, to reduce the need for more formal regulatory interventions. This year, we introduced an indicator for providers to use to identify the outcomes of students on apprenticeship courses. This data shows a growth in the number of higher education apprentices and an improvement in outcomes for those students.

Numerical thresholds are also used in our KPMs 1 and 2, which assess student outcomes at the English higher education sector level (see below).

Transnational education

Transnational education, delivered across national borders to students based in a different country from the higher education provider, is increasingly important globally, and accounts for an ever larger percentage of the students registered with English universities and colleges. These students are entitled to expect the same quality and standards as those resident in England, and their courses are subject to the same regulation. This includes monitoring and potentially investigating areas of potential concern, whether these relate to courses delivered in the UK or overseas.

25 Available at OfS, ['Student outcomes data dashboard'](#).

In May 2023, we published an insight brief on protecting the interests of students taught abroad.²⁶ The brief outlines the scale and shape of this activity, our interest in it and how we regulate it.²⁷ The overall scale of transnational education is considerable: in 2021-22, English universities and colleges taught a total of 455,000 students in other countries. This was nearly a sixth (16 per cent) of the students registered at English providers that year.

We already work in partnership with overseas regulatory agencies, and we are building these relationships further.²⁸ In some cases these agencies may be best placed to carry out investigations into higher education courses that are delivered in their own countries, and our approach in such situations would take that regulatory activity into account.

We are working closely with the government, regulatory bodies and sector representative groups to increase understanding of how we regulate transnational education within our wider regulatory remit. This engagement also builds our understanding of transnational education in its global and regional contexts, which will supplement our current

26 Available at OfS, [‘Transnational education: Protecting the interests of students taught abroad’](#).

27 See Higher Education Statistics Agency, [‘Where do HE students come from? Transnational education’](#).

28 See OfS, [‘Transnational education: Information for overseas regulatory agencies’](#).

understanding of the transnational education activities of the universities and colleges we regulate.

KPM 1: Extent of poor student outcomes

One of our strategic goals is that students receive a high quality academic experience that improves their knowledge and skills. Our strategy says that one way in which we will achieve this is by ensuring that all providers satisfy our minimum requirements for student outcomes.

Why are we measuring this?

KPM 1 measures the proportion of students at higher education providers where student outcome indicators are below our minimum numerical thresholds.²⁹

We use these numerical thresholds when making judgements about whether an individual provider has met these minimum requirements. 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 minimum thresholds will decrease over time. As the data is complex, it is best viewed on our website.

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

What does this show?

The proportion of students at providers where the relevant continuation indicator is below our numerical threshold (at 95.0 per cent statistical confidence) is 4.7 per cent for the most recent academic year of entry shown in the KPM.³⁰ This decreased from 7.9 per cent over the previous four years.

The proportion of students at providers where the relevant completion indicator is below our numerical threshold (at 95.0 per cent statistical confidence) is 7.0 per cent for the most recent year of entry shown.³¹ This decreased from 9.4 per cent over the previous four years.

The proportion of students at providers where the relevant progression indicator is below our numerical threshold (at 95.0 per cent statistical confidence) is much smaller. It was 1.0 per cent for the most recent academic year of qualifying for which data is available (2020-21), a rise from 0.7 per cent compared with four years ago (2017-18 qualifiers).

- 30 For 'Continuation' the most recent year of entry shown is 2020-21 for full-time and apprenticeship students and 2019-20 for part-time students.
- 31 For 'Completion', the most recent academic year of entry shown is 2017-18 for full-time and apprenticeship students and 2015-16 for part-time students. Please see the 'How is this calculated' section on the OfS website for further details.

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. KPM 2 shows that overall, sector-level measures (continuation, completion and progression) are above our numerical thresholds for almost all modes and levels of study. As the data can be interrogated in three modes (full-time, part-time and apprenticeship) and seven levels of study for each aspect of student outcomes (first degree, other postgraduate, other undergraduate, PGCE, postgraduate research, postgraduate taught masters and undergraduate with postgraduate components), the results are best viewed on our website.³²



Goal 2 Students are rigorously assessed, and the qualifications they are awarded are credible and comparable to those granted previously.

Ensuring the credibility of higher education qualifications over time is an important element of our quality and standards work. What this means is that a first class degree should hold the same value as a first class degree in the same subject awarded ten or 20 years previously.

32 For a complete data set and interactive figures see OfS, '[KPM 2: Student outcomes for all registered providers](#)'.

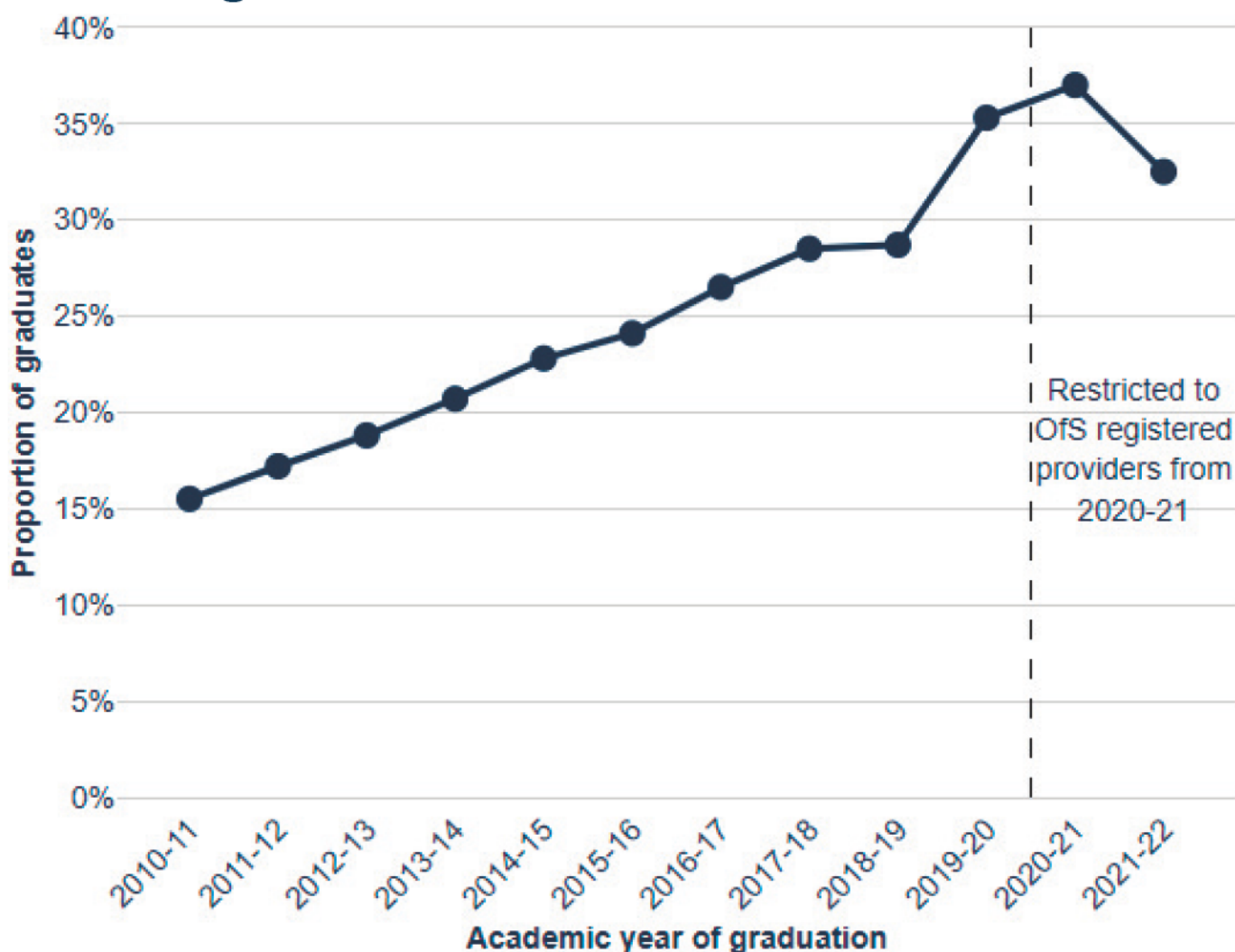
KPM 3: Assessments and awards

KPM 3 measures the proportion of students who graduate with first class degrees. 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.³³

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.

33 For a complete data set and interactive figures see OfS ['KPM 3: Assessment and awards'](#).

Proportion of full-time undergraduate students achieving first class awards



KPM 3 shows that the proportion of students awarded first class degrees in 2021-22 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 varied from provider to provider. It is not possible to determine

the extent to which these changes 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.

We have further analysed the changes in the proportion of first class degrees awarded over the past decade.³⁴ Our July 2023 report considers the extent to which these changes can be accounted for by changes in the graduate population.

In 2010-11, 15.5 per cent of students were awarded a first class honours degree. The proportion of students awarded the top grade has since more than doubled, reaching 32.8 per cent of students in 2021-22. This has dropped from 37.4 per cent of students in 2020-21. The report also finds that:

- Half of first class degrees awarded are unexplained by statistical modelling. Of the 32.8 per cent of students awarded first class degrees, 16.4 per cent were unexplained after the OfS accounted for various observable factors – including students' prior entry qualifications and subject of study – which may affect their attainment.
- Rates of first class degrees have fallen for all students compared with 2020-21, regardless of the qualifications students held when starting higher

34 Available at OfS, [‘Analysis of degree classifications over time: Changes in graduate attainment from 2010-11 to 2021-22’](#).

education, although they are still significantly higher than in 2010-11. In 2021-22, 56.2 per cent of students who entered higher education with A-level grades of AAA and above received a first class degree, compared with 60.7 per cent in 2020-21 and 33.6 per cent in 2010-11. Students entering with A-level grades of AAB experienced the largest increase in first class degrees between 2020-21 and 2021-22, doubling from 22.6 per cent to 47.1 per cent.

- For first class degrees, the recent changes in unexplained attainment vary considerably at individual universities and colleges, ranging from a 15.9 percentage point increase to a 31.9 percentage point decrease at particular higher education providers. Overall, there was a decrease in unexplained attainment of 4.8 percentage points for the sector as a whole.

KPM 4: Students' views on aspects of quality

KPM 4 measures the percentage of students responding positively to questions about aspects of the quality of their academic experience, presenting data from the National Student Survey (NSS).³⁵ If our interventions to meet our strategic goal on quality have the desired effect, we would expect more students to report positively about these aspects of their experience. The indicators in KPM 4 should therefore increase. (KPM 9B also draws on this

35 For a complete data set and interactive figures see OfS, ['KPM 4: Students' views on aspects of quality'](#).

same data; see page 129 in the ‘Enabling regulation’ section.)

In 2023 we made changes to the NSS. Some questions changed, and a four-point response scale was used instead of a five-point scale, meaning there is no longer a ‘neutral’ response option. Therefore, results from 2023 should not be directly compared with results before 2023. In particular, the removal of the ‘neutral’ response option in 2023 means that we would expect more students to respond positively to questions, regardless of any change in the student experience.

While the five theme measures used for the 2023 results have the same titles as the earlier theme measures, for the 2023 data they are published as experimental statistics and the theme measures may be subject to change in the future.

Indicators show the percentage of students who responded positively to questions in NSS 2023 about:

- the teaching on their course (84.7 per cent)
- assessment and feedback (78.0 per cent)
- academic support (83.4 per cent)
- learning resources (86.1 per cent)
- student voice (71.9 per cent).



Goal 3 Providers secure free speech within the law for students, staff and visiting speakers.

The Higher Education (Freedom of Speech) Act 2023 gained royal assent on 11 May 2023.³⁶ The new legislation requires registered providers, their constituent institutions and relevant students' unions to take steps to secure free speech within the law, including academic freedom.³⁷ It also requires the OfS to play a direct role in regulating students' unions on free speech matters for the first time.

In December 2023, the OfS launched two public consultations.³⁸ One of them was on our proposals for the free speech complaints scheme that we expect to operate from 1 August 2024. Under this scheme, students, staff, visiting speakers and others will be able to complain about loss that they have suffered because a university, college or students' union has failed to take steps to secure freedom of speech. We proposed that individuals should, if possible, raise their concerns with the relevant university, college, or students' union first,

36 Available at Legislation.gov.uk, '[Higher Education \(Freedom of Speech\) Act 2023](#)'.

37 A 'relevant' students' union is a students' union for students at a provider registered in the Approved (fee cap) category.

38 Available at OfS, '[Consultation on the OfS's new free speech complaints scheme](#)'; '[Consultation regulating relevant students' unions](#)'.

to give it an opportunity to put matters right. Once that process has concluded, or (if sooner) after 30 days, a complaint could be made to the OfS.

From 1 August the OfS also expects to be required to monitor and regulate how students' unions comply with their new free speech duties. Students' unions will need to take steps to secure legal free speech for students, staff and visiting speakers under new legislation, and will need to maintain a code of practice to support this. The OfS has been keen to hear from students' unions, students, higher education providers and others interested in free speech to help it to shape its approach. The second consultation published in December was on our proposals for regulating relevant students' unions on free speech matters. The OfS ran a series of webinars for students, students' unions, universities, colleges, and others interested in this work to support their responses to the consultations, and the consultations closed for public comment in March 2024.³⁹

In March 2024, the OfS launched a third public consultation on new guidance about freedom of speech, ahead of universities, colleges and students' unions taking on their new free speech duties.⁴⁰ That consultation closed on 26 May 2024. The guidance

39 See OfS, 'Freedom of speech consultation webinars'.

40 Available at OfS, 'Consultation on proposed regulatory advice and other matters relating to freedom of speech'.

included examples to illustrate what higher education providers may or will have to do to fulfil these duties. The examples also include scenarios to show where universities, colleges and students' unions may have breached their free speech duties.



Goal 4 Graduates contribute to local and national prosperity.

Student outcomes measures for higher technical qualifications

In July 2023, the OfS launched a consultation to include higher technical qualifications (HTQs) in its student outcomes measures, so that it would be possible to assess how far these new qualifications are delivering positive outcomes for students, employers and taxpayers. This includes the proportion of students continuing, completing and progressing into further study, a professional career or other positive outcome.⁴¹

We considered the feedback to the consultation, and published our analysis of responses in February 2024.⁴² We decided to implement the proposal as set out in the

41 See OfS, 'OfS launches consultation to include higher technical qualifications in its student outcomes measures'.

42 Available at OfS, 'Consultation on the inclusion of higher technical qualifications in Office for Students' student outcome measures: Analysis of responses and decisions'.

consultation to introduce a new HTQ split indicator to assess how providers are delivering positive outcomes for students on HTQ courses.

This will allow us to:

- take into account the growing profile of HTQs
- test the extent to which a different numerical threshold may be appropriate in the future
- take regulatory action, where appropriate, in relation to the outcomes for students studying HTQs.

The OfS's data dashboard showing the size and shape of provision in English higher education will include the number of students on HTQs for new entrants for the 2022-23 academic year and beyond. We will use the data that universities and colleges already provide to the OfS to do this. Once outcomes data is published, anyone with an interest, such as other regulators and government bodies, will be able to identify the proportion of students with outcomes above our threshold by provider.

Equality of opportunity



Key achievements



We carried out a **groundbreaking pilot study on sexual misconduct** on campus.



We appointed members to a **new panel to review how universities and colleges support students with disabilities**.

We completed the assessment of **42 'Wave 1' access and participation plans** meeting our new requirements.

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, or 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 meaningful impact in practice, and, through greater evaluation, enhance our knowledge of how to ensure equality of opportunity. We work collaboratively and constructively with the universities and colleges we regulate to make this happen.



Goal 5 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

APPs set out the steps that universities and colleges will take to improve access to, success in and progress from higher education for students from disadvantaged and historically underrepresented backgrounds. In March 2023, we published the outcomes of our consultation on our new approach to regulating equality of opportunity. A key element of that new approach is a requirement that APPs ought to demonstrate how providers are anticipating, mitigating and reacting to the risks to equality of opportunity faced by current and prospective students.

Over the summer of 2023, a small 'pioneer' group of providers submitted APPs that addressed the changes

of that new approach.⁴³ These ‘wave 1’ providers’ plans have been assessed, and the approved plans have been published on our website.⁴⁴

As a part of the process of working through wave 1 plans, we sought feedback on the early implementation of the OfS’s reforms to regulating equality of opportunity in English higher education. That feedback informed updated regulatory guidance and advice for universities and colleges to produce APPs, which was published in December 2023.⁴⁵ The guidance clarifies our expectations on how a provider may identify indications of risks to equality of opportunity, undertake work and consult with students to better understand the underlying risks that may be at play, and how providers are expected to address these risks.

More than 150 higher education providers must submit a new plan, to take effect from the 2025-26 academic year, explaining how they will tackle those challenges. In response to feedback from universities and colleges, we are taking a staggered approach to the submission of plans, with three submission windows in 2024.

In January 2024, as the second wave of new APPs was under development, we announced updates to our

43 For a list of wave 1 providers, see OfS, [‘How and when to submit a plan’](#).

44 Available at OfS, [‘Access and participation plans’](#).

45 Available at OfS, [‘Regulatory notice 1: Access and participation plan guidance’](#).

Equality of Opportunity Risk Register.⁴⁶ These updates came in response to feedback from stakeholders, and evidence produced by relevant experts. We added groups of students who may be at risk of not experiencing equality of opportunity: service children; young carers; prisoners, commuter students, parents; and Jewish students.

While the number of risks on our register has stayed the same, we have noted that a ‘sense of belonging’ has appeared in evidence reviews as relevant to many of the risks. In our announcement, we suggested that providers think about practical, enduringly impactful work they might do around that idea as part of new APPs.

Evaluating our new approach to equality of opportunity

In December 2023, we published an independent report evaluating our reforms to regulating equality of opportunity in higher education.⁴⁷ We had commissioned Shift Learning to conduct in-depth interviews with those who were overseeing APPs in 33 of the wave 1

46 For announcement see OfS, [‘Embedding partnerships: John Blake speaks on increasing equality of opportunity in English higher education through collaboration’](#); register available at OfS, [‘Equality of Opportunity Risk Register’](#).

47 Available at OfS, [‘Evaluation of the OfS 2023 reforms to regulating equality of opportunity in higher education’](#).

providers and 18 sector stakeholders (referred to as 'key informants'), to explore the OfS's key evaluation questions. Interviews explored how these reforms have been understood and acted upon within providers.

The report found that providers were largely positive about the new approach and understood the direction of the reforms in relation to addressing risks to equality of opportunity. Many participants, across both providers and key informants, felt that the approach made APPs more strategic and offered providers flexibility in creating their own targets for intervention – meaning that they could consider a broader spectrum of students given the risk-based approach. Many providers and key informants also appreciated that evaluation was more central to the new approach.

The report also pointed to areas for future improvement, including concerns from several participants about the feasibility of running intervention strategies for certain focus areas, such as work in schools, because of financial or time constraints.

The OfS plans to continue the evaluation of the reforms in the coming years. This will enable us to understand the experience of providers throughout the implementation of the reforms and to explore the extent to which the reforms have contributed to improved equality of opportunity in English higher education.

Uni Connect

Uni Connect brings together 29 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 programme is designed to help learners make informed choices about higher education and reduce gaps in participation for different student groups.⁴⁸ Over 1.3 million young people from underrepresented groups have engaged with the Uni Connect programme since its inception.

Raising school attainment

In addition to the activity that helps learners make informed choices about higher education, in academic year 2023-24 Uni Connect partnerships started to deliver evidence-based collaborative approaches to raise attainment at Key Stage 3, and into and through Key Stage 4, in local state secondary schools. This work draws on the expertise and resources of local higher education providers.

The aim of activity in the attainment-raising element of the programme is to improve the academic achievement of learners in terms of grades, thereby improving their opportunities to access higher education. Though we have asked Uni Connect partnerships to support schools in raising attainment, we know that improved academic achievement may result from a number of factors

48 See OfS, 'Uni Connect'.

beyond the control of Uni Connect and may occur on an extended timeline.

Uni Connect attainment-raising activity will be tightly focused on outcomes that will realistically improve learners' academic attainment. The interventions that partnerships deliver will support one or more of the following aims:

- upskilling and supporting existing teachers
- providing targeted academic support to learners
- tackling non-academic barriers to learning
- supporting curriculum development.

Appropriate goals and outcome measures for attainment-raising interventions will vary depending on the age and stage of the learners involved, and the nature of the activities that are being delivered. Partnerships will work with their school and higher education provider partners to determine the intended goals and relevant outcomes measures for their planned interventions.

Attainment-raising within the Uni Connect programme aims to address Risk 1 in the Equality of Opportunity Risk Register: 'Students may not have equal opportunity to develop the knowledge and skills required to be accepted onto higher education courses that match their expectations and ambitions.'⁴⁹

49 See OfS, 'Risk 1: Knowledge and skills'.

Building the evidence base

Uni Connect is monitored and evaluated at a national level to assess how successfully the programme meets its aims, in addition to local partnership evaluation. We use evidence from monitoring and evaluation to understand whether Uni Connect is working, how well it is working, and who it is working for. The national evaluation addresses one of the programme's aims to 'contribute to a stronger evidence base around "what works" in higher education outreach and strengthen evaluation practice across the sector'.

We published a data snapshot of engagement, delivery, and partnership monitoring data for the 2021-22 academic year.⁵⁰ This shows that 495,636 learners and 2,593 schools and colleges had engaged in the programme from August 2021 to July 2022.

Three independent reports were also published this year, focusing on evaluating different aspects of the programme.

In October 2023, we published 'The impact of Uni Connect on intermediate outcomes for learners'.⁵¹ This was the final evaluation report analysing the last wave of a longitudinal survey that captured learners' perceptions

50 Available at OfS, ['Uni Connect: Data snapshot 2021-22'](#).

51 Available at OfS, ['Independent evaluation of Uni Connect's impact on outcomes'](#).

of their knowledge, attitudes and intentions towards higher education.

The evaluation used annual surveys of learners and focused on three areas of risk. In relation to these areas of risk, the evaluation found:

- **Knowledge:** From 2019-20 to 2021-22, knowledge about subjects and courses increased but knowledge about student finance decreased.
- **Benefits:** There was an increase in students' perceived understanding of the benefits of higher education, particularly the financial benefits.
- **Learners' ability:** In 2021-22 students' confidence that they could get the grades for university was lower than in previous years, possibly because of the pandemic.

In May 2023 we published the 'Formative evaluation of Uni Connect phase three: Findings' report from Ipsos UK.⁵² This presents independent evaluation findings exploring Uni Connect programme delivery, including what has worked well, what has worked less well, and why, as well as enablers of and barriers to effective practice.

The 'Fifth independent review of impact evaluation evidence submitted by Uni Connect partnerships' is an

52 Available at OfS, ['Formative evaluation of Uni Connect phase three: Findings'](#).

independent evaluation by CFE Research which was also published in May 2023.⁵³ It provides insights into the impact of activities delivered through the Uni Connect programme, drawing on partnerships' local evaluation evidence (including that from the fifth call for evidence from June to October 2022). The Uni Connect evidence bank was also updated as part of this publication and is one of the largest collections of evaluations of higher education outreach activities in the country. This is a resource containing more information on each of the submissions included in the evidence review.

To help evaluate the programme and demonstrate impact, we require all Uni Connect partnerships to track the learners they engage with in a recognised tracking system. The Higher Education Access Tracker (HEAT) tracks learner engagement for 26 Uni Connect partnerships and recently published independent analysis of its Uni Connect data.

The Higher Education Access Tracker conducted an independent analysis of the Uni Connect programme in November. The HEAT analysis showed that:

- Almost half of the outreach activities recorded on HEAT between 2017-18 and 2022-23 were delivered by, or in partnership with, Uni Connect partnerships.

53 Available at OfS, [‘Fifth independent review of impact evaluation evidence submitted by Uni Connect partnerships’](#).

- Students who take part in an intensive package of Uni Connect activity consisting of at least eight contact hours are up to 21 per cent more likely to enter higher education than a similar group of students who took part in fewer than three hours of Uni Connect outreach.
- The higher education entry gap is particularly pronounced for further education learners who live in Uni Connect target areas; those in receipt of an intensive package of Uni Connect activity were more than twice as likely to enter higher education than a comparison group.

Review of collaborative outreach

In February 2024 we published a review conducted by Public First considering higher education collaborative outreach in England through the Uni Connect programme.⁵⁴ The review used a combination of desk-based research, fieldwork and surveys to make its findings. These were:

- There is a strong underlying case for a form of centrally funded programme such as Uni Connect.
- At its best, Uni Connect can be transformative for individuals and provide the ‘connective tissue’ that

54 Available at OfS, [‘A review of collaborative support for improving equality of opportunity in access to higher education’](#).

strengthens higher education access within regions and nationally.

- Uni Connect could be more consistently effective and impactful.
- The OfS can and should take some actions to strengthen the benefits of Uni Connect and maximise the value for money of a centrally funded programme in future years.

Following the Public First review we will be developing plans for reforms to the Uni Connect programme in close collaboration with Uni Connect partnerships and the sector.

Public First also provided an economic impact study of Uni Connect, to look at the extent to which the programme leads to increased student participation and positive economic outcomes through human capital development and increased labour productivity.⁵⁵ This finds that, in 2020-21, every £1 spent by Uni Connect led to between £5 to £9 of economic benefit. In the same year, the programme saw an additional 2,350 university students, as well as an estimated 670 students who went to a university with higher entrance qualifications than they might have done without additional support.

In April 2024, we announced that, in line with terms and conditions placed on the OfS by the government, Uni Connect funding would fall from £30 million to

55 Available at OfS, [‘An Economic Analysis of Uni Connect’](#).

£20 million for the financial year 2024-25. This was a specific requirement placed on the OfS. We continue to support the aims of the Uni Connect programme, and intend to take forward discussions on the future of the programme in line with the recommendations of the review of collaborative outreach, seeking a new financial settlement for the reformed programme as part of the next Comprehensive Spending Review.

Disability in Higher Education Advisory Panel

In June 2023, we announced the establishment of a new Disability in Higher Education Advisory Panel to provide expert advice on enhancing disabled students' experiences in higher education.⁵⁶ The panel will consider and review how universities and colleges currently support disabled students, drawing on evidence, research and analysis from the sector to make recommendations on how to support their educational experience.

The panel is a committee of the OfS board and is chaired by the Director for Fair Access and Participation.

56 See OfS, [‘New OfS panel to advise on what works in supporting disabled students’](#).

In addition to the chair and deputy chairs, the panel will include:

- Independent members who bring extensive experience of being a senior leader at a higher education provider or in a leadership position in disability policy in public, private or third sector organisations.
- Student members representing current and future disabled students' perspectives in higher education in the work of the committee.

Recruitment for the panel ran from November 2023 to January 2024, with the first meeting taking place in April 2024.

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. We will track future chances carefully to see whether the trend continues.

For more information about KPM 5 and to download the data, please see our website.⁵⁷

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.

57 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 courses and progressing into highly skilled employment or further study. KPM 6 shows that CEED rates across all three groupings of students have stayed broadly constant over the three years, although they 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 timescale, was among students on undergraduate courses with postgraduate components, followed by first degree students, and lastly other undergraduate students.

For more information about KPM 6 and to download the data, please see our website.⁵⁸

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.

58 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 about KPM 7 and to download the data, please see our website.⁵⁹



Goal 6 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.

Information for student choice

Discover Uni is the official, authoritative source of information and guidance on higher education in the UK.⁶⁰ It is designed to support prospective students in deciding whether, where and what to study. The website helps prospective students make sense of all the information out there by linking to other quality resources and explaining what they can find where. It also allows users to search for and compare information and data for individual undergraduate courses across the UK.

The OfS operates the data collection in partnership with the Higher Education Statistics Agency, which is now part of Jisc.

Diverse pathways through higher education

We continued work to encourage providers to develop diverse pathways into and through higher education, including expanding and promoting pathways for study

59 Available at OfS, 'KPM 7: Degree attainment by ethnicity'.

60 Available at Discover Uni, 'Discover Uni Home'.

at Levels 4 and 5, and on higher apprenticeships and degree apprenticeships.

In September 2023, the Lifelong Learning (Higher Education Fee Limits) Act was passed. This supports the government's lifelong learning entitlement policy, which intends to support a more flexible approach to studying in higher education by providing people up to the age of 60 with access to a loan to cover costs equivalent to those of four years of post-18 study. It is planned that the loan may be used on different courses and at different higher education providers. The policy aims to increase the modular provision of study, and also to expand the range of people who have access to higher education.

The OfS will regulate providers offering courses funded through the Lifelong Learning Entitlement, which is likely to significantly increase the number of providers seeking registration from the OfS. We issued a call for evidence in July 2023 about how we could measure and regulate student outcomes resulting from modular study, and reviewed the feedback we received. In November 2023, the government announced a decision to extend the availability of the Advanced Learner Loan funding until 2027. This allowed more time to prepare for the regulatory changes necessary to support the policy, such as consultation on a third category of registration.

Higher Technical Qualifications and skills

HTQs are Level 4 or 5 qualifications approved by the Institute for Apprenticeships and Technical Education. They are designed to equip students with the skills to

meet employment needs. In 2023, two more sector areas were added to the range of HTQs: construction, design and build; and health and science.²⁵ Changes made in February 2023 to separate HTQs from other Level 4 and 5 qualifications in our student outcomes measures allow the OfS, the higher education sector and the government to assess how far these new qualifications are delivering positive outcomes for students, employers and taxpayers (for more on those changes, see page 70).²⁶

Equipping students with higher level skills

In September 2023 we launched a funding competition to boost the capacity and equality of opportunity within degree apprenticeship provision in higher education. In January 2024 we announced investment of £12 million to support 205 Level 6 degree apprenticeship programmes at 51 higher education providers in the 2023-24 academic year, and in March 2024 announced funding of £14 million to 32 providers in 2024-25, with a further funding competition to be launched in 2024.⁶¹

The successful universities and colleges will use the funding to accelerate programmes to:

- expand course provision at those already offering Level 6 degree apprenticeships
- increase the number of students on Level 6 degree apprenticeships

61 See OfS, [‘£14 million degree apprenticeships funding announced by Office for Students’](#).

- increase equality of opportunity within Level 6 degree apprenticeships.

Projects or programmes of work that will receive funding

The University of the West of England, Bristol has received £175,624 for six degree apprenticeship courses. The funded programmes include employer engagement and role model outreach work to increase the enrolment of women onto its Level 6 engineering and construction degree apprenticeships, to address underrepresentation in these industries.

York St John University has received £95,616 for five degree apprenticeship courses, which have been designed to address local employment needs in York and London, providing targeted support to improve equality of opportunity onto the courses.

Bournemouth University has received £86,522 for two degree apprenticeship courses in nursing, which will help support the NHS Long Term Workforce Plan. The programme will provide a supportive route for underrepresented students, including those from ethnic minority backgrounds and those from areas with low participation in higher education.

Validation project

In 2023, seven more further education colleges joined the Open University's validation project (set up by the OfS

in 2022). This enables the Open University to validate qualifications gained on courses offered by further education colleges. The aims are to provide more choice to students, boost participation in higher education in areas where it is low, and deliver courses that produce a workforce that can meet local skills needs.²⁷

Postgraduate conversion courses in data science and artificial intelligence

Since April 2020, the OfS has supported universities to develop postgraduate conversion courses and deliver scholarships for these courses in artificial intelligence (AI) and data science. The primary goal of the conversion courses was to respond to the shortage of data science and AI specialists in the UK, but a secondary purpose was to support students from diverse backgrounds to consider a future in these occupations, and upskill to progress into careers in AI and data science.

In September 2022, in partnership with the then Department for Science, Innovation and Culture, a new funding competition was launched to deliver further scholarships between April 2023 and March 2025.

In March 2023 the OfS announced that 31 universities and colleges, including seven as part of a collaborative project, would receive a share of £8.1 million to deliver 818 scholarships (worth £10,000 each) in the 2023-24 academic year.⁶² The programme funds scholarships designed to encourage more women,

62 See OfS, ['About the funding'](#).

black students, disabled students and students from lower socioeconomic backgrounds to study AI and data science, as these groups are underrepresented in jobs that require these qualifications.⁶³

Funding for the 2024-25 academic year was subject to confirmation, and in November 2023, the OfS confirmed that a further £8.1 million would be available for postgraduate scholarships on an AI or data science conversion course in the 2024-25 academic year.

The OfS commissioned the Career Development Organisation (CRAC) to undertake an evaluation of the programme between April 2020 and March 2023.⁶⁴

63 See OfS, 'Artificial intelligence and data science postgraduate conversion course scholarship funding'.

64 Available at OfS, 'Final evaluation of data science and artificial intelligence conversion masters courses'.

Findings of the interim and final evaluation reports include:

- The programme funded 37 postgraduate conversion courses in AI and data science, of which over 30 were entirely new. Courses developed for the programme are expected to produce at least 6000 new graduates in total. This far exceeds the original target to accelerate the number of highly skilled workers entering the UK AI and data science workforce by 2500 by autumn 2023.
- The profile of students with scholarships was highly diverse with elevated proportions of female (72 per cent), black (35 per cent) and disabled students (25 per cent).
- Based on data from providers for course intakes in the first half of the programme, at least 85 per cent of students have completed or are expected to complete courses successfully.
- Based on 265 survey responses two months after course completion, 45 per cent of course graduates had already obtained a new job and eight per cent had started a doctorate.

- £6.7 million has been invested by organisations to support the programme’s work. While the amount of financial co-investment for industry funded scholarships has been less than anticipated, industry partners have provided £6.3 million of in-kind support, including advice, work placements, student mentoring and co-supervision of dissertation projects.

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 and is designed to be explored on our website.⁶⁵

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.

65 Available at OfS, [‘KPM 3 Student choice’](#).

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.

The data shows that 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 academic year 2021-22, 90.2 per cent of subjects were taught, with 2.5 providers per 100,000 residents. In other regions, for full-time 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.



Goal 7 Providers act to prevent harassment and sexual misconduct and respond effectively if incidents do occur.

Our universities are places in which diversity – of people, opinions, and beliefs – can and does thrive. But we know that too many students experience harassment or sexual misconduct during their time in higher education. Our work on harassment and sexual misconduct is driven by the goal to improve students' experience of higher education. We had already sought to address this issue

through self-regulation, such as dissemination of effective practice and a voluntary statement of expectations.

New approach to regulating harassment and sexual misconduct

From February through May 2023, we consulted on a new approach to tackling harassment and sexual misconduct in English higher education.⁶⁶ As a part of that consultation, we proposed a new condition of registration to ensure that students are protected from harassment and sexual misconduct.

The proposed new condition would require universities and colleges to publish a single document explaining:

- the steps it will take to protect students from harassment and sexual misconduct
- arrangements for handling incidents
- details of how it will support anyone involved in investigations
- details of training for students and staff.

This new approach would also:

- provide clear and specific definitions of harassment and sexual misconduct to support consistency across the sector

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

- require universities and colleges to have the capacity and resources to deliver everything required by the proposed condition
- require providers to comply with the requirements of the condition in a manner consistent with the freedom of speech principles, so that when navigating these issues a provider places significant weight on the importance of freedom of speech within the law
- place regulatory requirements on universities and colleges in relation to personal relationships between students and relevant staff.

We plan to publish a summary of responses to the consultation and the regulatory outcomes in summer 2024.

Prevalence survey of sexual misconduct

In September 2023, the independent research organisation IFF Research was commissioned to deliver a survey on the prevalence of sexual misconduct within higher education providers in England.⁶⁷ 13 higher education providers volunteered to participate, ranging in size from large multi-faculty universities to specialist providers with smaller student cohorts. All students at the participating providers were invited to complete the survey and to answer questions about their experiences

67 See OfS, 'Students polled about prevalence of sexual misconduct in higher education in a UK first'.

of sexual misconduct, how these experiences have affected their lives and studies, and their experiences of using the reporting mechanisms in their university.

The OfS worked with academics and practitioners with expertise in research into sexual misconduct to develop the survey. The survey draws on international best practice in the design of prevalence surveys in higher education.

Participating providers gain valuable information about their students' experiences of sexual misconduct. The findings may help universities take action to prevent incidents, and in the future, could deepen understanding of whether activities are having an impact.

The pilot survey also tests the process for administering a national-level prevalence survey in English higher education and the outcome of the pilot will inform decisions on whether we conduct future prevalence surveys.



Goal 8 Providers encourage and support an environment conducive to the good mental health and wellbeing that students need to succeed in their higher education.

Effective practice in supporting mental health

In May 2022, we appointed the Centre for Transforming Access and Student Outcomes in Higher Education (TASO) to help universities and colleges identify and

make use of effective practice in supporting student mental health.⁶⁸

In October 2023, TASO launched the Student Mental Health Evidence Hub, a free online resource to strengthen the effectiveness of student mental health support.⁶⁹ The development of the hub was informed by work which was published in the TASO report ‘The current landscape of the delivery and evaluation of student mental health interventions.’⁷⁰

Following that launch, TASO has continued its work to disseminate and embed the hub in the sector, including online and face-to-face workshops across the country. This marks the completion of the OfS-funded project, and TASO will continue to promote the hub through its normal activity.

Insight brief

In October 2023, we published an Insight brief ‘Meeting the mental health needs of students.’⁷¹ For a minority of students, mental health conditions have a negative impact on outcomes at university or college. This Insight

68 See OfS, ‘TASO to lead work to develop ‘what works’ resources of student mental health support’.

69 See TASO, ‘Student Mental Health Evidence Hub’.

70 Available at TASO, ‘New report: The current landscape of the delivery and evaluation of student mental health interventions’.

71 Available at OfS, ‘Meeting the mental health needs of students’.

brief discusses some of the issues, with reference to the most recent available data. It looks at the likelihood of students reporting mental health conditions in terms of various characteristics (age, sex, ethnicity, eligibility for free school meals when at school and area-based measures of deprivation and participation), and how these affect outcomes in terms of continuation, completion, attainment and progression. It also looks at how the OfS is continuing to work with universities and colleges to address these negative impacts.

Supporting the University Mental Health Charter programme

In February 2024, the OfS announced £400,000 in funding to support the rising demand for the University Mental Health Charter over the next 15 months.⁷² The charter was launched in 2019 by the UK's student mental health charity, Student Minds.⁷³ It sets out a range of principles designed to help universities improve mental health support for students and the wider university community. With initial funding from the OfS and the UPP Foundation, the Charter was developed in consultation and collaboration with universities and colleges, students, and clinical experts. Last year the Minister for Skills, Apprenticeships and Higher Education, Robert Halfon, set a target for all universities to join the charter

72 See OfS, 'Funding boost to support Student Minds' University Mental Health Charter'.

73 Available at Students Minds Hub, 'University Mental Health Charter'.

programme by September 2024. This additional funding from the OfS will support the acceleration of the charter programme by increasing Student Minds' capacity to facilitate the rapid growth in membership.

The £400,000 funding, which will be distributed to Student Minds over the next 15 months, will support:

- increased staffing to support accelerated delivery, award assessments and development of the programme
- investment in digital infrastructure to develop new project management software and completion of the digital hub space for programme members
- capacity for online and in-person events for members to reflect, hear from experts and connect with each other
- engagement with external organisations to understand how learning and insights can inform the development of the programme.

Enabling regulation

The third area of focus in our strategy, enabling regulation, underpins our work on quality and standards and equality of opportunity, and supports the effective operation of the higher education system in the interests of students and taxpayers.

This section of the report considers our progress towards our three strategic goals concerning providers' financial sustainability and effective governance, the interests of students as consumers, and minimising regulatory burden while meeting our goals and regulatory objectives.

Our engagement and communications work is an important part of our regulatory role. The 'About us' section of the report provides more information about this (see page 31).



Key achievements



We **completed assessment** of 255 financial returns in the 2022 monitoring cycle, imposing monitoring requirements in 41 cases.



We **began assessment** of financial returns in the 2023 monitoring cycle, identifying the universities and colleges **requiring early engagement and intervention**.

We **visited over 80 universities and colleges** to increase understanding of our work and **listen to feedback from staff and students**.



Goal 9 Providers are financially viable and sustainable and have effective governance arrangements.

Monitoring the financial sustainability of registered providers

The OfS monitors the financial sustainability of individual registered providers. We do so to protect both the student and the public interest, as financial stability, resilience, and effective governance are essential to a well-functioning higher education sector. Our role is to know what is happening across the sector and to individual providers. To do this we collect and analyse data and engage with a range of stakeholders about the risks facing different parts of the sector.

Universities and colleges are autonomous institutions, responsible for their financial sustainability, effective management and governance. There is a clear connection between financial health and good governance. Providers in financial difficulty may not be able to meet our requirements for a high quality academic experience or take the necessary actions to address equality of opportunity. We know that the financial environment for the higher education sector is challenging and that the pressures universities and colleges face are growing. (See the discussion in 'Trends in financial sustainability' on page 113). In this difficult context it is more important than ever that universities and colleges have effective management and governance arrangements, with a robust focus on financial risk, and can access relevant skills and experience.

Universities and colleges are required to proactively inform us of any significant issues and events that may negatively affect their financial position.

We require each provider to submit an annual financial return, comprising audited financial statements, financial and student recruitment forecasts, and a commentary to explain these. At the end of the 2023-24 financial year, we were analysing data from almost 270 providers'

returns, covering the latest audited year ending in 2023 and forecasts up to the 2027-28 academic year.⁷⁴

Our analysis identifies the universities and colleges most exposed to financial risks, and we follow up with these providers. We may ask them to provide more information, to carry out sensitivity analysis or to produce specific plans.

We engage with universities and colleges where we think risk is high, to understand the mitigations they are putting in place, the actions they are taking, and how students would be affected by those decisions. Where providers face significant financial challenges, we may need to take regulatory action to protect students' interests, and engage with the DfE and wider stakeholders such as validation partners. Our ongoing condition of registration C4 gives us the ability to intervene quickly to protect students' interests where a university or college is at material risk of closing because of financial difficulties

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

or other reasons, by imposing a student protection direction.⁷⁵

Our analysis of the sector's financial sustainability shows a growing risk that a number of providers may need to close because of financial difficulties they are unable to resolve (see page 113). Our role in these circumstances is to seek to minimise the impact on students by supporting a planned, orderly closure that enables them to complete their studies, transfer to an alternative provider or receive any other assistance they need. Further information is available on our website, including anonymised case studies of the actions we took and the legislative basis for our decisions when working with providers at risk of closure, and an Insight brief, which includes examples of steps universities and colleges have taken to respond to financial difficulties.⁷⁶

Our risk-based approach means that we go through different stages of financial monitoring depending on

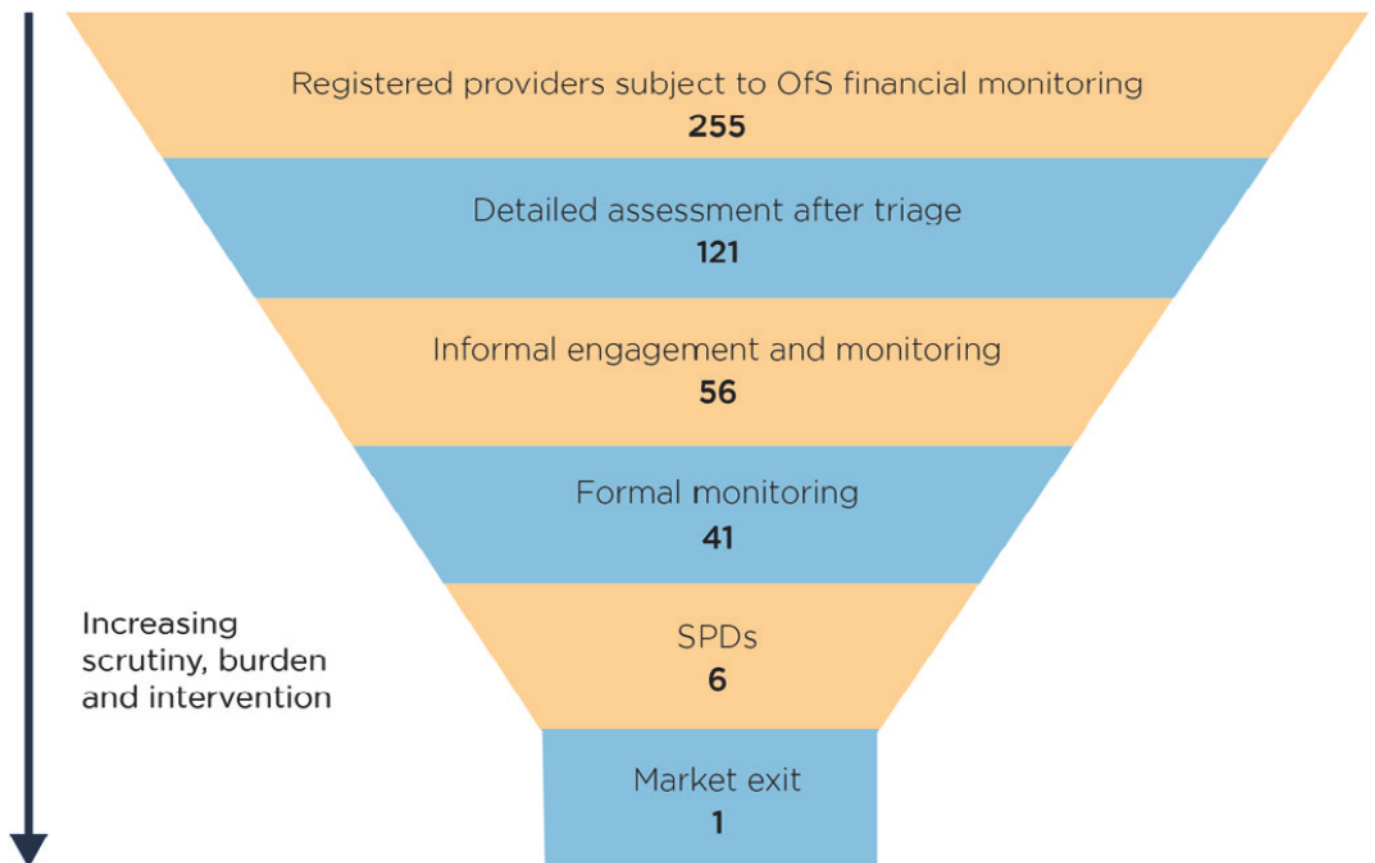
75 Available at OfS, 'Regulatory notice 6: Condition C4 – Student protection directions'. The condition applies to all providers registered with the OfS except further education bodies, which have different regulatory arrangements in relation to risks to their ability to operate.

76 See OfS, 'How we regulate financial sustainability within higher education'; OfS, 'Financial sustainability and market exit cases'; OfS, 'Navigating financial challenges in higher education', Insight brief #21, May 2024.

our judgement about risk, filtering out providers at each stage.

The funnel diagram shows that each stage, a provider is subject to greater scrutiny or intervention.⁷⁷

Higher education providers at each monitoring stage (return for 2022)



⁷⁷ The diagram relates to our work on providers' annual financial returns for the 2021-22 financial period. For many providers, the financial year reflects the period from 1 August 2021 to 31 July 2022. These providers submitted their returns in January 2023. The OfS's assessment of these returns and subsequent monitoring activity was mostly progressed in the 2023-24 operating year.

‘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 student protection direction (SPD) since 2021. Three of the six student protection directions since 2021 were applied in the 2022 monitoring cycle.

The market exit figure in the diagram is the total number of providers closing, or exiting the market, since April 2021.

KPM 10: Market exit

KPM 10 measures the proportion of students whose provider exits the market during their studies that continue their qualification (or equivalent) at another provider.⁷⁸ During the 2023-24 academic year, no providers exited the market.

Trends in financial sustainability

Alongside our work with individual universities and colleges, we publish an annual update on the financial sustainability of the English sector. This supports providers’ financial management and planning, and offers

78 Available at OfS, [‘KPM 10: Student protection’](#).

valuable information for government and other sector stakeholders, including banks and other lenders.

Our 2023 report set out our position that, while we did not consider the short-term financial viability of most higher education providers in England to be a cause for concern at that time, there were increasing financial sustainability risks for some providers in the longer term, and some could face short-term challenges as well.⁷⁹ Our latest report on financial sustainability, published in May 2024, updated financial data and analysis of the financial and funding environment in which providers operate, and indicates that the scale of the challenge facing many providers is increasing.⁸⁰

The analysis shows that providers are forecasting deterioration in the short- to medium-term financial outlook. Their data returns show that the sector's aggregate financial performance was weaker in 2022-23 than in 2021-22, and is expected to decline further in 2023-24, with 40 per cent of providers expecting to be in deficit and an increasing number showing low net cash flow. Plans for increasing income are often based on assumptions of growth in student recruitment which we consider to be unrealistic.

79 Available at OfS, 'Financial sustainability of higher-education-providers in England 2023 update'.

80 See OfS, 'Financial sustainability of higher education providers in England 2024' (OfS 2024.21), May 2024.

Many providers have moved to protect their liquidity position, through efficiencies and reduced capital investment, and these liquidity reserves will provide some mitigation against further financial risks.

However, providers across the sector continue to face a number of financial challenges, now and in the imminent future, including:

- A decline in the real terms value of the unit of resource, for UK undergraduate activity, meaning more financial reliance is placed on other income streams. This is evident from the student, fee and grant data over time, and is a prominent financial risk reported by sector finance leaders.
- Many providers have become reliant on overseas student fees. This is potentially perilous as geopolitical and economic issues can have a significant impact on recruitment with little notice.
- The student recruitment landscape is becoming more challenging and competitive, with the latest data indicating declining UK and overseas student recruitment. The sector's overall growth aspirations, on which it is forecasting relatively weak financial performance, appear to be increasingly unachievable.
- Continued inflationary and other economic pressures are increasing operating costs and the cost of capital developments. It is increasingly expensive to deliver higher education and research. For some providers in particular, recent increases to employer contributions

to the Teachers' Pension Scheme are a significant burden.

- In recent years there has been, in aggregate, a reduction in spending on infrastructure, facilities, and equipment (capital expenditure) to protect cash reserves and limit new borrowing when the financial landscape is challenging. However, this will result in the accumulation of future investment needs. This could result in deteriorating condition of facilities and accommodation that requires increasing costs of maintenance.
- Providers are conscious of the need to reduce carbon emissions and achieve net zero as soon as possible. However, the investments required to achieve this are significant and may be unaffordable in the present economic environment.

During recent years we have further developed the capability of our financial modelling to analyse the sensitivity of providers' finances to a range and combination of potential risk scenarios. For the first time we have published information about the various scenarios we have modelled.⁸¹ These set out vividly the challenges of a range of potential futures for the sector.

The combination of risks we are seeing, including the declining real-terms value of resources relative to

81 See OfS, 'Financial sustainability of higher education providers in England 2024' (OfS 2024.21), May 2024.

rising costs, underlines how vitally important student recruitment is to maintaining financial sustainability. We have therefore concentrated much of our financial modelling on different scenarios of variations in recruitment of UK and non-UK students.

Our financial sensitivity analysis helps inform our assessment of providers' financial sustainability and helps direct our engagement with providers whose sustainability might be more sensitive to financial risks.

The outcome of this analysis shows the significant scale of the financial adjustment that might be necessary to accommodate reductions in students and resulting fee income. Providers' capacity to mitigate these financial challenges is likely to be significantly tested.

Protecting public funding

Protecting public funding and ensuring value for money are key elements of our regulatory work, and a theme flowing through much of our regulatory activity. We consider some business models to represent increased risk, for example because they involve working with partners and significant growth in student numbers. We also see concerns related to management and governance, data quality or quality and standards in these situations. We have commissioned data audits, imposed additional monitoring requirements, and met with a number of chairs and accountable officers of providers to discuss our concerns.

The National Audit Office (NAO) published its investigation into student finance for study at franchised higher education providers in January 2024, and the OfS chief executive attended a Public Accounts Committee hearing about this in February 2024, alongside the DfE Permanent Secretary and the chief executive of the Student Loans Company (SLC).⁸² The NAO's report identified ten recommendations, of which four were relevant to the OfS. The OfS accepted the recommendations, with two already completed and activity planned to complete the remaining two in the next year.⁸³ We are also working with the DfE and SLC on areas of shared responsibility.

Looking forward, we plan to review our approach to the regulation of management and governance to consider whether changes to our requirements would better create the incentives we want to see for good governance, and support intervention more effectively where that is needed. We intend to consult on new initial conditions for management and governance, proposing a sharper, more rules-based test. Proposals are likely to include more specific requirements for fit and proper persons tests, and requirements to produce credible plans for management and governance arrangements once registered. This

82 Available at NAO, [‘Investigation into student finance for study at franchised higher education providers’](#).

83 The NAO has not yet audited to assess whether it agrees that two recommendations have been completed by the OfS.

will allow for a more rigorous assessment of a provider's potential ability to deliver good governance in practice if it is registered. We also expect to consult on a new initial condition of registration to strengthen the tests we have in place at registration to ensure we can hold providers to account in relation to students' consumer rights.

Use of data in our regulation

In addition to financial data, other kinds of data are central to our regulatory approach. We use indicators 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 for student outcomes, student survey data, access and participation data and associations between student characteristics.

This year, the first collection of student data took place under Jisc's Data Futures programme. Jisc encountered considerable technical challenges in the programme's implementation, which necessitated the OfS extending submission deadlines for providers and making changes for related data collections. We engaged closely with over 70 providers that were not able to sign off data by the original deadline. By the final closure of the collection on 12 January 2024, all 267 English providers required to make a return had submitted and signed off a 2022-23 student record, though a small number of providers were required to make data amendments by 30 April.

In view of Jisc’s challenges in implementing the 2022-23 student data collection, we worked with Jisc to assess data quality in the most significant areas for our onward uses of the data, and were broadly reassured. We continue to monitor risks relating to delays to the production and publication of data outputs and the impact on timings of our regulatory processes. OfS publications, such as the student outcome and experience measures and access and participation data dashboards, normally scheduled for the spring, will now be released in early summer, and this has had a knock-on effect on the timelines for updating some of our KPMs.⁸⁴ However, we made an earlier, pre-publication release of certain dashboards, so that individual providers were able to help to check the quality of their data in spring 2024.

At the close of the financial year, we finalised the terms of reference for a UK-wide independent review of the issues with the delivery of the Data Futures programme. While this is underway, we have confirmed that providers in England will not be required to submit in-year student data to Jisc as part of the 2024-25 or 2025-26 student data returns.



Goal 10 Students receive the academic experience they were promised by their provider and their interests as consumers are protected before, during and after their studies.

84 KPMs 3, 5, 7, 8, and 11C will next be updated in July 2024.

Protecting students as consumers

Students at universities and colleges in England have consumer rights and are protected by consumer protection law. We work with other bodies such as the Competition and Markets Authority and National Trading Standards to secure this protection for the benefit of students.

All higher education providers registered with the OfS are subject to a group of ongoing conditions of registration entitled 'Protecting the interests of all students'. These are collectively described as the 'C' conditions. We published an Insight brief this year, which looked at the concept of students as consumers and considered the scope of consumer protection law as it currently stands. It also examined how our regulation protects consumer rights.⁸⁵

We expect 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

85 Available at OfS, ['Protecting students as consumers'](#).

quality or academic support – can alert us to concerns using our notifications process (see page 140).

We have an agreement in place with National Trading Standards (NTS) to support students' consumer interests. Where a potential breach of consumer protection legislation has been identified, NTS takes forward individual cases on our behalf. For example, this may include organisations that put unfair terms and conditions in student contracts. We have referred eight cases to NTS, and in the next year plan to publish case studies relating to the work conducted by NTS to raise awareness of how providers should comply with consumer law, and to increase the incentives for doing so.

Responding to industrial action

This year many students experienced disruption from industrial action, because of the national marking and assessment boycott which ran from April to September 2023. As an independent regulator, we do not take a view on the substance of any employment dispute – our concern is the interests of students. Guidance for students on our website sets out what students can expect from their provider during industrial action, and how to complain to their provider and the OIA.⁸⁶

We wrote to providers in June 2023, drawing attention to the conditions of registration that are particularly relevant during periods of industrial action and their obligations

86 See OfS, 'Student guide to industrial action'.

to students under consumer protection law.⁸⁷ We set out our expectations that providers should take steps to ensure students are appropriately supported during industrial action and receive timely information about the impact of any disruption on their studies and when they will receive their assessment outcomes, and the options available to them. We also reminded providers that they needed to tell us about significant decisions made arising from industrial action such as to award degrees at a materially later date than originally planned, or to award unclassified, rather than classified, degrees. We received several reportable events from providers in response to this request, and in each case, considered what further engagement with the provider was necessary.

KPM 9: 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 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.

Value for money in higher education is a complex and contested concept that is difficult to measure directly. Our regulatory objectives – in terms of participation, student experience and outcomes – seek to capture what this concept means in regulatory terms. Building from these

87 Available at OfS, ['Marking and assessment boycott'](#).

objectives, we have a KPM for value for money. KPM 9 provides of a set of measures for the main drivers of value for money for students: quality of teaching, assessment, feedback, and learning resources. These measures are based on student survey and outcome data and, while they can be used to consider value for money in higher education, they are proxies.

We are expanding and refining these indicators over time and welcome feedback on how to improve this measurement. We will engage with students and sector representative groups on possible approaches to creating a robust measure of the wider value of higher education, as we seek to understand how this might work conceptually and in terms of practical implementation, such as data collection. This will form part of our work with stakeholders in better understanding the student interest (see page 35 in the 'About us' section.)

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

Why are we measuring this?

Survey research and polling find that many students do not consider that they receive good value for money for their higher education experience in relation to the costs of maintenance for studying and tuition fee loans. We note that understanding of the value of higher education is likely to vary among students, and their perceptions may 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.⁸⁸ 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. These are:

- **KPM 9A:** The percentage of undergraduate students polled on behalf of the OfS who say that university offers good value for money.

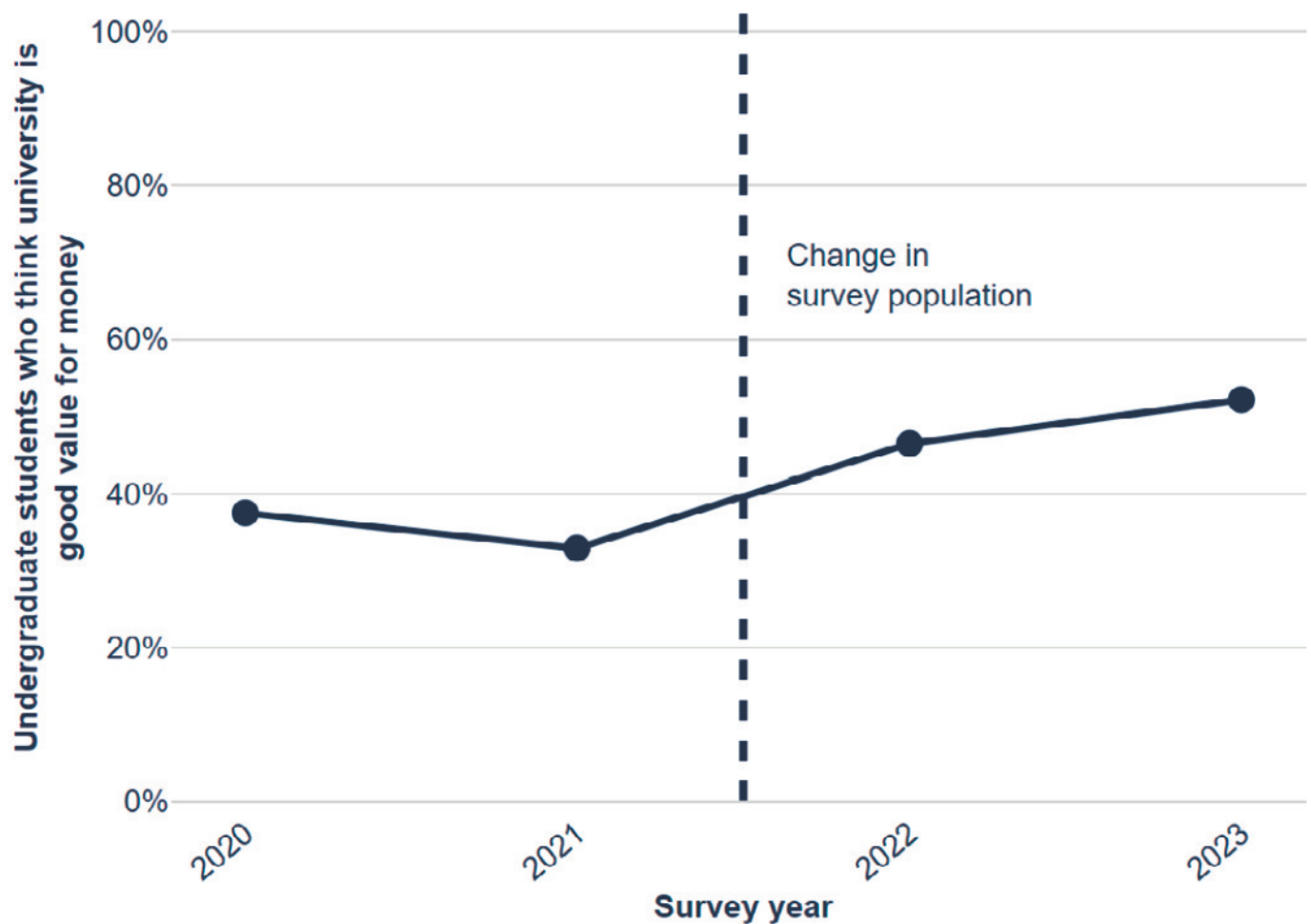
88 Available at OfS, ['New research shines spotlight on student perceptions of value for money'](#).

- **KPM 9B:** The percentage of undergraduate students responding positively to National Student Survey questions about three aspects of quality. These are the NSS questions related 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.

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



What does this show?

Our 2023 polling of students in England suggests that around 52 per cent of current undergraduate students think university offers good value for money, considering the costs and benefits. This compares with 46 per cent from polling in 2022. However, the 2022 and 2023 data was collected using a different polling company to previous years, with a different panel of students which means the results may not be comparable.

The Student Experience Survey (conducted by Advance HE and the Higher Education Policy Institute) also measures students' perceptions of value for money.⁸⁹ In 2023, the survey found that 37 per cent of undergraduate students in England reported higher education to be 'good' or 'very good' value for money. This was a slight increase from 34 per cent in the previous year.

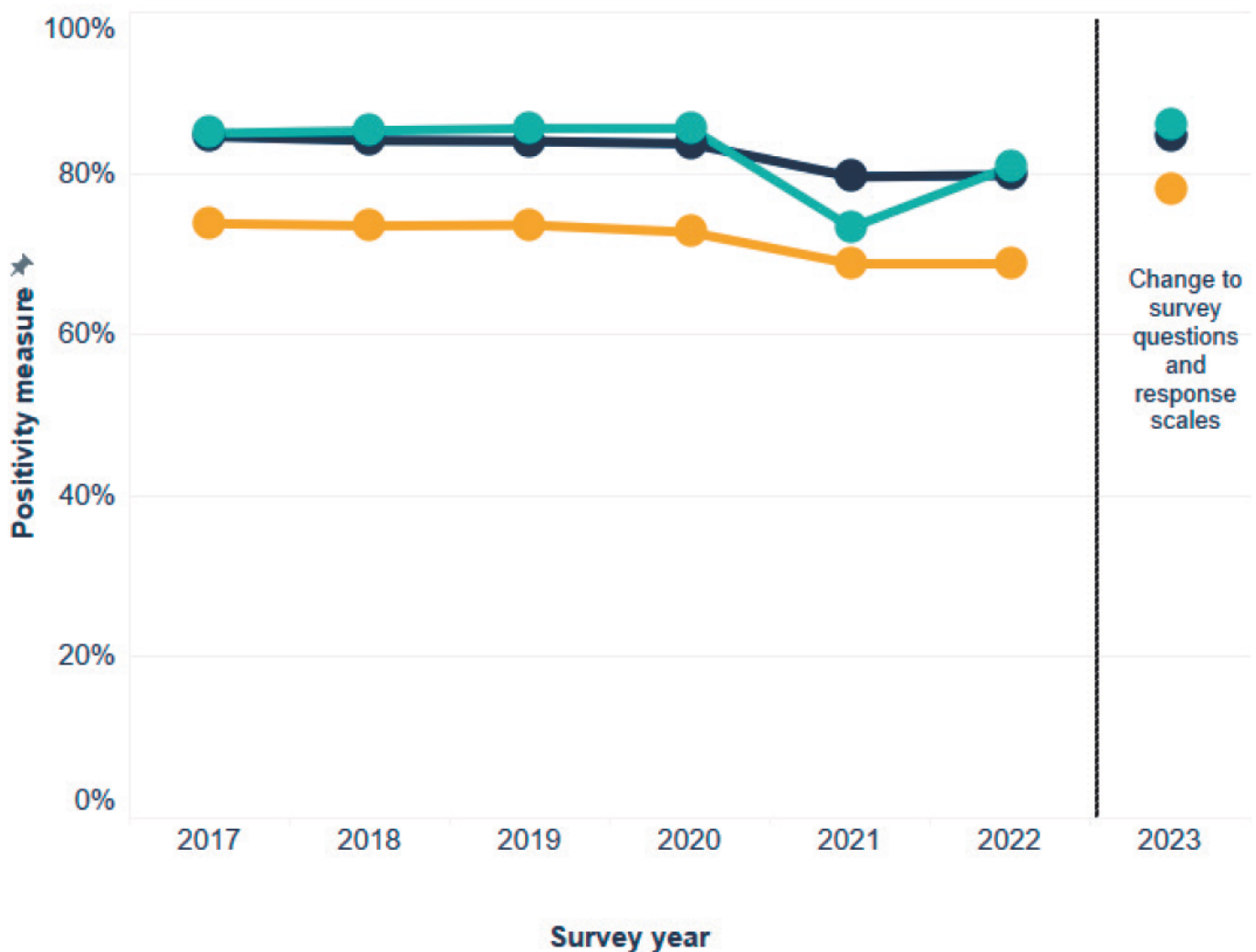
Our second measure of value for money, KPM 9B, draws on the same data as KPM 4, showing the percentage of undergraduate students responding positively to National Student Survey questions about aspects of quality (see also page 66).⁹⁰

In 2023 there were changes made to the NSS. Some questions changed, and a four-point response scale was used instead of a five-point one, meaning there was no longer a 'neutral' response option. Results from 2023 are shown separately as they should not be directly compared with those before. In particular, the removal of the 'neutral' response option in 2023 means that we would expect more students to respond positively to the new survey, regardless of any change in the student experience.

89 Available at Advance HE, 'Student Academic Experience Survey 2023'.

90 Available at OfS, 'KPM 9: Value for money'.

KPM 9B: Percentage of undergraduate students responding positively to NSS questions about aspects of quality 2017 to 2023



Theme measures

■ Assessment and feedback
 ■ Learning resources
 ■ The teaching on my course

What does this show?

KPM 9B shows the percentage of students who responded positively to NSS questions about the teaching on their course, the assessment and feedback they received, and the learning resources available to them.

In the 2023 NSS, 84.7 per cent of students responded positively to questions about the teaching on their course. On questions about assessment and feedback, 78.0 per cent of responded positively. On questions about learning resources, 86.1 per cent responded positively.

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 KPMs 1 and 9C are closely related, as 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 with student outcome indicators above our numerical thresholds (see page 60).⁹¹ As for KPM 1, the complexity of the data for KPM 9 means that it is better suited to being viewed online.



Goal 11 The OfS minimises the regulatory burden it places on providers, while ensuring action is effective in meeting its goals and regulatory objectives.

91 Available at OfS, ['KPM 9: Value for money'](#).

Minimising regulatory burden

Our goal is to minimise regulatory burden, while ensuring our actions are effective. We vary the regulatory requirements we place on providers according to the risks they pose to the interests of students and taxpayers. We continue to test whether the information we routinely request is sufficient for us to monitor providers that we consider represent less risk.

An important part of our regulatory work is our collection of data to construct indicators showing student outcomes and financial performance. We use these to understand sector-wide patterns and to identify changes in an individual provider's circumstances or performance, which may signal that we need to consider whether it is at increased risk of a breach of its ongoing conditions of registration.

We cannot generate credible indicators if we do not collect consistent data from all providers. 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, invite providers to identify areas where they feel they are experiencing disproportionate burden, and we routinely discuss this in our engagement visits.

The increase in financial risk in recent years underlines the importance of financial data to the OfS, including because we have a duty to monitor the financial sustainability of registered providers. We commissioned an independent report to identify opportunities to better target our data requirements. As a result, we have

introduced changes for the 2024 annual financial return.⁹² Some of these changes are important because they will provide data on key risk areas where there has been little data previously. Others will reduce some of the data collected from providers. However, we acknowledge that, overall, these changes are likely to be a net increase in data collection burden, but we have considered these carefully and designed them in a way which is as minimally burdensome as possible.

We consult on changes to our regulation. We recognise that finding the time to engage with and respond to consultations can be burdensome for providers. We try to ensure that our consultations are staggered, so it is easier for providers to respond, and this year we made changes to the presentation of consultations to make them more accessible and easier to navigate.

Our KPM 11 looks at data on our interactions with providers, presenting a set of measures that, taken together, can be used to consider aspects of regulatory burden for higher education providers. For further information see our website.⁹³

92 Available at OfS, [Review of Office for Students' Annual Financial Return](#)'; available at OfS ['Regulatory advice 14: Guidance for providers for the Annual Financial Return'](#).

93 Available at OfS, ['KPM 11: Efficient regulation'](#).

We also have a set of operational measures, which track how efficiently and effectively we are delivering our core regulatory activities. These are discussed on page 136.

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.

KPM 11A: Minimum and maximum number of OfS data and information returns for providers

This presents data on the number of data and information returns that providers must submit to the OfS and its designated body. The data and information that providers submit are essential for OfS regulation. Counting the

number of returns gives us an indicative measure of this burden for providers.

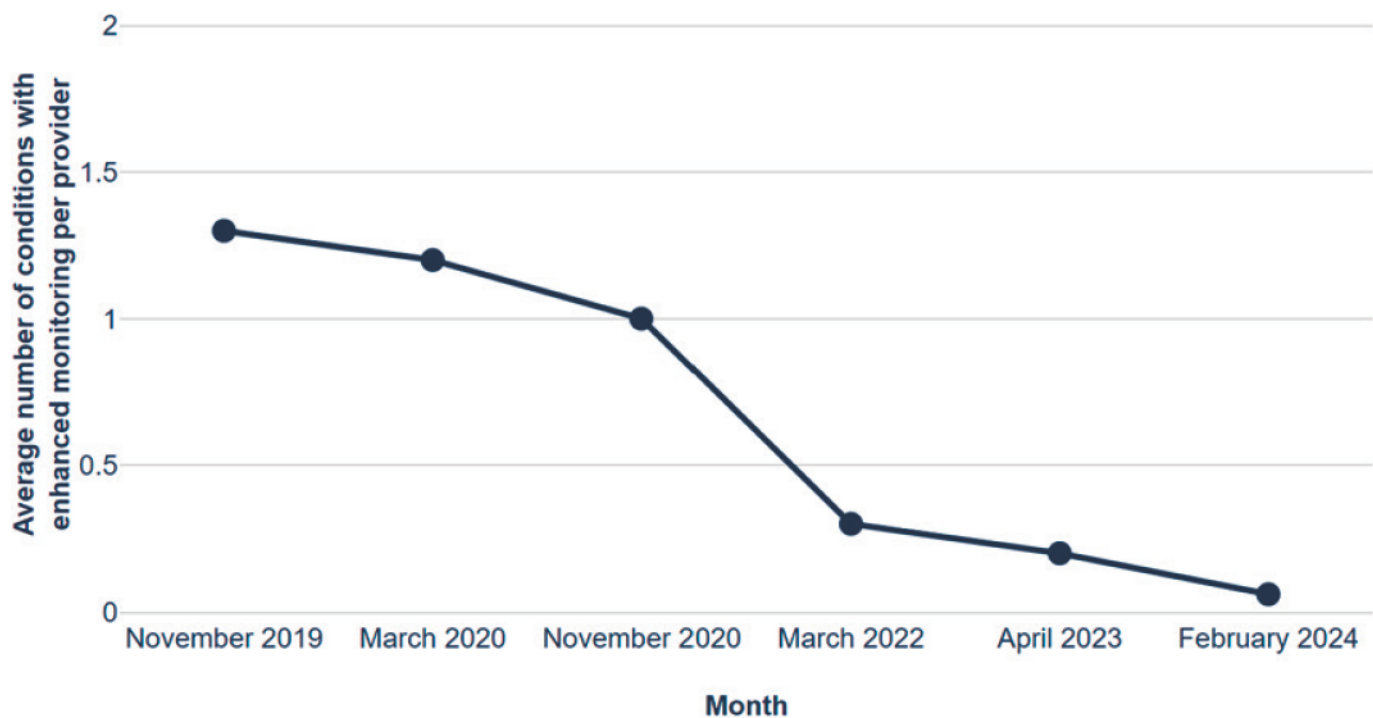
What does this show?

KPM 11A shows that for 2022-23 academic year, the maximum number of returns a registered provider had to make was 16 and the minimum number of returns was four. Both figures are the same as the previous year, 2021-22.⁹⁴

KPM 11B: Average number of OfS conditions of registration subject to enhanced monitoring per registered provider

This presents data on the enhanced monitoring requirements we impose on certain 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 can increase administrative burden for a provider. Counting the conditions that have enhanced monitoring requirements in place gives us an indicative measure of this burden.

94 Available at OfS, ['KPM 11: Efficient regulation'](#).



What does this show?

KPM 11B shows levels of enhanced monitoring requirements on six occasions. In February 2024, the average number of conditions per provider with enhanced monitoring was 0.06. 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: Amount of regulatory fees paid by providers per student

KPM 11C presents data on the fees that providers paid to the OfS and designated bodies during the 2021-22 academic year. Paying regulatory fees is an administrative cost for providers. We can measure this directly. Our website will include updated data for the

2022-23 academic year when it becomes available in the summer of 2024.

What does this show?

KPM 11C shows that in 2021-22, registered providers paid £18.72 per student in regulatory fees.

Operational measures for core regulatory activity

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

- 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 graphics relate to calendar years and include data up to December 2023. The data is necessarily lagged because of the need to determine how long it has taken to resolve individual cases. Our website provides more detail about our operational measures.⁹⁵

95 Available at OfS, [‘Operational measures’](#).

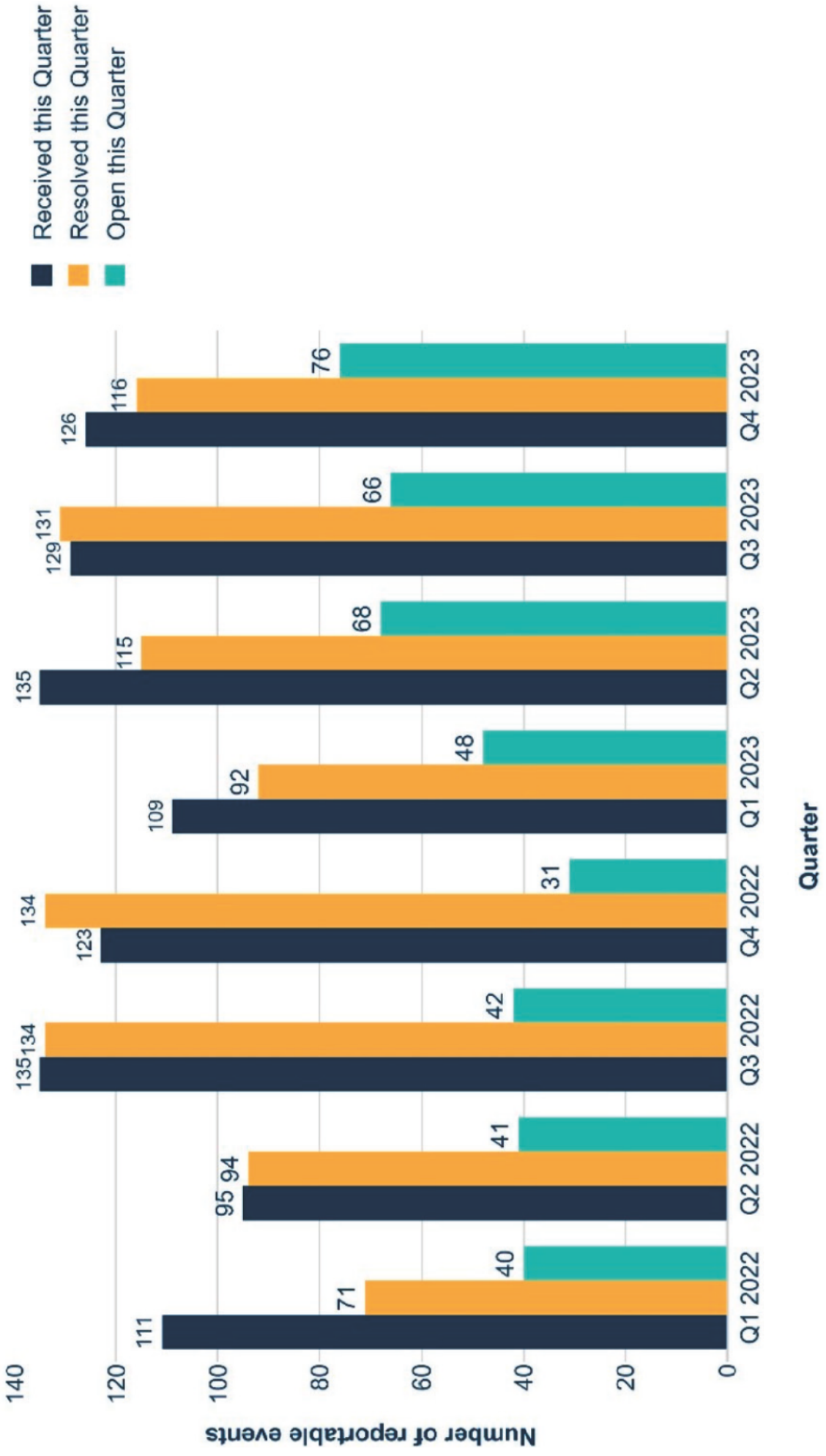
OM 1: Reportable events

Why are we measuring this?

Reportable events are a key 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 promptly so that we have up-to-date risk assessments. If our approach for reportable events is efficient, we would expect a short resolution period.

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



What does this show?

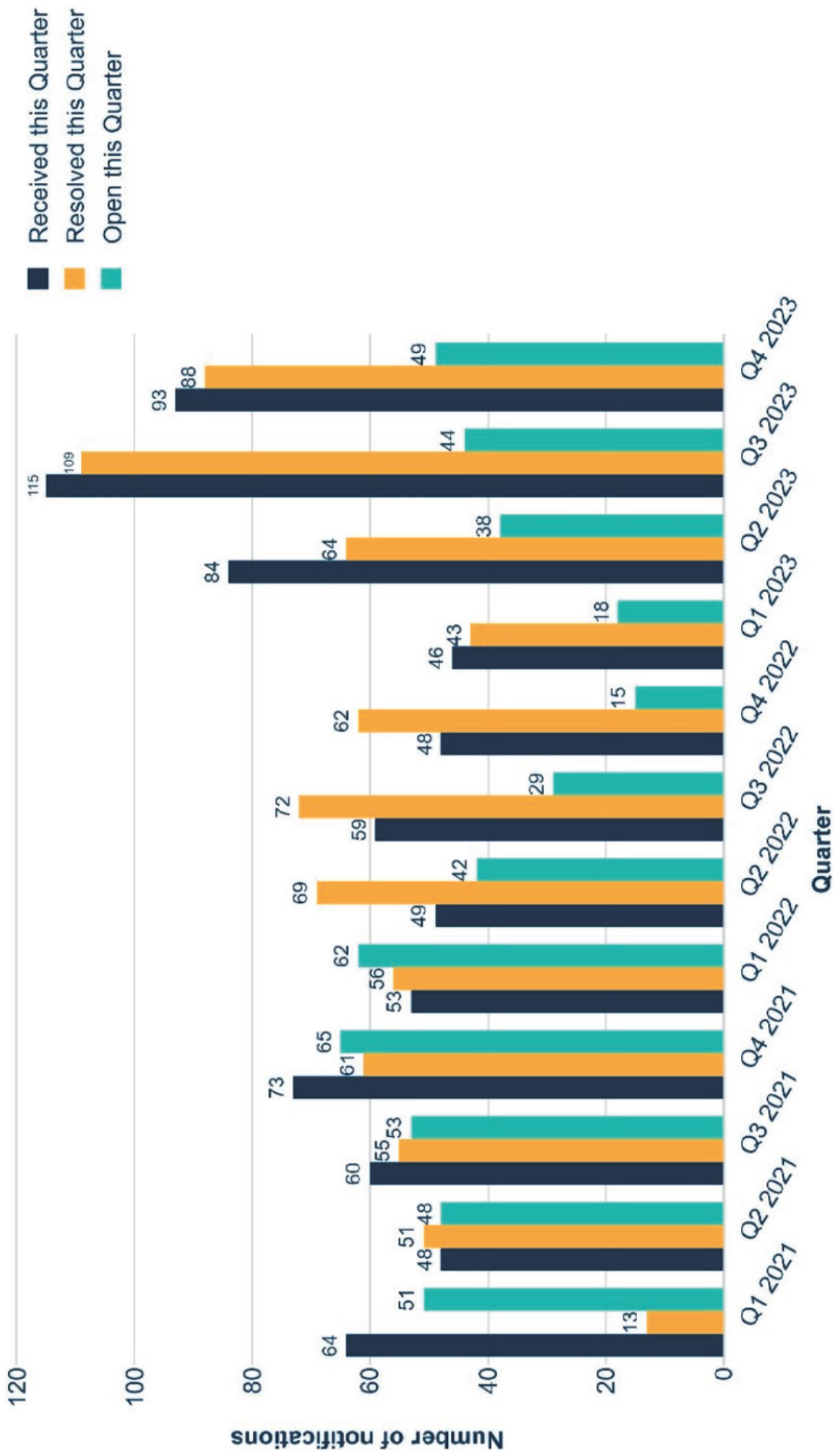
OM 1A shows at the close of 2023 calendar year, we had recorded 499 reportable event cases and resolved 454 cases, compared with the recording of 464 cases and resolving of 433 cases in 2022. An accompanying chart for OM 1B on our website shows the number of days taken to resolve each reportable event and how this varies over time. OM 1B shows that, at 31 December 2023, the maximum length of time we would expect to resolve a new reportable event case was 40 days, which compares with 79 days as at 31 December 2022.

OM 2: 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 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 happened, and what action it proposed to take.

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



What does this show?

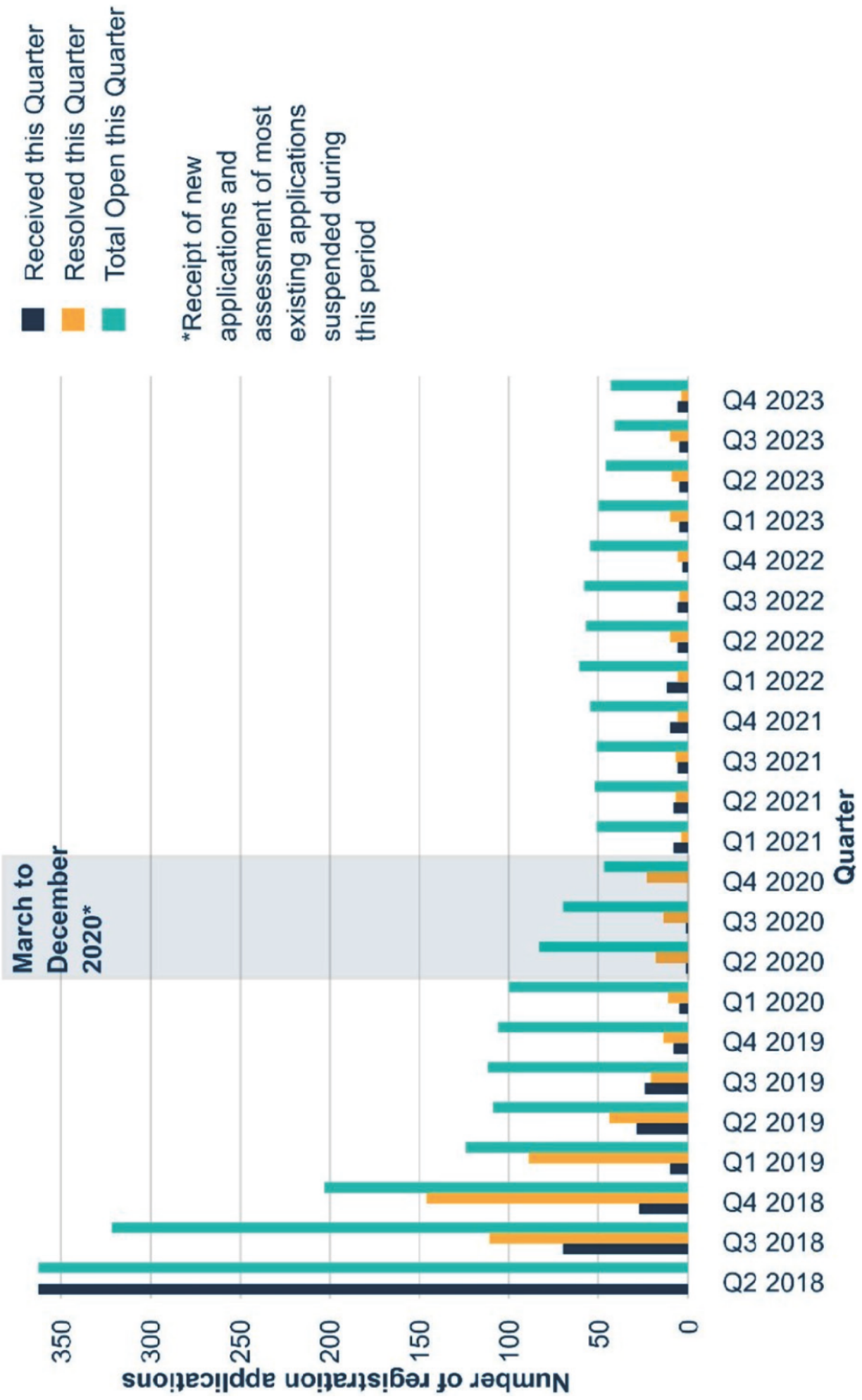
OM 2A shows at the close of 2023 calendar year, we had recorded 338 notifications and closed 304 cases, compared with our recording of 209 cases and closing of 260 cases in 2022. An accompanying chart on our website shows the number of days taken to resolve each notification over time. OM 2B shows that, at 31 December 2023, the maximum length of time we would expect to resolve a new notification was a maximum of 45 days. This compares with 99 days at the end of December 2022.

OM 3: Registration

Why do we measure this?

Registration is an important part of the OfS's role. It allows 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 decisions in good time, so that providers that meet our initial conditions of registration can enter the regulated sector 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 meet our requirements are registered. We published updated registration guidance including information about the OfS's quality and standards assessment processes for registration on 15 December.

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



What does this show?

At the end of December 2023, we held 43 unresolved registration applications. These applications are at various stages of the application process. In a significant number of cases, providers have submitted incomplete applications or are taking time to respond to our follow up requests for information.

OM 4: Authorising degree awarding powers

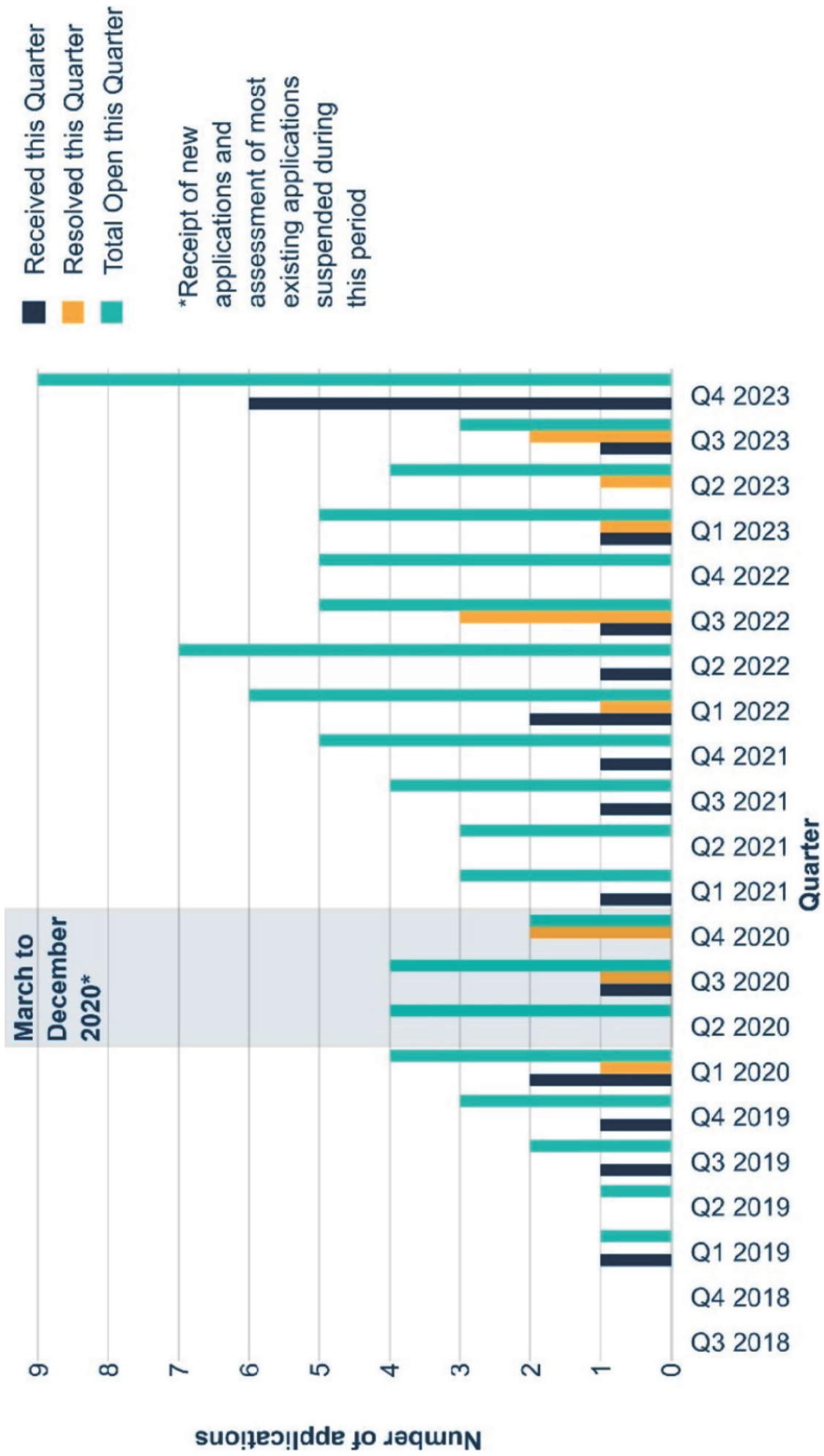
Why do we measure this?

The authorisation of degree awarding powers is an important part of the OfS's role. Authorisation 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 providers that meet 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.

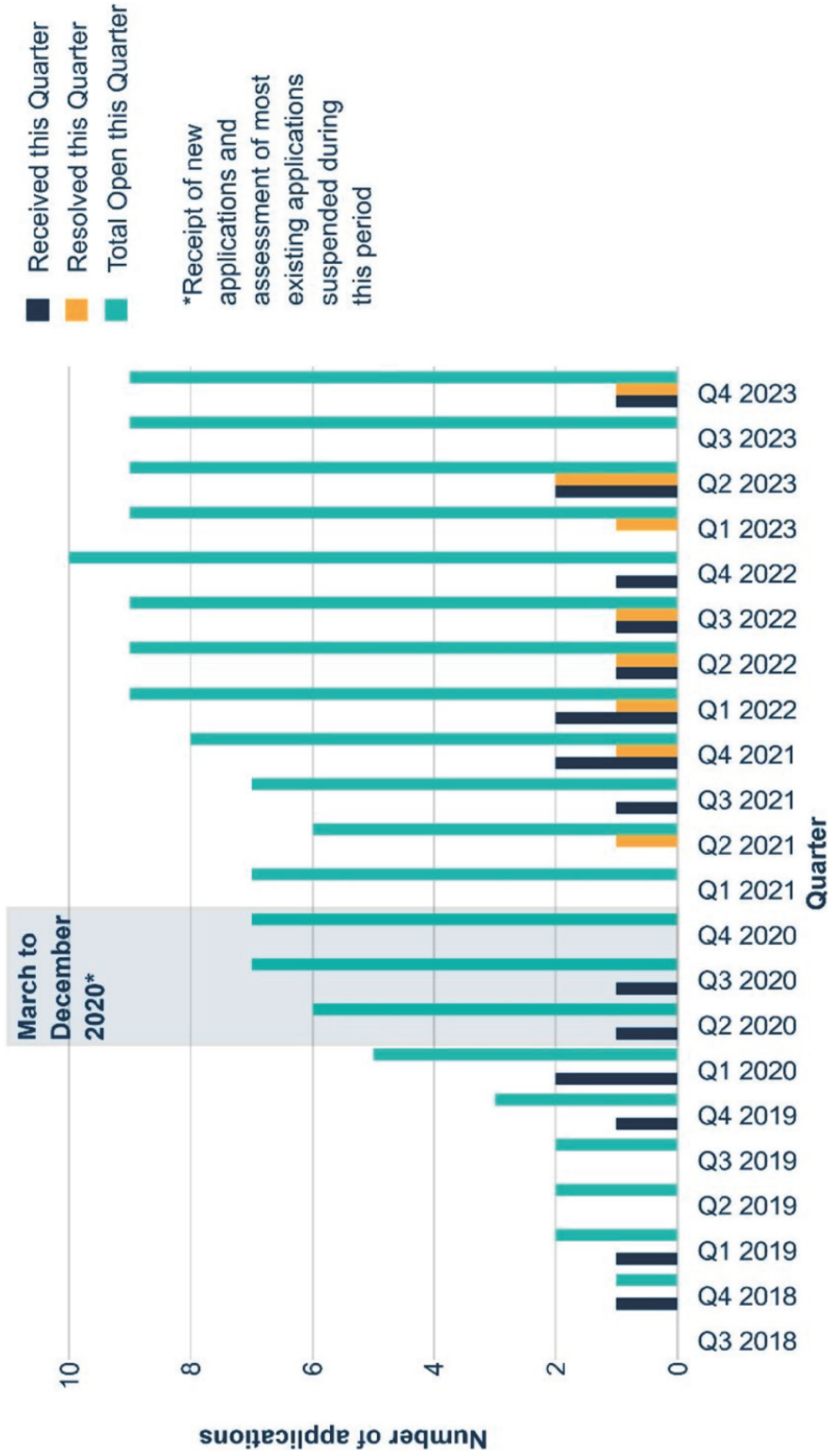
There are two categories of work in this area. One is authorising new degree awarding powers where a provider has been offering higher education for fewer than three years – powers here are granted on a probationary basis. The second category is authorisation of full degree awarding powers. A provider that has offered higher education for more than three years can apply for full DAPs, and if the OfS authorises this, at the end of the three-year period the provider will be able to apply for an authorisation to grant awards without a time limit. This is referred to as ‘indefinite degree awarding powers’.

In July 2023, the OfS published new operational guidance for universities and colleges to apply for DAPs.

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 six applications for new DAPs or full DAPs each quarter. At the end of December 2023, we held nine unresolved new DAPs applications and nine unresolved full DAPs applications.

There was a delay to progressing some applications in 2023 due to changes to the designated quality body. All applications are now being progressed. Open applications can be at a variety of stages, from the initial eligibility and suitability assessment undertaken by the OfS, to the in-depth assessment against the DAPs criteria undertaken by a team of external academic experts.

Before we authorise full DAPs, a provider is subject to an application scrutiny review, which normally extends over 12 to 15 months.

Financial performance

Funding and expenditure

In 2023-24 the OfS received a total of £1,606 million (2022-23: £1,457 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 2023-24 the OfS received £29.8 million (2022-23: £26.1 million) in registration fee income to support administration costs.

Total expenditure in the year was £1,636 million (2022-23: £1,486 million). Of this, £30.5 million (2022-23: £27.3 million) relates to administration, and £1,606 million (2022-23: £1,459 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.

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 2024 the Statement of financial position shows net assets of £8.0 million (2022-23: £6.2 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 2024 our cash balance was £16.0 million (2022-23: £12.2 million). This balance also includes £7.9 million (2022-23: £6.2 million) of registration fee income, which is deferred to 2024-25 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 is aligned with the Government Prompt Payment Policy. The OfS monitors performance in-year against this target. To balance the desire to pay creditors promptly against the need to maintain effective internal controls, the OfS also monitors performance against 10-day and five-day measures.

The following table shows an analysis of invoices paid against targets.

	2023-24	2022-23
5 days	87.5%	90.1%
10 days	93.4%	94.9%
30 days	99.0%	99.4%

At 31 March 2024 the trade payables administration balance (the amount owing to our suppliers) was £0.1 million (2022-23: £0.1 million). During 2024-25 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



Key achievements

We **consolidated our working spaces** and decreased our office-related emissions.



We began drafting an **environmental sustainability strategy** for the OfS.

12 employees utilised our cycle to work scheme during 2023-24, meaning that 38 employees have participated during the past five years.



The OfS aims to act in a socially responsible manner to achieve our goals by seeking 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 considering our own historical usage figures in conversation with other organisations with similar size and function. Understanding these impacts helps us develop targets for future emissions reductions, as well as identifying and implementing other sustainability improvements. We are continually reviewing our operations with climate change adaptation in our minds and in our plans.

In April and May 2023, the OfS's estate comprised of two buildings in Bristol, both 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 have reduced our estate to a single building, Westward House in Bristol, which we share with UK Research and Innovation (UKRI) Research England, and a small office in the Government Hub Sanctuary Buildings in London.

This reduction in the size of our estate is possible because the majority of our staff continue to work in a hybrid way, both in our offices and remotely. This shift in working patterns has enabled reductions in our emissions and is reflected in this year's data, where our electricity and gas usage have seen a substantial year-on-year decrease. Examples of this include a 36.6 per cent decrease in electricity usage across our estate from fiscal year 2022-23 compared with 2023-24, and a 45.7 per cent decrease in gas usage. Though our reduced estate has limited green space, in the past year we considered what steps we could take to conserve and enhance biodiversity. We encourage the contractors that maintain our outside spaces to maintain and improve their ecological value where possible.

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, we aim to reduce our emissions, waste and water consumption. This is reflected in the targets we have set out below. 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 our 2018-19 baseline. However, we note that the scale and scope of the OfS has grown substantially since operations began in 2018-19, and that using 2018-19 as a baseline is 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. We are working towards removing single-use plastics from our estate.

Performance against baseline

Category	2023-24	2018-19 baseline	Percentage change from baseline	Target
Overall greenhouse gas emissions (t CO ₂ e)	146	317	-54%	Reduce overall greenhouse gas emissions by 56% from baseline
Direct greenhouse gas emissions (t CO ₂ e)	64	94	-32%	Reduce direct greenhouse gas emissions by 36% from baseline
Domestic business flight emissions (t CO ₂ e)	2	9.5	-79%	Reduce domestic business flight emissions by at least 30% from baseline
Overall waste generated (tonnes)	9.46	21.54	-56%	Reduce overall waste generated by 15% from baseline
Proportion of waste going to landfill	0%	10%	-10%	Reduce the amount of waste going to landfill to less than 5% of overall waste
Proportion of waste that is recycled	52%	90%	-38%	Increase the proportion of waste that is recycled to at least 70% of waste
Paper consumption (A4 equivalent reams)	1021	948	+8%	Reduce paper consumption by 50% from baseline
Water consumption	2.16	6.92	-69%	Reduce water consumption by at least 8% (m ³ per full-time equivalent OfS and Research England staff) from baseline

Taskforce for climate-related financial disclosure

The OfS has reported on climate-related financial disclosures consistent with HM Treasury's disclosure application guidance. This is aligned with the Taskforce for climate-related financial disclosure (TCFD), which it interprets and adapts the framework for the UK public sector.

The OfS has voluntarily applied the TCFD recommendations and recommendations disclosures around:

- Governance – recommended disclosures:
 - Board's oversight: Our Risk and Audit Committee, which is a committee of the OfS Board (see organisational structure on page 176), will annually review our sustainability performance data and climate-related issues. The first review, informed by the sustainability data from 2023-24, took place in June 2024.
 - Management's role: Our Risk and Performance subcommittee (page 184), which is a management-level committee, has assumed responsibility for overseeing climate-related issues. The committee will continue to be informed of climate-related issues by monitoring implementation and performance against targets, implementing phase 2 of public sector TCFD guidance, and other climate-related issues.

- Metrics and Targets – recommended disclosures:
 - Emissions: We report our scope 1, scope 2 and scope 3 greenhouse gas emissions (page 159) in line with the scope of the Greening Government Commitments and the methodology described in the Sustainability Reporting Guidance.⁹⁶

This is in line with the central government’s TCFD-aligned disclosure implementation timetable for phase 1. The OfS plans to provide recommended disclosures for Risk management and Metrics and targets in future reporting periods, in line with the government implementation timetable.

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.⁹⁷ Additionally, in line with our previous reporting, we also 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 2023-24 was not available, so

96 Available at Gov.uk, [‘Sustainability Reporting Guidance 2023-24’](#).

97 Available at Gov.uk, [‘Sustainability Reporting Guidance 2023-24’](#).

data was extrapolated to produce the annual figures below.

Following guidance published by the Department for Energy Security and Net Zero and the Department for Environment, Food and Rural Affairs, total greenhouse gas emissions are calculated using current conversion factors for the reporting year.⁹⁸

98 Available at Gov.uk, [‘Greenhouse gas reporting: conversion factors 2023’](#).

OfS greenhouse gas emissions (tonnes of CO₂e)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total gross emissions for Scope 1* (direct emissions)	94	91	48	106	108	64
Total gross emissions for Scope 2* (energy indirect)	125	115	66	70	69	47
Total gross emissions for Scope 3 (other indirect)**	98	75	6	10	20	35
Total emissions	317	281	120	186	197	146
Carbon intensity (per £ million expenditure***)	11	9	4	6	7	5

Note: 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.

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

** We take into account transmission and distribution of electricity and overnight hotel stays in addition to our official business travel to calculate our scope 3 emissions.

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

Green electricity tariff carbon offset

The OfS buys electricity via a green energy tariff, a blended tariff consisting of 50 per cent zero carbon and 50 per cent renewables, from our energy provider, EDF. EDF reports annually on the CO₂ produced by energy purchased on these tariffs.⁹⁹ This year, EDF reported that there were no carbon emissions generated in the production of this electricity. The table below demonstrates what the impact of those emissions reductions would be on our overall emissions.

	Unit	2023-24
Total emissions offset from zero carbon electricity generation	Tonnes of CO ₂ e	47
Total net emissions	Tonnes of CO ₂ e	99

Note: 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.

If we were to take into account these carbon emissions offsets, the OfS would have reduced our overall greenhouse gas emissions by 68 per cent from our 2018-19 baseline.

99 See EDF, [‘Our fuel mix’](#).

Business travel

Our business travel has increased substantially this year compared with last year. However, it remains well below our pre-pandemic levels. This uptick in travel is due, in large part, to a planned programme of visits to higher education providers across England. During 2023-24 we visited over 80 universities and colleges to increase understanding of our work and listen to feedback from staff and students. We expect that engagement work to continue and increase over the next year.

Unit		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Car		15	18	1	1	7	11
Taxi		17	10	1	0	1	2
Rail	£000	544	374	0	23	84	152
Air		10	14	0	0	0	1
Total business travel	£000	586	416	2	24	92	166
	Tonnes of CO ₂ e	87.7	65.3	0.7	3.6	12	24.1
Travel carbon intensity per full-time equivalent	Tonnes of CO ₂ e	0.24	0.17	0	0.01	0.03	0.05

Breakdown of OfS greenhouse gas emissions from air travel

In line with our business travel, we have had an increase in air travel this year. OfS travel policy states that domestic (UK) flights are not permitted, unless there is a valid reason why travel on land-based public transport is not an option. The numbers in the table below indicate return journeys. One domestic flight was taken to Edinburgh. Two short-haul international flights were taken to Dublin, Ireland. One long haul international flight was taken to Tashkent, Uzbekistan. This year, the needs for flight arose primarily from goals relating to our regulation of quality and transnational education.

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Number of flights		79	81	0	2	2	5
Domestic flights		9.5	8.3	0	0	0.3	0.3
Short-haul international	Tonnes of CO ₂ e	1.3	0.7	0	0.4	0	0.3
Long-haul international		3.8	8.7	0	0	0	1.9
Total emissions	Tonnes of CO ₂ e	14.6	17.7	0	0.4	0.3	2.5

Waste minimisation and management

This year, we have reduced the amount of waste we produced, compared with our 2018-19 baseline as well as the previous year. While we have decreased the amount of non-recycled waste, despite an increase in the number of staff and use of our office space, we have more substantially decreased our recyclable waste. We remain committed to recycling a larger proportion of our waste.

	Unit	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Non-recycled waste	Tonnes	2.06	6.71	0.35	0.36	6.84	4.57*
	£000	4	3	0	0	4	**
Waste recycled at source	Tonnes	19.48	13.12	2.96	6.60	8.09	4.89
	£000	3	6	2	2	4	**
Total waste	Tonnes	21.54	19.83	3.31	6.96	14.93	9.46
	£000	7	9	2	2	8	7
Total waste recycled at source	Percentage (%)	90	66	89	95	54	52
Waste intensity per full-time equivalent	Kg	60	51	9	18	35	21

* Our waste contractor, Veolia, attributes none of our waste to landfill.

** Our waste contractor has not apportioned costs to recycled and non-recycled waste. Our total waste costs were £7,325.26 for this annual reporting period.

Water, energy and paper consumption

The report on our direct consumption of water and energy (finite resources) combines available data for our Bristol and now closed 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 experienced difficulties in obtaining invoices for water at Nicholson House and for utilities in the Government Hub in Sanctuary Buildings. Therefore, it has not been possible to include water figures for these building in the relevant tables below.

We report that we have consumed more paper during this year compared with both the previous year and our 2018-19 baseline. This appears to be a consequence of increasing use of our offices and an increase in our number of staff. The figure in the table below is an estimate. In line with the availability of data in previous years, it is a figure based on the weight of our paper waste. This year, we note that we procured 111 A4 reams. We plan to report on paper procurement figures in addition to estimated paper waste in the future.

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

Unit	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Paper	948	274	0	20	780	1021*
Water**	6.92	6.62	1.38	1.65	1.25	2.16
£000	10	10	2	3	5	4
Electricity	443	452	285	328	358	227
£000	81	81	52	64	87	68
Gas	508	495	260	580	603	327
£000	15	17	11	21	32	20
Total utilities	106	108	65	88	124	92

* This figure, in line with previous years, is estimated based on the weight of our paper waste. Our paper procurement figures indicate that we purchased 111 A4 equivalent reams during this period.

** 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 Chartered Institute of Procurement and Supply's Corporate Code of Ethics and hold its 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 refurbishing our offices in Westward House so that our smaller footprint can continue to meet all of our service needs.

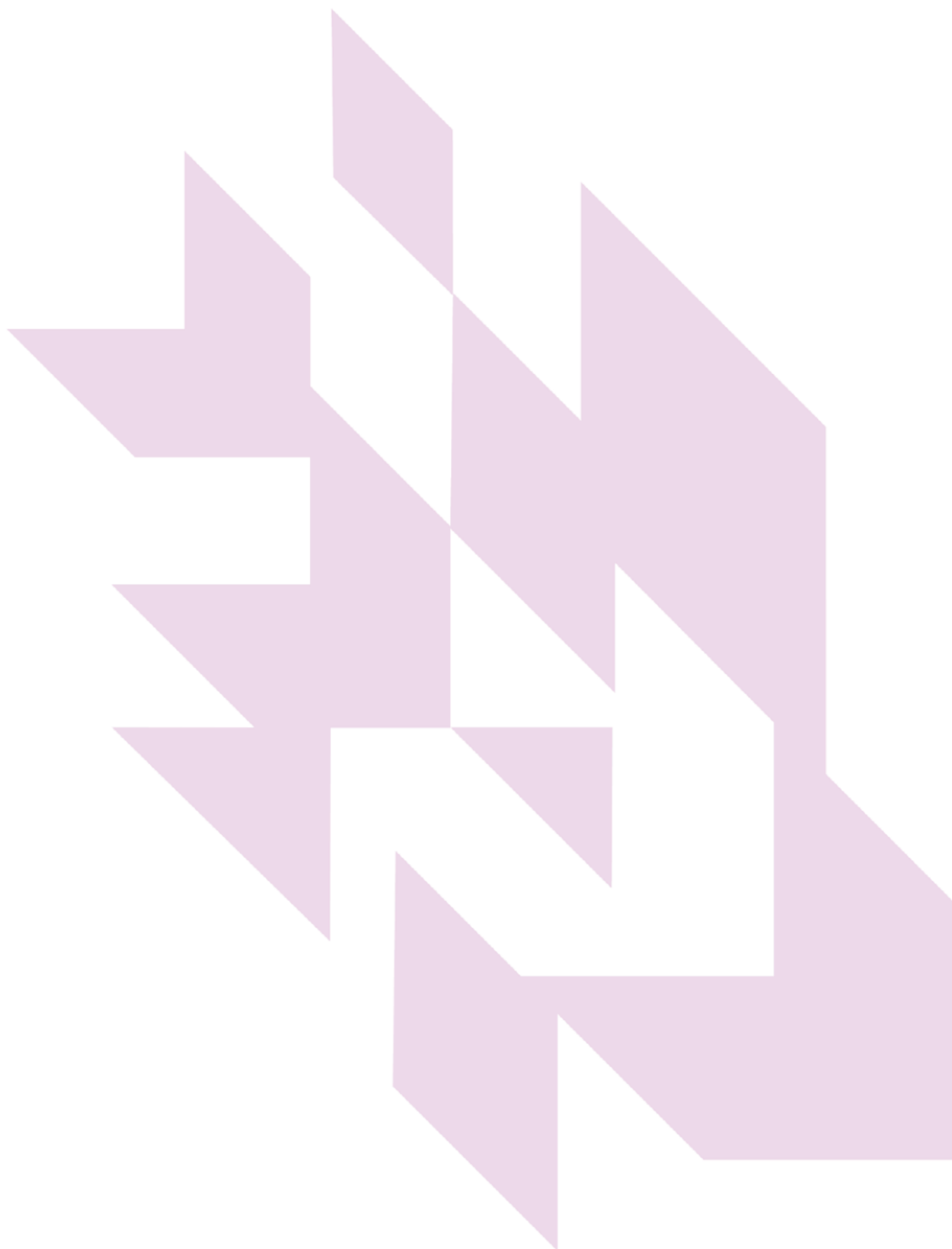
Refurbishment of Westward House began in March 2023 and was completed in July 2023. The project recreated some of the services we previously enjoyed in other buildings, so that these services could be maintained following the end of our lease at Nicholson House at the end of May 2023. This included the 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 reused existing materials and equipment (e.g. floor tiles, doors and IT equipment).



Susan Lapworth
Chief Executive and Accounting Officer
18 July 2024

Accountability report



Corporate governance report

This report covers the operating period from 1 April 2023 to 31 March 2024, 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, Director for Fair Access and Participation, Director for Freedom of Speech and Academic Freedom and the non-executive board members.

Executive members who served during the year

Susan Lapworth, Chief Executive

Arif Ahmed, Director for Freedom of Speech and Academic Freedom (appointed August 2023)

John Blake, Director for Fair Access and Participation

Non-executive board members who served during the year

Martin Coleman (deputy chair and chair of the Provider Risk Committee)

Elizabeth Fagan

Katja Hall (chair of the Risk and Audit Committee from August 2023)

Verity Hancock

Rachel Houchen (chair of the Remuneration and Nominations Committee)

Kate Lander (chair of the Risk and Audit Committee until July 2023, resigned July 2023)

Simon Levine (chair of the Quality Assessment Committee)

Sir Martyn Oliver (resigned December 2023)

Dayo Olukoshi

David Palfreyman (end of term December 2023)

Michael Spence

Caleb Stevens

Biographies of board members are available on our website.¹⁰⁰

100 See OfS, [‘Who we are: Our board and committees’](#).

Conflicts of interest

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 a policy on managing conflicts of interest.¹⁰¹ Registers of interests of board and committee members and directors are maintained and published on our website.¹⁰²

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

No data breaches were reported to the Information Commissioner's Office during the financial year.

Other disclosures

Some disclosures required within the Directors' report are included elsewhere, such as in the Remuneration and staff report.

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

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

Statement of Accounting Officer's responsibilities

Under the Higher Education and Research Act 2017, Schedule 1, paragraph 13, the Secretary of State for Education's Accounts Direction has directed the Office for Students to prepare for each financial year accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Office for Students and of its income and expenditure, Statement of financial position and cash flows for the financial year.

As the OfS's accounting officer, in preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for Education, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements 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 financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual report and accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary of the Department for Education has appointed me, Susan Lapworth, as Accounting Officer of the Office for Students. 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 Office for Students' assets, are set out in *Managing Public Money* published by the HM Treasury.

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 Office for Students' auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

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 and risk and control arrangements in place during financial year 2023-24, 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 and most of our activities relate to the functions set out in that legislation. 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.¹⁰³ It sets out the OfS's

103 Available at DfE, ['Office for Students \(OfS\) framework document'](#).

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 document does not impose any legal powers or duties on the OfS.

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 adaptation in response to changes in the external and internal environment.

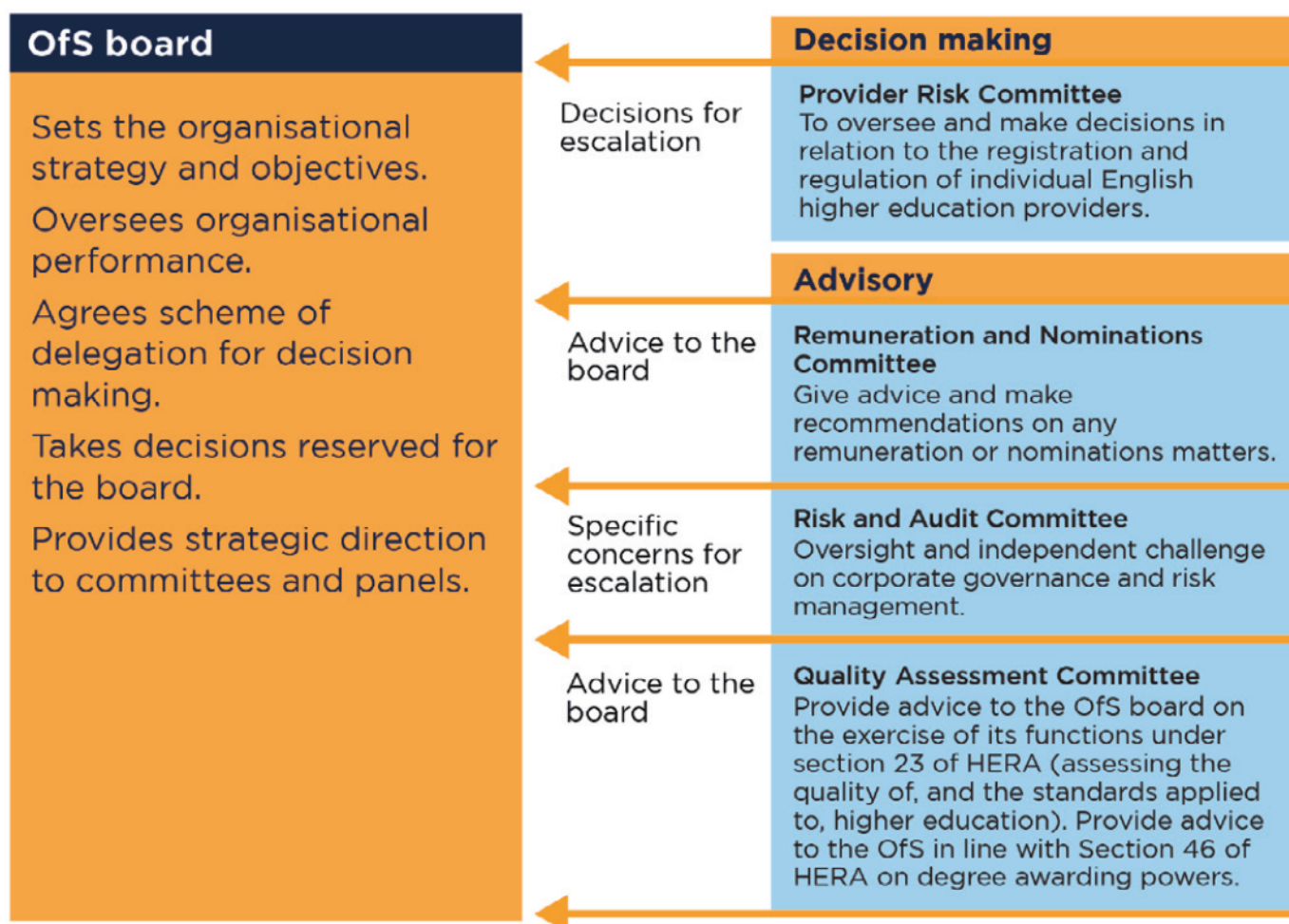
Governance arrangements

The OfS board

The OfS board comprises the chair, the chief executive, the Director for Fair Access and Participation and the Director for Freedom of Speech and Academic Freedom – 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 the board must include at least one member who has experience of representing or promoting the interests of higher education students – this board member chairs the student panel. Standards and arrangements through which the board conducts its business are detailed

in our ‘Board proceedings and code of conduct’.¹⁰⁴ 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.¹⁰⁵



104 See OfS, ‘Who we are: Our board and committees’.

105 See OfS, ‘Who we are: Our board and committees’.

The scheme of delegation allows for the establishment of other committees of the board to perform functions on behalf of the board.¹⁰⁶

Board effectiveness review

A review of the effectiveness of our board was carried out through a questionnaire in January 2024, with survey outcomes presented to the board in May 2024 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.

Student panel

As a regulator acting in the interests of students, we are advised by a student panel. The chair of the student panel is a member of the board. Our student engagement team works closely with the panel to provide input and insights from students to influence our work. The 'About us' section of the report outlines these activities.

Quality assessment

From April 2023, assessment of quality and standards reverted to the OfS, following the de-designation of the Quality Assurance Agency for Higher Education as the designated quality body.

106 Available at OfS, ['OfS scheme of delegation'](#).

The OfS now conducts quality assessments itself, through academic experts who are appointed to Quality and Standards Assessment Committees (QSACs). Quality and standards assessors are academic staff recruited to provide expert judgements to inform regulatory decisions on a range of quality and standards activities.

The QSACs conduct assessments and give advice or make judgements on any matters directly or indirectly connected with the quality of higher education for any purposes. These can include testing plans to meet the OfS's quality requirements, and assessing whether standards are set appropriately at providers seeking OfS registration. Quality and standards assessors may also conduct assessments of providers that are seeking degree awarding powers, or carry out assessments of quality at registered providers as part of the OfS's monitoring of compliance with its conditions of registration.

The OfS receives advice from the QSACs to inform its regulatory decisions. To inform decisions about whether to grant, vary or revoke a degree awarding powers, the OfS also receives independent advice from the Quality Assessment Committee. This committee formulates and confirms this advice, having considered a report from the QSAC. This advice may include any concerns about authorising DAPs, or additional monitoring or restrictions that should be considered by the OfS in its decision making.

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

Governance framework and roles

General duties and requirements

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.¹⁰⁷

In performing our functions we are required to have regard to the 'general duties' set out in section 2 of HERA, and to any guidance issued by the Secretary

107 See OfS, 'Registration with the OfS: Conditions of registration'.

of State on the basis of section 2(3) of HERA. The OfS received three such letters of guidance relating to this financial period.¹⁰⁸

The Regulators' Code, the Growth duty and the Better Regulation Framework

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, guidance and 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: we regulate universities and colleges on the basis of the regulatory risks they pose, not on the basis of their size, what type of organisation they are or the length of time they have been providing higher education (although we will consider those factors where they are relevant to an assessment of risk). In this context, 'regulatory risk' means the risk of the university or college breaching one or more of its conditions of registration. We will assess both the likelihood of something happening and the severity of the impact (on students in particular) if it does happen.

108 Available at OfS, ['Guidance from government'](#).

The OfS falls within the scope of the Growth duty. This is a statutory requirement for organisations exercising non-economic regulatory functions to have regard to the desirability of growth as part of regulatory decision making and purpose. We also take account of the guidance in the Better Regulation Framework. As noted above, when performing our functions, we must have regard to our general duties.¹⁰⁹ Particularly relevant general duties are those relating to institutional autonomy, encouraging competition, promoting equality of opportunity, promoting value for money, using our resources efficiently and best regulatory practice.

Producer of Official Statistics

As a producer of Official Statistics, we aim 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.¹¹⁰ We look to apply the principles of the code to all the statistics that we produce, whether they are Official Statistics or not.

We made no notifications to the UK Statistics Authority in this financial year.

Prevent duty

Under counter terrorism 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

109 Section 2 of HERA.

110 Available at Gov.uk, ['Code of Practice for Statistics'](#).

authority to assess compliance. We require providers to report to us on their Prevent-related activities, including their approach to external speakers and events, and staff training.

In September 2023 we published guidance to providers for the Prevent accountability and data return 2023.¹¹¹ Assessment of submissions took place from December 2023 to March 2024. We set a baseline level of compliance with all providers newly subject to the Prevent duty, including newly registered providers. We continued this activity through detailed assessments of Prevent-related policies and processes and their implementation through Prevent Review Meetings.

In March 2023 the board was updated about the independent review of Prevent, the government response to this, and what they may mean for the OfS. Since then, the Higher Education (Freedom of Speech) Act 2023 has strengthened the duties of registered providers to take steps to secure freedom of speech within the law. Providers' activities, including in relation to external speakers and events, must be conducted in a manner that is consistent with these duties, which we expect to come into force in August 2024. We also expect to bring in new conditions of registration relating to free speech from September 2025.

111 Available at OfS, ['Prevent monitoring: accountability and data return 2023'](#).

In 2024-25 we will work to ensure that our approach to the Prevent duty, and providers' understanding of it, are consistent with the new free speech duties. We will be considering the independent review of Prevent when we consider revisions to the monitoring framework.

Risk management systems and responsibilities

The OfS works within a complex policy and political environment. The main strategic risks we faced in this financial year are set out in the Performance report (see 'About us', page 44).

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. They provide assurance to the OfS board, Risk and Audit Committee (RAC) and our internal Executive Committee (ExCo) that the risks to achieving our objectives are effectively identified and managed, and that the associated roles and responsibilities are understood. At its July 2023 meeting, the board considered revisions to strategic risks including its risk tolerance and appetite levels as part of an annual review and in September 2023, it considered revisions to target scores of some strategic risks and an additional strategic risk relating to protecting public funding.

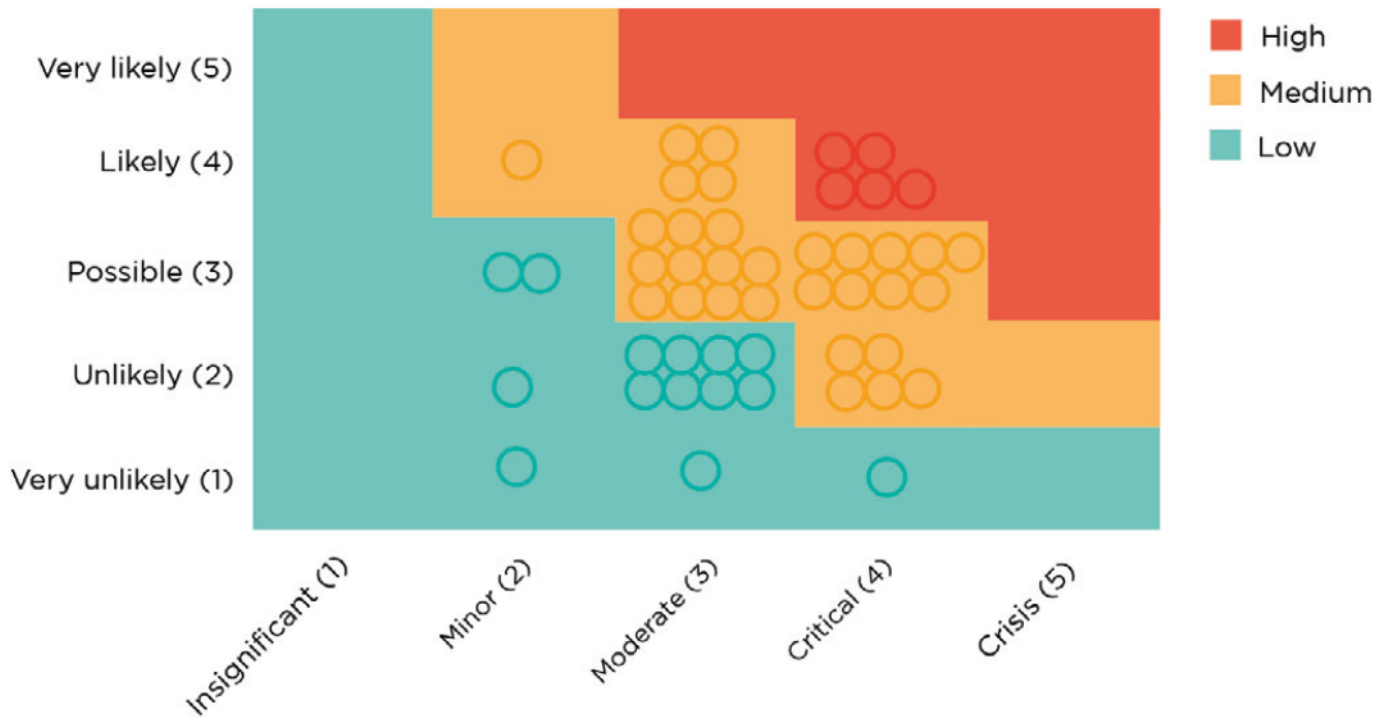
Our risk management policy ensures consistency in our approach to risk. We promote a culture of ownership of risks, and an understanding of interdependencies. A director owns each strategic risk.

- There are regular discussions of risk at the Risk and Performance subcommittee, at management level, and at the board RAC, of the most significant risks, and a programme of ‘deep-dive’ discussions of specific risks at ExCo and RAC. These discussions drive mitigating actions to reduce the level of risk in line with the risk appetite.
- We operate continuous improvement and capability building, to embed risk management concepts into everyday business and to 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.

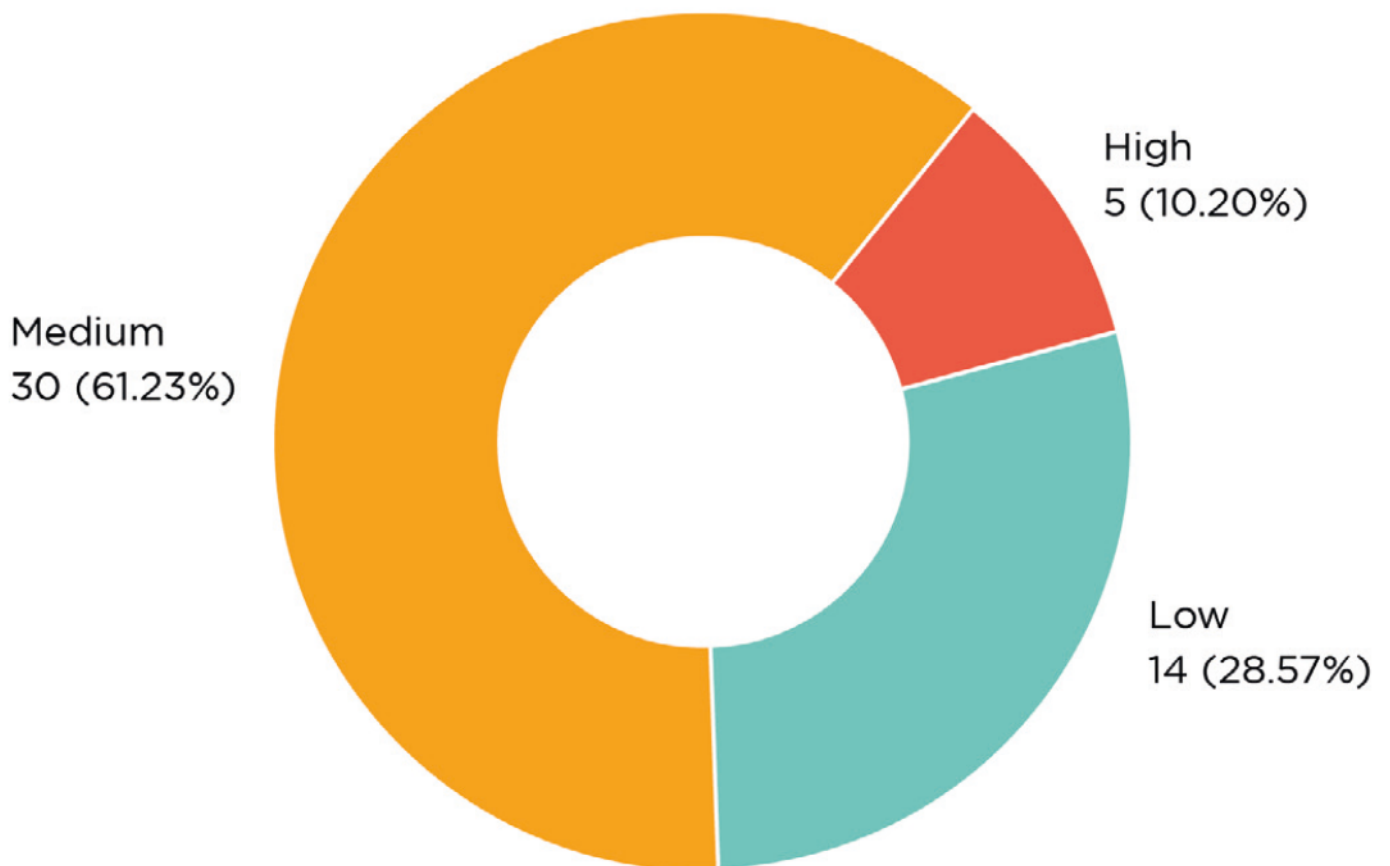
Risks are assessed according to a matrix of impact and likelihood, on a five-point scale. The chart below shows how our current 49 corporate risks are distributed. Our risk management response, and the levels of governance, control and mitigation we put in place, reflect the severity of the assessed risk.

Risk heat map

The chart below shows our corporate risks (represented by circles) and whether each is 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 decreased.

We undertook our annual internal review of our risk management systems in December 2023. The review gave assurance that there are good controls to identify, approve, monitor and report strategic risks, and high engagement by risk owners in the risk management process. Recommendations included ensuring the further embedding of risk management and reporting within the new governance structure at executive level.

Internal controls

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.

A new operating model was launched in December 2023. The new Executive Committee (ExCo) was created to facilitate deep-dive discussions of strategic-level issues. It has the remit to direct OfS business where board-level decisions are not required. Its responsibilities are to decide OfS policy and associated strategy, where this could not more appropriately be done by an individual member of ExCo or at a lower level in the organisation, to allocate cross-business resources and to oversee and assess progress towards agreed OfS Strategy and Business Plan objectives, including management of associated risks.

The ExCo consists of the chief executive and the other directors. It has four sub-committees: the Strategy sub-committee; the Regulation sub-committee; the Risk and Performance sub-committee and an Executive Steering Group.

The business plan and objectives are delivered through an organisational structure aligned to four executive directorates, although about 60 per cent of work is cross-directorate in nature. The Performance Report includes a diagram setting out the directorate structure.

Internal audit

The board is assured of the OfS's data quality and assurance processes through the internal audit programme. The OfS's internal auditors for 2023-24 were KPMG LLP.

Reviewing internal controls

There are appropriate internal controls in place to safeguard, channel and record resources as intended. Our RAC performs an effective challenge role on internal controls. The internal audit programme is viewed as effective and challenging. It deliberately includes areas where it is perceived that there may be shortcomings.

Mechanisms are in place for scrutiny of whether the OfS is using its resources efficiently, economically and effectively, including oversight of corporate finance and financial reporting, and business plan progress review. We have regard to the relevant Functional Standards

as appropriate, including those concerning finance, commercial and counter fraud.

The chief executive and accounting officer seeks assurances from members of the senior management team about the OfS's compliance with the standards set out in *Managing Public Money* and specific requirements.

Regularity of expenditure

In line with *Managing Public Money*, the accounting officer observes delegated limits as set out in the accounting officer delegation letter. Decision-making is undertaken on the basis set out in the scheme of delegation. Some matters are reserved to the board or to other individuals and committees, including the chief executive.

We respect agreed budgets and avoid unaffordable longer-term commitments. The OfS procurement process mandates that any contract over one year be signed off by the delegated budget-holder or director, and that any contract of over two years in length be signed off by the Director of Resources and Finance.

To ensure value for money in our procurement, projects and processes, we have an annual programme of assurance activity on the regularity (and propriety and value for money) principles in relation to funding disbursed by the OfS. This is conducted in accordance with our funding assurance framework, which is reviewed by the NAO. The primary direct funding assurance is received for each provider through the report of its

external auditor within its financial statements in relation to the use of funding. In addition to this overarching assurance, the mechanisms for monitoring compliance with terms and conditions of individual funding grants are included within our funding assurance framework.

We receive assurance from the Education and Skills Funding Agency (ESFA) for OfS funding that is dispensed to further education colleges, and the OfS provides similar assurance to ESFA in relation to funds disbursed by the ESFA to providers where the OfS is the primary regulator. We also provide assurance to UK Research and Innovation. See page 199.

We learn from experience. Our RAC receives NAO's reporting on investigations with relevance to the OfS's work. Our delivery team supports post-project review of lessons learned.

Strategic and business planning

The twin focus of the OfS's 2022 to 2025 strategy is on quality and standards and equality of opportunity. Each quarter, a joint meeting of the Risk and Performance subcommittee and the Strategy subcommittee holds an in-depth business plan review session that enables joined up discussions across: the organisational score card; activity-level progress within the business plan; strategic risks; technology issues; staff resource; and the OfS's

financial position.¹¹² The review is collated and led by the Delivery team. ExCo receives a report of key themes and any strategic decisions that arise from the quarterly review meetings.

The Delivery team plays a key role in tracking cross-directorate activity. In addition, each month the Delivery team reviews each directorate's delivery and resource plan to monitor and support activity across the organisation, making sure that we can respond in a flexible and managed way to change throughout the year.

Every six months the business plan review is supplemented by an assessment of progress towards our strategic goals, including consideration of key performance measures.

To mitigate the risk of overcommitment for our business plan for 2024-25, we tested the plan thoroughly against our available resources, although there is scope for the business plan to flex should priorities change. We continue to experience resource challenges, which have implications for some business plan activities.

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

Financial management, systems, and control

The Director of Resources and Finance reviews the management accounts on a monthly basis, and finance reports are presented 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.

The internal audit on accounts payable returned a partial assurance finding, as the correct process for verification of amendments to bank details was not always followed. This has been rectified by documentation of the process and staff training. The management team fully accepted the recommendations and is implementing them.

The RAC considered value for money assurance at its meeting in June 2024, 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 2023-24

Counter fraud

The Counter Fraud Oversight Group meets quarterly to discuss delivery, action plans and performance against the Cabinet Office's functional standard for counter

fraud.¹¹³ The counter fraud strategy and associated policies were updated in March 2024 to meet enhanced compliance requirements. They now cover a three-year period and include more emphasis on where we want to be at the end of the strategy. Our assessment of the overall risk of fraud is regularly reviewed, with a revised action plan to address new areas as they are identified. A new mandatory training course on anti-bribery and fraud was launched for all staff in May 2024.

As part of a new approach to monitoring performance against the Cabinet Office's counter fraud functional standard, the Public Sector Fraud Authority has developed a continuous improvement framework. Our self-assessment of performance against the criteria was submitted to the Public Sector Fraud Authority in January 2024, with its draft report received at the end of March 2024. This identifies a number of areas where compliance is assessed as 'in development'. Our response to this, including an action plan to address any areas where compliance does not meet 'good', was submitted to the RAC in June 2024.

Cyber 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

113 Available at Gov.uk, ['Government Functional Standard GovS 013: Counter fraud'](#).

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. A 24/7/365 managed Security Operations Centre enhances the IT security team, identifying and working with the in-house team. The operational security report monitors key performance indicators, providing insight into the ongoing operational status of cyber security.

Layered technical solutions provide defence in depth and feed 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 accreditation, Microsoft Secure Scores for cloud services, application penetration testing for new services, audits from KPMG and oversight by our Risk and Performance subcommittee. 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. Our most recent cyber security strategy was approved in January 2024.

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 to alert staff to how the General Data Protection Regulation affects them personally and professionally, and how compliance will help to reduce likelihood of a data breach.

RAC members have had detailed discussion with the Chief Technology Officer, to seek assurance on the effectiveness of the OfS's cyber security arrangements and the ongoing work intended to mitigate existing and future cyber risks. A cyber security report including details of actual and potential security incidents is made to our Information Security and Data Privacy Group, and from December 2023 this has been a standing item on the RAC agenda.

Digital capability

During this financial year, we worked on our customer relationship management 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 customer relationship management system, including 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.

Whistleblowing

In May 2024 we updated our whistleblowing policy and guidance. The policy provides routes for staff, board, committee and panel members, and academic assessors to make disclosures. During the financial year no concerns were raised under the policy.

Health and safety

Our Health, Safety and Environment committee meets quarterly. In this financial year no incidents were reported to the Health and Safety Executive under the 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 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.

External developments

Royal assent to legislation

This year two pieces of legislation received royal assent: the Higher Education (Freedom of Speech) Act 2023 in May 2023 and the Lifelong Learning (Higher Education Fee Limits) Act 2023 in September 2023. The Performance report discusses our work in response to the new legislation (see pages 68 and 93).

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 into the work of the OfS, 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.

The committee published its report¹¹⁴ in September 2023 and we published our response in November 2023.¹¹⁵

Public Accounts Committee: National Audit Office investigation into student finance for study at franchised higher education providers

The chief executive attended a meeting of the Public Accounts Committee on 26 February 2024 alongside the DfE Permanent Secretary and the chief executive of the Student Loans Company to respond to questions on the NAO investigation into student finance at franchised higher education providers published in January. The OfS is addressing the recommendations made by the NAO and the Public Accounts Committee (see page 117 in the ‘Enabling regulation’ section).

Education Committee’s hearing on the impact of industrial action on students

The Deputy Director of Enabling Regulation gave evidence on 6 February 2024 at the Education Committee’s hearing on the impact of industrial action on students.

114 Available at House of Lords Industry and Regulators Committee, Must do better: The Office for Students and the looming crisis facing higher education – House of Lords Industry and Regulators Committee’.

115 Available at OfS, ‘OfS responds to House of Lords Industry and Regulators Committee report’.

OfS Public Bodies Review

This year the OfS was reviewed as part of the government's Public Bodies Review programme. The board participated in the review, led by Sir David Behan, and will consider recommendations when the report is published later in 2024.

Working with other bodies

Designated data body

HERA makes provision for the OfS to work with a designated data body to perform the information duties in sections 64 and 65 of HERA. This body is Jisc.

Data Futures

The OfS inherited from predecessor bodies a commitment to fund Data Futures, a complex sector-wide transformation programme, led by Jisc. The programme has been subject to a number of delays over the years. The OfS board and the RAC pay close attention to the progress of the programme and its governance oversight, and a member of the RAC sat on the Data Futures Quarterly Review Group. The 'Enabling regulation' section of this report (page 119) discusses the OfS's response to the implementation challenges of the first student data collection under the programme, which included commissioning an independent review of the delivery of the programme.

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. 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.

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 ESFA, the provider submits data (including financial information) to the ESFA rather than to 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.

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.

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

- 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 the Charity Commission of England and Wales (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.

Other collaborations

We 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.

We work with the **Department of Health and Social Care, NHS England** and **DfE** on the intake of students to medical and dental programmes. We are responding to the Secretary of State's guidance to develop a bidding process to expand medical training places by a further 350 for the 2025-26 academic year.¹¹⁶

This year we worked with the **Student Loans Company** to consider gaps in the overall funding assurance framework for SLC funding and how the OfS's role relates to this. This has included addressing the recommendations of the NAO report into student finance for study at franchised higher education providers, and the chief executive's appearance at the Public Accounts Committee.

Public engagement with the OfS

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 137).

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

116 Available at OfS, 'OfS guidance letter for 2025 medical places expansion'.

procedures. The vast majority of items of correspondence received via our complaints email address were treated as notifications rather than complaints about the OfS.

Four complaints about the OfS were considered to come within scope of the complaints policy this year. In three of the four, there was a common theme that the OfS's eligibility requirements were excluding an interested applicant. This related to the postgraduate course scholarships in AI and data science, and to an OfS vacancy. No complaints were upheld.

Information rights

The volume of Freedom of Information (FOI) requests has increased. In the 2023-24 financial year we received 111 requests. This compares with 105 FOI requests in 2022-23. We responded to 93.75 per cent within 20 working days, which is a slight improvement on last year.

The FOI requests we receive are complex and require careful consideration and decision making. The most complex were related to our core regulatory and data functions. During the year we have also received requests relating to engagements and visits by the chair, chief executive and Director for Freedom of Speech and Academic Freedom.

During this year there were eight FOI requests for internal appeals, relating mainly to regulatory information, and data and analysis information. For most cases, internal reviews upheld the original decision, and a minority concluded that there was no information to disclose.

During this year there were no appeals to the Information Commissioner's Office under the Freedom of Information Act.

We received 177 subject access requests, and responded to 86.5 per cent of these within the statutory timeframe.

Opinion of the Head of Internal Audit

The work of the OfS's internal auditors, KPMG LLP, included audits of freedom of information, finance (accounts payable and accounts receivable), cyber security board reporting, grant management and governance, quality and standards assessment governance, risk management, data privacy and the Data Transformation Programme.

A total of 42 management actions were raised during the financial year, of which four were high priority, 21 medium priority and 17 low priority.

The OfS has implemented actions relating to 22 findings raised in year and has taken action to implement actions for 21 historic findings. Actions relating to five findings raised in 2022-23 reports remain open, including one medium priority finding, which was overdue at the date of this opinion.

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.
- An assessment of the implementation status of prior year actions raised from internal audit assignments. This assessment has taken account of the severity and nature of actions raised.

The assurance framework reflects the OfS's key objectives and risks and is regularly reviewed.

The overall opinion for the period 1 April 2023 to 31 March 2024 is 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 conclusion

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 accounts, and took account of the 2023-24 management report from the OfS's external auditors.

I have considered the accounts and evidence provided in the production of this 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 conclude 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 2023-24 were:

- **Rachel Houchen**, committee chair, OfS board member
- **San Johal**, independent member
- **Caleb Stevens**, OfS board member
- **Lord Wharton of Yarm**, chair, OfS board

Apart from reserved matters (which are dealt with separately in the scheme of delegation), the Remuneration and Nominations Committee has non-exclusive authority to give advice and make recommendations to the OfS on any remuneration and nominations matters without any limitation whatsoever.¹¹⁷

Remuneration arrangements

The initial salaries of the chief executive, the Director for Fair Access and Participation (DFAP) and the Director for Freedom of Speech and Academic Freedom (DFSFAF) are determined by the Secretary of State for Education. The Remuneration and Nominations Committee provides advice on any future changes to salaries. If applicable,

117 See OfS, [Scheme of delegation](#).

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 to lead the organisation. The Remuneration and Nominations Committee considers proposals for remuneration of the directors made by the chief executive, who makes decisions about any subsequent changes to pay for the following year.

Contracts

The lengths of the contracts of employment for the chief executive, the DFAP and the DFSAF are determined by the Secretary of State for Education.

Susan Lapworth was appointed as chief executive on 1 September 2022 (having been appointed as interim chief executive from 1 May 2022) on a fixed-term contract until August 2026. There is an option to extend her term of employment to a total of ten years. Her contract stipulates a minimum of a six-month notice period.

John Blake was appointed as DFAP from 1 January 2022 for a four-year term. There is an option to extend his term of employment to a total of ten years. His contract stipulates a minimum of a six-month notice period.

Arif Ahmed was appointed as DFSAF from 14 August 2023 for a six-year term. There is an option to extend his term of employment to a total of ten years. His contract stipulates a minimum of a six-month notice period.

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, the DFSAF 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 2024, the OfS employed 461 full-time equivalent staff (2022-23: 399): of the 491 headcount (2022-23: 427), 317 were female and 174 were male (2022-23: 285 were female and 142 were male). Of the 12 board members listed in the Remuneration report in post during the year (excluding the chief executive, the DFAP, the DFSAF and the chair), seven were men and five were women. Of the ten senior

employees listed in the Remuneration report, seven 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 2023-24 the OfS lost 3,076 (2022-23: 3,019) working days to sickness, an average of 6.7 (2022-23: 7.3) days per person. This compares with an average 7.7 days for government public service bodies and 5.0 days for private sector services.¹¹⁸ There were no retirements on ill-health grounds (2022-23: 1); the total additional accrued pension liabilities in the year amounted to nil (2022-23: £19,000).

Annual staff turnover for 2023-24 was 11.9 per cent (2022-23: 14.5 per cent).

As of 31 March 2024 there were no off-payroll engagements or expenditure on consultancy.

People and equality matters

The OfS is committed to promoting equality of opportunity in employment. Like many other organisations, we recognise the benefits of a diverse and well motivated workforce, all of whom are treated fairly. More information can be found on our website, including staff equality data.¹¹⁹

118 See Office for National Statistics, 'Sickness absence in the UK labour market'.

119 See OfS, 'Equality and diversity'.

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.¹²⁰

The OfS reasonable adjustments policy states that no applicant or employee should be 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 employment to ensure appropriate and effective reasonable adjustments are put in place. Any requests or matters raised are treated positively and sensitively and no detriment, harassment or unfavourable treatment will result from 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.

120 See OfS, 'Guidance for applicants'.

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

In November 2023 we launched a People strategy. Related actions will be implemented between 2024 and 2028. Work has already begun on a number of actions, including the publication of new equality objectives in line with the requirements of the Public Sector Equality Duty, and work to refresh the induction of new staff, including regulatory training.

Each year we run a staff survey, which mirrors the questions in the Civil Service People Survey. The survey took place in November and December 2023 and the response rate was very high (83 per cent). The results show strong engagement with teams but highlight areas for improvement, including learning and development, management of change, health and wellbeing and staff engagement. These areas will all be addressed through the people strategy. The score on pay and benefits increased since last year.

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 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 Risk and Performance subcommittee 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, and in November 2023 we published equality objectives for 2023 to 2027, which address both sector-focused and internal objectives.¹²¹

Trade union facilities time

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 2023-24 there were 12 (2022-23: 11) employees who were union officials (full-time equivalent of 11.1 (2022-

121 See OfS, 'Equality and diversity'.

23: 10.4)). These employees spent between 0.2 and 3.5 (2022-23: 0.3 and 4.3) per cent of their working hours on facility time. The total cost of this facility time was £4,980 (2022-23: £8,684), which represents 0.02 (2022-23: 0.03) per cent of the total staff costs of £31.8 million (2021-22 £26.0 million). The facility time was all spent on paid trade union activities.

Part two (audited)

The OfS chair

Remuneration of the chair was decided by 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 Wharton of Yarm**, for the year ended 31 March 2024, was £59,000 (2022-23: £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. Members have the option to be paid on a monthly or annual basis. The total board members' remuneration is shown in the following table.

	Year ending 31 March 2024	Year ending 31 March 2023
Martin Coleman	9,180	9,180
Elizabeth Fagan CBE	9,180	9,180
Verity Hancock	9,180	9,180
Rachel Houchen (Term commenced 16 March 2022)	9,180	*9,563
Katja Hall	9,180	9,180
Kate Lander (Term ended 31 July 2023)	3,060	9,180
Simon Levine	9,180	9,180
Martha Longdon (Term ended 31 January 2023)	-	8,415

	Year ending 31 March 2024	Year ending 31 March 2023
Sir Martyn Oliver (Term commenced 1 January 2023 and ended 31 December 2023)	6,885	2,295
Dayo Olukoshi OBE (Term commenced 16 March 2022)	9,180	*9,563
David Palfreyman OBE (Term ended 31 December 2023)	6,885	9,180
Monisha Shah (Term ended 31 December 2022)	-	6,885
Michael Spence AC (Term commenced 9 May 2022)	9,180	8,415
Caleb Stevens (Term commenced 1 February 2023)	9,180	1,530
Total	£99,450	£110,926

* £383 due from 2021-22 financial year. Appointments made too late to process in advance of prior year end.

The OfS chief executive

The chief executive's salary and non-consolidated performance bonus are determined by the OfS board after considering advice from the Remuneration and Nominations Committee. The chief executive received no benefits in kind in 2023-24. The total emoluments for the OfS chief executive are shown in the following table.

	Salary paid (£000) ^a		Bonus (£000) ^b		Pension benefit (nearest £1,000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Susan Lapworth	165-170	145-150 ^c	15-20	0-5	n/a	(3)	185-190	145-150
Dame Nicola Dandridge	-	15-20 ^d	-	-	-	5	-	20-25

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

^b Bonus in 2023-24 is non-consolidated pay in recognition of performance in 2022-23.

^c 11 months' gross pay from 1 May 2022 of interim and permanent chief executive appointment. Annual full year equivalent (FYE) salary was £160-165,000.

^d Term ended 30 April 2022. Annual FYE salary was £170-175,000

Accrued pension benefits for the OfS chief executive are not included in this table for 2023-24, due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

The Director for Fair Access and Participation

The DFAP’s salary and non-consolidated performance bonus are determined by the chief executive after considering advice from the Remuneration and Nominations Committee. The DFAP received no benefits in kind in 2023-24. The total emoluments for the DFAP are shown in the following table.

	Salary paid (£000) ^a		Bonus (£000) ^b		Pension benefit (nearest £1,000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
John Blake	130-135	130-135	5-10	-	n/a	51	140-145	180-185

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

^b Bonus in 2023-24 is non-consolidated pay in recognition of performance in 2022-23. Non-consolidated performance pay is calculated as a cash lump sum. Non-consolidated performance pay is not pensionable.

Accrued pension benefits for the DFAP are not included in this table for 2023-24, due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

The Director for Freedom of Speech and Academic Freedom

The DFSAF's salary and non-consolidated performance bonus are determined by the chief executive after considering advice from the Remuneration and Nominations Committee. The DFSAF received no benefits in kind in 2023-24. The total emoluments for the DFSAF are shown in the following table.

	Salary paid (£000)		Bonus (£000)		Pension benefit (nearest £1,000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Arif Ahmed MBE^a	65-70	-	-	-	n/a	-	65-70	-

^a Appointment commenced 14 August 2023. Annual FYE salary is £105-110,000.

Accrued pension benefits for the DFSAF are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

Senior employees

Salaries include 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 2023-24.

	Salary (£000)		Bonus (£000) ^a		Pension benefit (nearest £1,000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Jean Arnold^b Deputy Director of Quality	95-100	95-100	0-5	0-5	n/a	54	100-105	150-155
Josh Fleming^c Director of Strategy and Delivery (appointment commenced 1 July 2023)	80-85	-	0-5	-	n/a	-	80-85	-
Paul Huffer Head of Legal (appointment commenced 1 April 2023)	115-120	-	0-5	-	n/a	-	120-125	-

	Salary (£000)		Bonus (£000) ^a		Pension benefit (nearest £1,000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Susan Lapworth^d Director of Regulation (appointment as director ended 30 April 2022)	-	10-15	-	-	n/a	-	-	10-15
Philippa Pickford^e Director of Regulation (appointment commenced 17 July 2023)	90-95	-	-	-	n/a	-	90-95	-
Conor Ryan^f Director of External Relations (appointment ended 28 July 2023)	35-40	115-120	-	0-5	n/a	46	35-40	160-165

	Salary (£000)		Bonus (£000) ^a		Pension benefit (nearest £1,000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Nolan Smith OBE Director of Resources and Finance	135-140	135-140	0-5	0-5	n/a	(7)	140-145	125-130
David Smy ^b Deputy Director of Enabling Regulation	95-100	95-100	0-5	0-5	n/a	36	100-105	135-140

^a Bonus paid in 2023-24 is in relation to performance in 2022-23.

^b Jean Arnold was appointed as the Director of Quality, and David Smy was appointed as the Director of Monitoring and Intervention, on 1 May 2022 when Susan Lapworth's role as interim chief executive began. Annual FYE salary for both positions in 2022-23 was £100-105,000. Jean Arnold was appointed as Deputy Director of Quality, and David Smy was appointed as Deputy Director of Enabling Regulation, from 1 August 2023. Annual FYE salary for both positions in 2023-24 was £95-100,000. David Smy's total remuneration for 2022-23 was incorrectly stated in the prior year accounts and has been corrected.

^c Annual FYE salary was £105-110,000.

^d Annual FYE salary was £120-125,000.

^e Annual FYE salary was £130-135,000.

^f Annual FYE salary for 2023-24 was £115-120,000.

Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.

Senior employees' pensions

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.

Fair pay disclosure

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 midpoint of the remuneration band of the highest paid director. 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 total remuneration of the highest paid director in the OfS (the chief executive), in the financial year 2023-24, was £185-190,000 (2022-23: £160-165,000). This was 4.1 times (2022-23: 3.7 times) the median remuneration of the workforce, which was £45,782 (2022-23: £44,458). The highest paid director received a bonus of £0-5,000 in 2022-23 and £15-20,000 in 2023-24, which is the reason for the percentage increase across all quartiles for total pay and benefits. The bonus in 2023-24 relates to the performance in 2022-23. The movement in staff numbers and in grade mix has driven the reduction in the lower quartile values shown below for salary and allowances.

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. In 2022-23 remuneration includes 11 months as chief executive and one month as Director of Regulation.

	2023-24		2022-23 (restated)	
	Salary and allowances (£)	Total pay and benefits (£)	Salary and allowances (£)	Total pay and benefits (£)
Highest paid director (£000)	165-170	185-190	160-165	160-165
Range (£000)	5-170	10-190	5-165	5-165
Upper quartile	56,565	56,844	54,613	55,713
Median	45,567	45,782	43,358	44,458
Lower quartile	35,803	36,753	32,425	33,525
	Percentile	Percentile	Percentile	Percentile
Upper quartile	3.0	3.3	3.0	2.9
Median	3.7	4.1	3.7	3.7
Lower quartile	4.7	5.1	5.0	4.8

The table below shows the percentage change in the total salary and bonuses of the highest paid director and the staff average.

	2023-24		2022-23 (restated)	
	Highest paid director % change	Staff average % change	Highest paid director % change	Staff average % change
Salary and allowances	3.1	5.6	(5.8)	3.4
Bonuses	600	(14.7)	0	(5.4)

The average bonus for eligible employees was £1,000 in 2021-22, £1,100 in 2022-23 and £950 in 2023-24. The highest paid director received a bonus of £0-5,000 in

2021-22, £0-5,000 in 2022-23 and £15-20,000 in 2023-24, which is the reason for the large percentage increase. The bonus in 2023-24 relates to the performance in 2022-23.

There has been no significant change to the remuneration of the highest paid director and no significant changes to pay policies for staff across the OfS in the year. Accordingly, we consider the median pay ratios are consistent with the pay, reward and progression policies for employees taken as a whole.

In 2023-24, no employees (2022-23: none) received remuneration in excess of the highest paid director.

Staff and pension costs

	Year ended 31 March 2024 (£000)	Year ended 31 March 2023 (£000)
Staff with a permanent UK employment contract with the OfS		
Salaries	22,830	18,533
National Insurance contributions	2,525	2,044
Pension costs	5,675	4,765
	31,030	25,342
Costs of employing contract, agency and temporary staff	799	620
	31,829	25,962
Pension costs breakdown		
Civil Service pensions	5,564	4,654
Partnership pension	59	57
Universities Superannuation Scheme	52	54
	5,675	4,765

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 an average of 431 (2022-23: 398) full-time equivalent staff members, which includes 12 (2022-23: 12) contractors during 2023-24. Full-time equivalents

include 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, his costs are included among staff costs.

Pensions

Employers' contributions of £5,564,465 (2022-23: £4,654,030) were payable to the PCSPS at one of four rates in the range 26.6 to 30.3 per cent (2022-23: 26.6 to 30.3 per cent) of pensionable pay, based on salary bands. From 1 April 2024 employers' contributions are payable at a single rate of 28.97 per cent. 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 £59,283 (2022-23: £57,505) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 8.0 to 14.75 per cent (2022-23: 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 (2022-23: 3) members of staff hold a pension with USS. For 2023-24, employers' contributions of £51,704 (2022-23: £53,781) were payable at a rate of 21.6 per cent to 31 December 2023 and 14.5 per cent from 1 January 2024 (2022-23: 21.6 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. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections. Classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6 per cent and 8.05 per cent, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually

in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32 per cent of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements, which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts.¹²² The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as ‘rollback’.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that

122 See Gov.UK, [‘How the public service pensions remedy affects your pension’](#).

period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

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 it does 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).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

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 which 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, which may be due when pension benefits are taken.

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 paid contributions of 9.8 per cent of pensionable earnings to 31 December 2023 and 6.1 per cent of pensionable earnings from 1 January 2024. The rate of employers' contributions was 21.6 per cent to 31 December 2023 and 14.5 per cent from 1 January 2024 (2022-23: 21.6 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 retain death in service and incapacity benefits and contribute 2.5 per cent of pensionable earnings, while 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.

Exit packages

There have been three (2022-23: 0) exit payments to employees in 2023-24. Under voluntary exit terms, compensation payments of £0 to £25,000 and £50,001 to £100,000 were made. There was one Cabinet Office approved ex-gratia payment of £50,001 to £100,000.

Parliamentary accountability and audit report (audited)

This section presents the disclosures to support parliamentary accountability of the OfS.

Regularity of expenditure

The Chief Executive and Accounting Officer confirms the regularity of expenditure incurred through their statement in the Accountability report.

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 for 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 2024	Year ending 31 March 2023
Income	(30,165)	(26,911)
Expenditure	30,499	27,331
Net operating expenditure	334	420

Remote contingent liabilities

The OfS has no remote contingent liabilities that need to be disclosed under parliamentary reporting requirements (2022-23: none).

Losses and special payments

During 2023-24 the OfS made no losses or special payments either individually or cumulatively above £300,000 (2022-23: none).

Gifts

Managing Public Money states any gifts made over the proscribed limits should be disclosed. There were no gifts made during 2023 to 2024 (2022-23: none).

Government functional standards (unaudited)

We assess our compliance with the government functional standards as appropriate.



Susan Lapworth
Chief Executive and Accounting Officer
18 July 2024

The Certificate and Report 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 2024 under the Higher Education and Research Act 2017.

The financial statements comprise the Office for Students:

- Statement of Financial Position as at 31 March 2024;
- 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 2024 and its comprehensive net 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 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 requires 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 information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The 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 Report and Accountability Report 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 Report 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 Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is 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 statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State

directions issued under the Higher Education and Research Act 2017;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued 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 and key performance indicators.
- 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 the Office for Students’ compliance with the Higher Education and Research Act 2017, Higher Education (Registration Fees) (England) Regulations 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 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 or 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 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 the Higher Education and Research Act 2017, Higher Education (Registration Fees) (England) Regulations, Managing Public Money and relevant employment law and pensions 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 Risk and Audit Committee and in-house legal counsel 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness

of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating 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 sufficient appropriate audit evidence 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

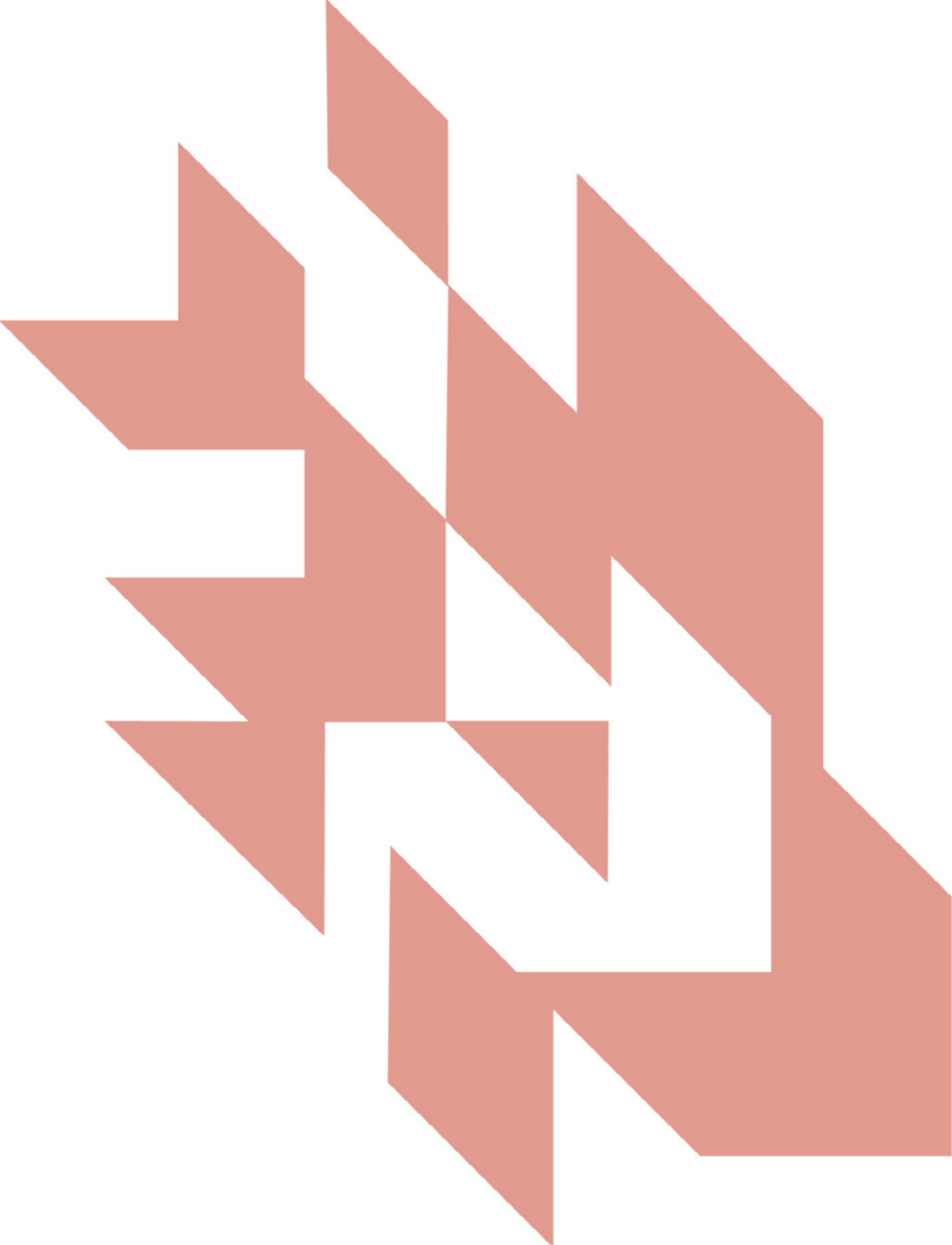
I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

23 July 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial statements



Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2024			
	<i>Note</i>	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Income	6	(31,497)	(28,274)
Staff costs	4	31,829	25,962
Non-pay administration costs	5	5,269	5,923
Depreciation	7	614	395
Recurrent and non-recurrent grant expenditure	3	1,598,987	1,454,054
Changes in provision	11	(501)	76
Total operating expenditure		1,636,198	1,486,410
Net operating expenditure		1,604,701	1,458,136
Finance costs		50	3
Net financing expenses		50	3
Comprehensive net expenditure for the period transferred to general reserve		1,604,751	1,458,139

The notes on pages 257 to 298 form part of these accounts.

Statement of financial position as at 31 March 2024

	Note	As at 31 March 2024 £000	As at 31 March 2023 £000
Non-current assets			
Property, plant and equipment	7	2,438	252
Recoverable grants falling due after one year	8a	2,515	2,551
		4,953	2,803
Current assets			
Recoverable grants falling due within one year	8a	36	249
Trade and other receivables due within one year	8b	3,494	3,395
Cash and cash equivalents	9	15,970	12,163
		19,500	15,807
Total assets		24,453	18,610
Current liabilities			
Trade and other payables within one year	10	(13,186)	(10,074)
Provisions for liabilities and charges within one year	11	(228)	(1,014)
Total assets less current liabilities		11,039	7,522
Non-current liabilities			
Trade and other payables after one year	10	(2,515)	(1,275)
Provisions for liabilities and charges after one year	11	(560)	0
		(3,075)	(1,275)
Total assets less liabilities		7,964	6,247
Taxpayers' equity			

	<i>Note</i>	As at 31 March 2024 £000	As at 31 March 2023 £000
General reserve		7,964	6,247
		7,964	6,247

The financial statements on pages 251 to 256 were approved and were signed on 18 July 2024 by:



Susan Lapworth, Chief Executive and Accounting Officer

The notes on pages 257 to 298 form part of these accounts.

Statement of cashflows for the year ended 31 March 2024

	Note	Year ended 31 March 2024 £000	Year ended 31 March 2023 (restated) £000
Cashflows from operating activities			
Net operating expenditure	SoCNE	(1,604,751)	(1,458,139)
Adjustment for non-cash transactions	7, 11	387	415
Decrease in receivables and recoverable grants	8a, 8b	150	1,608
Increase/(Decrease) in payables	10	2,773	(511)
Lease interest paid	SoCNE	50	3
Net cash outflow from operating activities		(1,601,391)	(1,456,624)
Cashflows from investing activities			
Purchase of property, plant and equipment	7	(574)	(153)
Net cash outflow from investing activity		(574)	(153)
Cashflows from financing activities			
Grants from government department	SoCiTE	1,606,468	1,456,810
Payment of lease liabilities		(696)	(415)
Net financing		1,605,772	1,456,398
Net increase/(decrease) in cash for the period		3,807	(382)
Cash and cash equivalents at the beginning of the period	9	12,163	12,545

	<i>Note</i>	Year ended 31 March 2024 £000	Year ended 31 March 2023 (restated) £000
Net increase/(decrease) in cash and cash equivalents in the period	9	3,807	(382)
Cash and cash equivalents at the end of the period		15,970	12,163

The notes on pages 257 to 298 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2024

	Total Reserves £000
Changes in taxpayers' equity 2023-24	
Balance brought forward as at 31 March 2023	6,247
Balance as at 1 April 2023	6,247
Grant from sponsoring department	1,606,468
Comprehensive net expenditure for the period	(1,604,751)
Balance as at 31 March 2024	7,964
Changes in taxpayers' equity 2022-23	
Balance brought forward as at 31 March 2022	7,576
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

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 257 to 298 form part of these accounts.

1 Accounting policies

1. Basis of accounting

These financial statements have been prepared in accordance with the 2023-24 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 2023-24 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

There have been no significant FReM changes in 2023-24.

4. Early adoption

The OfS has not adopted any accounting standards early in 2023-24.

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 providers. 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 is income which 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 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 regulating providers during 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 that the fee covers. Any income paid in excess of the value of performance obligation at the year end is deferred.

Other fee income

Section 71 of HERA 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.

Investigation fee income

The Higher Education (Investigation Fees) Regulations 2022 make provision for the OfS to charge additional fees for conducting an investigation of the activities of a registered higher education provider. Fee income is recognised when the conditions set out in the relevant regulation are met.

Assessment fee income

The Higher Education (Assessment Fees) (England) Regulations 2023 make provision for the OfS to charge fees for undertaking assessments of the quality of, and the standards applied to, higher education in connection with initial registration, ongoing registration and the authorisations to grant degrees. Fee income is

recognised when the conditions set out in the relevant regulation are met.

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 as 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 as 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 2023 calendar year, this rate is 3.51 per cent (2022: 0.95 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:

- Right of use asset – the useful life of the asset or the lease term, whichever is shorter, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.
- 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 exceptions to this are: holdback of providers' grant arising from revised student numbers where there is sufficient certainty; and clawback of provider grant where specific conditions of the grant have not been met. 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 joining 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 2023-24 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 providers' future grant funding. Further details are given in Note 8a.

The OfS has the powers under HERA 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 and other sources. 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 2023-24'.¹²³

	Administration		Programmes		TOTAL	
	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Income						
Registration fees	(29,757)	(26,105)	0	0	(29,757)	(26,105)
Other activities	(408)	(806)	(1,332)	(1,363)	(1,740)	(2,169)
	(30,165)	(26,911)	(1,332)	(1,363)	(31,497)	(28,274)

¹²³ See OfS, 'Guide to funding 2023-24'.

	Administration		Programmes		TOTAL	
	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Expenditure						
Institutional recurrent funding	0	0	1,335,745	1,280,813	1,335,745	1,280,813
Funding for national facilities and initiatives	0	0	65,328	64,478	65,328	64,478
Capital funding	0	0	178,794	94,321	178,794	94,321
Other government allocations	0	0	11,728	8,321	11,728	8,321
Non-pay	5,269	5,923	7,392	6,121	12,661	12,044
	5,269	5,923	1,598,987	1,454,054	1,604,256	1,459,977
Depreciation	614	395	0	0	614	395
(Decrease)/ Increase in provision	(501)	76	0	0	(501)	76
Staff	25,117	20,937	6,712	5,025	31,829	25,962
Net operating expenditure*	334	420	1,604,367	1,457,716	1,604,701	1,458,136
Finance cost	50	3	0	0	50	3
Net expenditure	384	423	1,604,367	1,457,716	1,604,751	1,458,139

* Net operating expenditure is funded by grant in aid.

3 Analysis of recurrent and non-recurrent grant expenditure

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Teaching funding ^a	1,335,745	1,280,813
Funding for national facilities and regulatory initiatives ^b	70,057	68,629
Capital funding ^c	178,794	94,405
Other government allocations ^d	14,391	10,207
Total grant	1,598,987	1,454,054

This analysis of grant expenditure is consistent with the presentation in the guide to funding 2023-24.¹²⁴

^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

124 See OfS, 'Guide to funding 2023-24'.

recurrent or capital funding. This includes some staff costs incurred in the management of these activities.

^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. The OfS distributes this funding, which is provided by the DfE for specific purposes. This includes some staff costs incurred in the management of these activities.

4 Staff costs

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Staff with a permanent UK employment contract with the OfS		
Salaries	22,830	18,533
National insurance	2,525	2,044
Pension costs	5,675	4,765
Total	31,030	25,342
Cost of employing contract, agency and temporary staff	799	620
Total staff costs	31,829	25,962

Staff costs are analysed in the Remuneration and staff report on page 228.

5 Other administration costs

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Non-pay administration costs		
Staff-related and general administrative expenditure	1,078	847
Rental payments under other operating leases	355	828
Premises costs	376	701
Office costs	1,660	1,833
Board and committee members' fees and expenses	191	210
Audit fee	90	85
Rental payments under plant and machinery operating leases	9	21
Professional services	1,510	1,398
Total non-pay administration costs	5,269	5,923

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 minor office equipment costs.

The audit fee for 2023-24 is £90,000 (2022-23: £85,000). No non-audit services were provided by the National Audit Office during the year.

6 Income

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Registration fee	29,757	26,105
Income from joint initiatives and national programmes	1,215	1,163
Investigations and quality assessments	336	0
Service-level agreement income	86	852
Rental income	69	126
Income from other activities	34	28
Total income	31,497	28,274

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 HERA. The fees have been set by Parliament under the Higher Education (Registration Fees) Regulations 2019. The OfS has the powers under section 72 of HERA under direction of the Secretary of State and consent of the Treasury 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 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 may perform investigations and assessments of providers and charge providers fees for these activities under the Higher Education (Investigation Fees) (England) Regulations 2022 and the Higher Education (Assessment Fees) (England) Regulations 2023. Section 71 of HERA 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 and consent of the Treasury to retain these fees as income.

The OfS provides a range of services under service-level agreements to UK Research and Innovation and the Department for the Economy Northern Ireland, which include facilities management and quality assurance. Previous years' service-level income includes facilities management income generated through Nicholson House (Bristol) and Finlaison House (London), both of which were vacated during the year.

7 Property, plant and equipment

	Leasehold improvements £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 2023	465	116	124	494	153	1,352
Transfers	153	0	0	0	(153)	0
Additions	593	0	0	2,207	0	2,800
Disposals	0	0	0	(494)	0	(494)
At 31 March 2024	1,211	116	124	2,207	0	3,658
Depreciation						
At 1 April 2023	465	116	124	395	0	1,100
Charge for period	147	0	0	467	0	614
Additions	0	0	0	0	0	0
Disposals	0	0	0	(494)	0	(494)
At 31 March 2024	612	116	124	368	0	1,220
Net book value at 31 March 2024	599	0	0	1,839	0	2,438

	Leasehold improvements £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

The note shows the capitalised value of the OfS's property, plant and equipment. The OfS's lease on its office at Finlaison House in London terminated on 16 June 2023 and the OfS vacated the property. The right of use asset previously recognised by the OfS was treated as a disposal. The OfS's new office premises in London, Sanctuary Buildings, has not been capitalised as a right of use asset, as the rental agreement in place as at 1 April 2024 is for less than one year and is disclosed in Note 12. The remaining right of use asset relates to the rental of the Bristol office, Westward House. The assets in the course of construction relates to leasehold improvements at the Westward House office premises in Bristol which were completed during the year.

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.

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Balances as at 1 April	2,800	4,013
Advanced during the period	0	0
Recovered during the period	(249)	(1,213)
Balances as at 31 March	2,551	2,800
Within one year	36	249
After one year	2,515	2,551
Balances as at 31 March	2,551	2,800

As at 31 March 2024, zero (2022-23: 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 2024 £000	As at 31 March 2023 £000
Receivables due within one year		
Programme prepayments	2	296
Programme receivables	2,139	1,609
Trade prepayments	846	919
Trade and other receivables	68	185
Accrued income	439	386
Total receivables	3,494	3,395

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 2024.

9 Cash and cash equivalents

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Cash held under Government Banking Service		
Balance as at 1 April	12,163	12,545
Net change in cash and cash equivalent balances	3,807	(382)
Total cash and cash equivalents as at 31 March	15,970	12,163

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 2023-24 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 2024 £000	As at 31 March 2023 £000
Amounts falling due within one year		
Trade payables – administration	103	66
Accruals – administration	2,083	1,767
Tax and social security	1,365	1,131
Trade payables – programme	335	42
Accruals – programme	1,018	669
Deferred Income	7,873	6,248
Reimbursement to co-funding partner	18	65
Lease liability	391	86
	13,186	10,074
Amounts falling due after one year		
Reimbursement to co-funding partner	1,259	1,275
Lease liability	1,256	0
	2,515	1,275
Total payables	15,701	11,349

‘Trade payables – administration’ refers to non-pay administration expenditure.

‘Accruals – administration’ includes 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’ includes claims received but not yet paid because of any delays in authorisation, the timing of OfS payment runs or both.

‘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.

11 Provisions for liabilities and charges

	As at 31 March 2024 £000	As at 31 March 2023 £000
Opening balance	1,014	998
Provision utilised in year	(285)	(60)
Increase/(Decrease) in provision	(501)	76
Capitalised dilapidations provision	560	0
Balance as at 31 March	788	1,014
Within one year	228	1,014
After one year	560	0
Balance at 31 March	788	1,014

The provisions are for dilapidations for the buildings noted in Note 12.

The capitalised dilapidations provision is included within the right of use additions disclosed in Note 7.

12 Commitments under leases

	As at 31 March 2024 £000	As at 31 March 2023 £000
Buildings		
Not later than one year	441	131
More than one year and not later than five years	1,324	0
	1,765	131
Other		
Not later than one year	10	13
More than one year and not later than five years	0	0
	10	13

The OfS leases its office buildings in Bristol and London.

The OfS's lease for its Bristol office, Westward House, has been capitalised and is disclosed as a right of use asset in note 7. The OfS lease on its offices at Nicholson House in Bristol ended on 30 May 2023 and the OfS vacated the property.

The OfS's lease for its London office, Sanctuary Buildings, is under negotiation at the reporting date, and the OfS is occupying the property with the agreement of the Government Property Agency. The OfS will assess the new lease under IFRS 16 requirements when negotiations have concluded in 2024-25. The OfS's lease on its offices at Finlaison House in London ended on 16

June 2023 and the OfS vacated the property. The lease had been capitalised and 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

	£000
Commitments as at 31 March 2024	
Grant committed for the period April to July 2024	521,037
Grant committed for the next academic year August 2024 to July 2025	143,110
Grant committed beyond the next academic year post July 2025	155
	664,302

	£000
Restated commitments as at 31 March 2023	
Grant committed for the period April to July 2023	475,861
Grant committed for the next academic year August 2023 to July 2024	233,432
Grant committed beyond the next academic year post July 2024	124,307
	833,600

The OfS has no commitments under non-cancellable contracts.

Recurrent expenditure for providers 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 2023-24 academic year is called 'Guide to funding for 2023-24'.¹²⁵

As at 31 March 2023 and 2024 there were no contingent liabilities.

Prior year comparatives have been restated as at 31 March 2023 based on a change in the accounting estimates used to calculate grant commitments to providers. Grant committed now excludes general commitments in the public domain and includes only grant funding which has been explicitly committed to a specific provider.

125 See OfS, 'Guide to funding 2023-24'.

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 tables provide 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.

	OfS position	Nature of related party
Dr Mary Bishop	Quality Assessment Committee member	The University of Bristol, Co-opted member of the Audit Committee Staffordshire University, Visiting Chair The University of Bath, Teaching fellow Arden University Ltd., Non-executive Director and Chair of the Audit Committee
Professor Amanda Chetwynd	Quality Assessment Committee member	The University of Lancaster (Students Union), Trustee
Martin Coleman	Board member	Competition and Markets Authority, Inquiry Chair and Panel Chair
Bethan Dudan	Quality Assessment Committee member (term ended 1 January 2023)	Anglia Ruskin University Higher Education Corporation, Director of Advocacy and Engagement (Students Union)
Nils Franke	Quality Assessment Committee member (term ended 1 January 2023)	University Centre Colchester, Dean of Higher Education
Paul Gatrack	Quality Assessment Committee member	The University of Liverpool, Head of Operations for Employability and Careers team

	OfS position	Nature of related party
Michael Grenfell	Provider Risk Committee member	Competition and Markets Authority, Executive Director, Enforcement, and an executive member of the CMA board
Verity Hancock	Board member	Leicester College, CEO and Principal
Satish Jeram	Risk and Audit Committee member	Tavistock and Portman NHS Foundation Trust, Sister-in-law is the Staff Education and Training Governor
Dr Jagjeet Jutley-Neilson	Quality Assessment Committee member	University of Warwick, Associate Professor/Director of Student Experience and Progression
Paul Kirkham	Quality Assessment Committee member (term ended 1 January 2023)	Institute of Contemporary Music Performance (ICMP), Chief Executive
Kate Lander	Board member (term ended 31 July 2023)	Sparsholt College, father in-law is a Governor and member of the Resources Committee
Juliet Lazarus	Provider Risk Committee member	Competition and Markets Authority, Panel member
Margaret Monckton	Risk and Audit Committee member	The University of Nottingham, Chief Financial Officer
Martyn Oliver	Board member (term commenced 1 January 2023 and ended 31 December 2023)	Ofsted, Chief Inspector (designate)

	OfS position	Nature of related party
David Palfreyman	Board member (term ended 31 December 2023)	The Chancellor, Masters and Scholars of the University of Oxford, Member of the Congregation The University of Oxford: Trustee and Honorary Treasurer of Society for Research into Higher Education; Bursar, Fellow and Trustee (New College, Oxford) and Director (Oxford Centre for Higher Education Policy Studies)
Dr Graeme Pedlingham	Quality Assessment Committee member	University of Sussex, Deputy Pro-Vice-Chancellor for the Student Experience
Michael Spence	Board member (term commenced 9 May 2022)	University College London, President and Provost University of London, Trustee Universities UK, Advisory Board on Freedom of Speech and Academic Freedom, Member
Ramita Tejpal	Quality Assessment Committee member (term commenced 1 December 2023)	BPP University Limited, Dean of Academic Quality and Policy

14 Related party transactions (continued)

	Year ended 31 March 2024 £000			Year ended 31 March 2023 (restated) £000		
	Income	Expenditure	Grants committed	Income	Expenditure	Grants committed
Anglia Ruskin University Higher Education Corporation	(203)	20,758	7,516	(181)	16,560	11,567
Arden University Ltd	(152)	4,357	2,048	(106)	3,177	1,286
BPP University Limited, Dean of Academic Quality and Policy***	(152)	0	0	(114)	0	0
Competition and Markets Authority*	(29)	0	0	(125)	0	0
Institute of Contemporary Music Performance (ICMP)**	(52)	3,722	1,931	(46)	3,019	5,259
Leicester College	(44)	1,224	4,124	(46)	523	5,163
Ofsted	0	65	0	0	62	0

	Year ended 31 March 2024 £000				Year ended 31 March 2023 (restated) £000			
	Income	Expenditure	Grants committed		Income	Expenditure	Grants committed	
Sparsholt College	(41)	1,345	3,342		(37)	1,050	3,917	
Staffordshire University	(161)	8,871	3,497		(144)	8,473	2,915	
Tavistock and Portman NHS Foundation Trust	(11)	0	0		(7)	0	0	
The Chancellor, Masters and Scholars of the University of Oxford	(203)	0	0		(181)	0	0	
The University of Bath	(161)	10,168	3,546		(144)	9,577	3,320	
The University of Bristol	(203)	36,876	12,734		(181)	38,203	12,822	
The University of Lancaster	(161)	12,847	3,636		(144)	9,914	6,315	
The University of Liverpool	(203)	38,263	12,930		(181)	35,521	12,686	
The University of Nottingham**	(203)	47,881	16,634		(181)	42,057	15,155	

	Year ended 31 March 2024 £000			Year ended 31 March 2023 (restated) £000		
	Income	Expenditure	Grants committed	Income	Expenditure	Grants committed
The University of Oxford	0	16,204	9,044	0	14,461	10,308
Universities UK***	0	7	0	0	7	15
University Centre Colchester	(52)	256	71	(46)	371	141
University College London***	(203)	29,618	10,306	(181)	28,699	9,891
University of London***	(87)	695	239	(70)	433	179
University of Sussex	(161)	10,103	6,418	(144)	8,924	7,254
University of Warwick	(203)	19,634	6,483	(181)	17,109	9,274

* There was a receivables balance of £40,000 as at 31 March 2023.

** Includes subsidiaries of the provider, which may be found in the Board members' register of interest.

*** Although there may have been prior year transactions with these organisations, there was no prior registered interest.

Other than those disclosed above, there are no outstanding balances with these parties as at 31 March 2024 and 31 March 2023.

Prior year comparatives have been restated to disclose the previously disclosed net total transaction with each body as income and expense and to include grants committed as of 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 providers 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 its website.¹²⁶

126 See OfS, 'Our board and committees'.

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. The Comptroller and Auditor General authorised these financial statements for issue on 23 July 2024.

The OfS chair, Lord Wharton of Yarm, resigned from his position as chair with effect from 9 July 2024.

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