**Office for Students: registration fees**

*1. Do you support the proposal to charge Registered Basic providers a flat rate annual registration fee?*

We do not support this proposal. Registered Basic providers are likely to pose greater risks for students than other providers and therefore are likely, in reality, to take up a disproportionate amount of time of the Office for Students, even if they are (unwisely) exempt from many of the registration conditions. It is therefore perverse that they should pay a derisory flat rate fee compared to other providers. Instead, they should be charged fees on the same basis as everyone else.

*2. Do you support the proposal to charge Approved and Approved (fee cap) providers an annual registration fee varied by their size?*

We do not support this proposal. There is no reason to believe that there is a link between regulatory effort and size. Until the OfS has been in operation for a period of time, and the amount of time spent regulating different types of institutions can be assessed, all providers should be charged the same flat rate fee. Cross subsidisation of small providers by large providers is unfair and distorts the market, disincentivising growth on the part of successful providers.

*3. Do you support the proposal to measure the size of Approved and Approved (fee cap) providers for the purposes of calculating their annual registration fee on the basis of their full-time equivalent (FTE) higher education (HE) student numbers?*

We do not support this proposal. There is no reason to believe that there is a link between regulatory effort and FTE student numbers and there is no good reason to subsidise small providers at the expense of large ones.

*4. Do you support the proposed banding model to group Approved and Approved (fee cap) providers by their size?*

We do not support this proposal. If it is decided (wrongly) to charge fees on the basis of size, then there should be as few bands as possible, in recognition of the lack of evidence for any link between regulatory effort and size and to avoid harmful cross-subsidisation. 11 is far too large a number of bands, suggesting a steadily escalating amount of regulatory effort with size that simply does not exist.

*5. Do you support the proposed percentage distribution of costs between size bands?*

We do not support this proposal. Non-linear increases in fees exacerbate the unfairness and distorting nature of the banding structure. Percentage increases, if they must exist, should be small and linear.

*6. Do you support the idea of setting registration fees in the future to reflect the regulatory effort associated with the provider? What do you see as the advantages and disadvantages of this model compared with the proposed fee model?*

We support this idea. It is reasonable and fair to link fees to regulatory effort and doing so prevents distortions in the market arising from providers not meeting the full costs of the risk they pose. Linking fees to regulatory effort, and therefore to the riskiness of different types of institutions, would ensure that the fee structure did not encourage the existence of a greater number of institutions of higher risk to students than would otherwise be the case.

*7. Do you support the principle of a proposed discount for new providers in their first 3 years of fees?*

We do not support this proposal. New providers represent considerable regulatory effort and they should pay fees on the same basis as other providers. Cross-subsidisation of new providers is an unwelcome distortion of the market, inviting entrants who are inadequately resourced and therefore adding to the risk to students.

*8. Please provide any further views you may have on the government’s proposals on registration fee subsidies and exemptions.*

It should be noted that the fees being charged to providers to meet the costs of the Office for Students replace a situation where the funding required by HEFCE came from general taxation. This means, in effect, that students’ tuition fees are being used in part to replace government revenue not just in relation to the tuition students receive but also with respect to funding a regulatory body. This should be seen as part of a cumulative picture in which providers, using students’ tuition fees, are meeting the costs of governmental regulation, whether in the shape of the Office for Students, the Quality Assurance Agency, the apprenticeship levy, or other regulatory requirements. We estimate that over £2,200 of a student’s £9,250 tuition fee is used for these purposes, a fact that would inevitably be of considerable disquiet to students were it more widely known (as, presumably, through the transparency conditions being placed on institutions, it will be).

It is therefore imperative that the costs of the Office for Students are kept to a minimum and that it operates as efficiently as possible and that its regulatory activities place as small a burden as possible on providers.