

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

First Delegated Legislation Committee

HIGHER EDUCATION (REGISTRATION FEES)  
(ENGLAND) REGULATIONS 2019

*Wednesday 1 May 2019*

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**Sunday 5 May 2019**

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**The Committee consisted of the following Members:**

*Chair:* PHILIP DAVIES

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|--|--|
| † Blackman-Woods, Dr Roberta ( <i>City of Durham</i> ) (Lab) | † Mahmood, Shabana ( <i>Birmingham, Ladywood</i> ) (Lab)                                 |
| † Brereton, Jack ( <i>Stoke-on-Trent South</i> ) (Con)       | † Marsden, Gordon ( <i>Blackpool South</i> ) (Lab)                                       |
| † Brine, Steve ( <i>Winchester</i> ) (Con)                   | † Milling, Amanda ( <i>Cannock Chase</i> ) (Con)   |
| † Drax, Richard ( <i>South Dorset</i> ) (Con)                | † Skidmore, Chris ( <i>Minister for Universities, Science, Research and Innovation</i> ) |
| † Garnier, Mark ( <i>Wyre Forest</i> ) (Con)                 | † Tredinnick, David ( <i>Bosworth</i> ) (Con)  |
| † Glindon, Mary ( <i>North Tyneside</i> ) (Lab)              | † Twist, Liz ( <i>Blaydon</i> ) (Lab)  |
| † Graham, Luke ( <i>Ochil and South Perthshire</i> ) (Con)   |  |
| † Gyimah, Mr Sam ( <i>East Surrey</i> ) (Con)                | Mike Everett, <i>Committee Clerk</i>   |
| † Hayes, Helen ( <i>Dulwich and West Norwood</i> ) (Lab)     |  |
| † Hoey, Kate ( <i>Vauxhall</i> ) (Lab)                       |  |
| † Lammy, Mr David ( <i>Tottenham</i> ) (Lab)                 | † <b>attended the Committee</b>  |

# First Delegated Legislation Committee

Wednesday 1 May 2019

[PHILIP DAVIES *in the Chair*]

## Higher Education (Registration Fees) (England) Regulations 2019

2.30 pm

**Gordon Marsden** (Blackpool South) (Lab): I beg to move,

That the Committee has considered the Higher Education (Registration Fees) (England) Regulations 2019 (S.I. 2019, No. 543).

It is a great pleasure to serve under your chairmanship, Mr Davies, and to introduce this debate. Having prayed against the regulations, we are glad to finally have a chance to debate and express an opinion on them, because there are several outstanding issues that need to be addressed. Some of those issues go back to 2016, when I took the Higher Education and Research Bill through Committee with the Minister's predecessor, the hon. Member for Orpington (Joseph Johnson); others have arisen from changes made by the Government via their consultation on the registration fees that higher education providers are now being asked to pay.

Considerable disappointment has been expressed to us by MillionPlus and other HE sector bodies about the relatively short notice the sector has been given of the regulations. I am grateful to the Minister for giving the Labour Front Bench notification of them some time ago, but there is a feeling among those in the sector that they have not had enough opportunity to look at them—I think the regulations were laid only about 10 days ago. To some extent, I am afraid, that suggests that the Department for Education is less willing to work collaboratively with the sector and is more interested in a combative approach. It is unclear, at least to me, whether that is in the long-term best interest of students. What is clear from drilling down into the small print is that the Government have further reduced their funding of the Office for Students and the regulatory functions that it provides in the higher education sector. That has put more of the burden on the institutions and, indirectly, on the students.

Members of the Committee need to be aware that OfS registration fee assessments have increased significantly since the original impact assessment for the Higher Education and Research Act 2017. When we debated these proposals in the Bill Committee in 2016, we expressed our concerns that the figures might change. OfS fees are banded by provider size, which is calculated according to the number of full-time equivalent higher education students. Under the regulations, the maximum annual fee payable by the largest providers—those with more than 20,000 students—is £186,600.

According to a briefing provided by Universities UK, the new fees represent not only an average increase of 62% on the figures in the 2017 impact assessment, equating to an increase of £66,900 for the largest institutions, but an average increase of 18% on the estimates in the DFE's February 2018 fees consultation, equating to an increase of almost £29,000 for the largest institutions.

The fact that the estimates have varied so dramatically within a year, and that the cost to institutions has shot up, strongly suggests that the Department does not have a handle on where it might go next—indeed, it suggests that its whole calculation mechanism and strategy has been flawed. Given the multitude of other unknown factors that universities have to deal with, some of which I shall refer to shortly, how are they supposed to plan for and cope with these new burdens if there is no clarity?

The Department would have us believe that the increased registration fees are a result of increased operating costs for the OfS. According to the figures before us today, the total operating costs were estimated at £26.2 million in 2017, but are now forecast to increase by at least £1 million. The Department says that that can be explained, first, by the registration of fewer new providers than expected. The OfS predicts that a total of 464 approved and approved (fee cap) providers will be registered in 2019-20—67 fewer than in the original impact assessment for the Higher Education and Research Bill. The over-optimistic, rather gung-ho assumptions about the new providers coming forward that the Department made when discussing the issue in the White Paper and the Bill Committee in 2016 have now been shown to be false, as we warned they would.

A reduction in expected efficiency savings for 2019-20 is the second reason given. Estimates have been revised down from 10% in the 2017 consultation impact assessment to 5% in the 2019 impact assessment, which again hints at how flawed and over-optimistic the 2017 assessment was. The Department tells us that it has absorbed the £500,000 cost of the student information programme; costs associated with Prevent, which are not specified; subsidies for new providers; and a fee waiver for providers with fewer than 300 students—a combined total of £800,000, subject to the spending review.

We are alarmed by how quickly the Government's proposed contribution has fallen, from the 2017 impact assessment to the proposals before us today. The amount the Government are contributing has decreased significantly since the 2017 Act. The 2017 impact assessment shows that £26.2 million would be contributed from the sector and £6.6 million from the Government—a split of 75% to 25%. The statistics we have been given suggest that the 2019 statutory instrument shows a £27.2 million sector contribution by the providers and only a £800,000 contribution by the Government—a split of 97% to 3%. If those figures are accurate, that is a huge change and a huge new burden on those hard-pressed institutions. That is another factor explaining the increase in sector registration fees, alongside the reasons I mentioned earlier. Can the Minister tell me why the Government have chosen to push this burden further on to institutions and students since the Act was passed?

As I have indicated, this financial burden coincides with a range of other challenges: the potential costs of the subject-level teaching excellence framework that the Government have proposed; pension increases; the implications for HE institutions of Brexit and the Immigration Bill; and funding changes, all of which have a potential knock-on effect on institutions and the opportunities available to students. In that context, it is not surprising that the Minister's predecessor, the hon. Member for East Surrey, who is serving on this Committee, said only on Monday, in the urgent question:

“the cumulative impact of some of our policy decisions...could be that we undermine the university sector”.—[*Official Report*, 29 April 2019; Vol. 659, c. 29.]

We would argue that this is one of those factors.

Universities UK has therefore asked for more accountability regarding the overall cost of the OfS and the reasons why the costs for providers have increased so substantially from previous estimates. We believe these costs are unexplained and potentially unwarranted. Can the Minister clarify any of that? On top of that, page 2 of the impact assessment states:

“There will be small familiarisation costs for HE providers when the new system is introduced.”

Can the Minister tell us what constitutes a small familiarisation cost and how much the Government expect that to be per institution?

I referred earlier to the fact that the DFE had absorbed the costs of the fee waiver for small providers. Regulation 4 proposes that micro-entities with 300 or fewer full-time equivalent students should be exempt from paying either initial or ongoing registration fees if they retain that status. We are concerned about that on two levels. First, those institutions often require a higher level of monitoring than larger, well-established ones. Is it fair, therefore, that others have to pay while those micro-institutions are allowed the same benefits of registration without having to bear any of the cost?

Secondly, and possibly more alarmingly, the way in which the micro-entities category has been established in the regulations provides the potential for creative abuse by large groups or companies seeking to enter the market but circumvent fees. Could a situation arise where an individual or company set up a number of micro-entities, which each specialised in a single university subject, but which collectively would be a far larger institution? That way, could they not maintain registration across a substantial area of activity without having to pay the fees? How does the Minister respond to that? There seem to be no safeguards in the regulations to prevent that.

Regulation 8 states:

“The OfS may waive or refund part or all of any fee payable under these Regulations if it considers it fair and reasonable to do so in an individual case.”

However, nowhere in the explanatory memorandum is there any clear indication of what those fair and reasonable circumstances may be. That may be another potential loophole. It is not clear anywhere in the materials how that would pan out. Will the Minister enlighten us?

MillionPlus told us in its briefing for today’s debate that the OfS was established under the principle of risk-based regulation, but basing the fees on student cohorts rather than on the amount of regulatory effort or risk is in direct contradiction to that—for example, a larger established provider may be a far lower risk than a new provider recruiting 100 full-time equivalents for the first time. DFE officials suggest that they have taken that approach because the latter approach is not possible at the moment, so bandings based on student numbers were used as a necessity.

MillionPlus also stated:

“there are some cliff-edge changes throughout the bandings, especially at the upper end. Although the difference is around a 25% increase each time, it is possible that fees based on student numbers will act as a disincentive to growth, which is unlikely to be in the interests of students.”

Universities UK has echoed that call, asking for a commitment to move to a model of charging fees that properly reflects the costs of regulating different providers.

Given the current proposal, and the fact that registration fees are just for the upcoming academic year and are not confirmed beyond that, can the Minister clarify whether we should expect the process to change in due course as the OfS understands where the effort and risk lie? If so, and changes do take place in the criteria by which regulation fees are assessed, will they need to come back to a future SI Committee?

The questions we have for the Minister are many, substantial and significant. We look forward to hearing his response, and I reserve my right of reply at the end of the debate.

2.44 pm

**The Minister for Universities, Science, Research and Innovation (Chris Skidmore):** It is a pleasure to serve under your chairmanship, Mr Davies. I welcome the opportunity to debate the regulations.

We have come a long way since the passage of the Higher Education and Research Act 2017. The Office for Students is taking shape as the new higher education regulator. As of 26 April, it has registered 352 higher education providers, including all English universities, since its formation, and to exacting standards. It has ensured that all registered providers with fee caps at the higher level have comprehensive access and participation plans to improve access and support for students from under-represented groups. All students should have equal opportunities to complete their courses, get a good degree grade and go on to graduate-level jobs and postgraduate studies.

Those are some of the other priorities of the OfS, which the hon. Member for Blackpool South has not touched on, but which are equally a part of its operation and benefit all universities and their students. The OfS has also included academic freedom as a core principle of the governance of all registered providers, and is working in partnership with the Department for Education on the best way to enhance and improve the information given to students on the quality and standard of teaching that they can justifiably expect.

The 2017 Act gives the OfS the power to charge higher education providers a fee for their registration, in line with the detail set out in the fees regulations that we are debating. These regulations, alongside a direction from the Secretary of State, will enable the OfS to fund the majority of its operating costs using income from registration. This will result in the administrative costs of regulation being covered by the sector rather than the Government or, I should say, the taxpayer.

During the passage of the 2017 Act, hon. Members on both sides of the House debated long and hard about the future of higher education, and I think it was the most amended piece of legislation in the history of the British Parliament. Irrespective of different views about how we finance higher education or how it should be regulated, there will always be that imperative to ensure that students get a high-quality experience and positive outcomes from the time and effort they put into their education.

Diversity of provision is important to help to achieve those aims. Therefore, registration fees for providers are designed to support the broader intentions of the 2017 Act,

[Chris Skidmore]

encourage that diversity and provide meaningful choice for students. The Treasury's guidance for managing public money suggests that financing certain public services through charges rather than general taxation is a good way to allocate resources, because it signals to consumers that those services have real economic costs. Charging registration fees is consistent with that cross-Government guidance.

It is normal for regulators and sector-owned bodies to be funded by those whom they regulate. These regulations bring the approach to funding the OfS in line with other established regulators, such as Ofgem or Ofcom. The fees are an integral part of the new regulatory framework. Successful registration with the OfS brings providers under the new regulatory framework and secures students' interests, value for money and quality.

Providers need to register for their courses to be eligible for student loans, and they must register to the approved fee-cap part of the register in order to be eligible for grant funding. The benefit for the student is that the registered providers are regulated. The OfS has duties to have regard to things such as value for money, and it can take action to ensure that providers provide quality HE.

To reassure hon. Members, we have consulted carefully and considered the impact of these fees on providers of all sizes. We believe that the overall impact will be relatively small. The total amount of funding raised by the fees would represent less than 0.1% of the annual income that the sector generates. Fees will be proportionate to provider size, which we think is the fairest basis. That approach was supported by the majority of respondents to the DFE's consultations.

We acknowledge that this new system will need careful monitoring for the future and perhaps some adjustment over time. For that reason, a full review of the system will take place after two years. We have estimated that the operating costs of the OfS in its first year of operation, 2019-20, will be £27.2 million, which represents a 4% efficiency saving. As has already been stated, the Government will provide £0.8 million of funding in subsidies for new providers and micro-providers, which I will touch on in a moment. Therefore, the required amount raised by registration fees is £26.3 million.

Providers have influenced how the fee model has been designed through a two-stage consultation process. I have had the opportunity to talk to all university groups, including MillionPlus. Speaking with Greg Walker, I will continue to listen to their concerns and ensure that those are raised in the Department. However, there will be that other chance for providers to influence the fees via the plan review after the first two years of full operation of the OfS.

All fees published before the final fees in the statutory instrument have been indicative. The fees published in a second consultation document in October 2017 were suggested to initiate the discussion with stakeholders as part of that consultation. As was made clear, the indicative fees published in the response to the second consultation in February 2018 were updated to take into account concern expressed about the impact of the fees on smaller providers, and this meant that fees for medium and larger providers necessarily increased. At this point, an early estimation of 25% Government funding for the

OfS was replaced with specific subsidies that targeted Government funding where it would be most effective—at new and very small providers.

In addition, the Government funds other aspects of the OfS's operations outside this regulatory regime, such as the teaching excellence and student outcomes framework, Prevent administration and student information. The final fees have increased since February 2018 because the actual number of providers who applied to join the register has been lower than anticipated at that date. It is in students' interests that HE is well regulated, and the OfS has been set up in their interests.

When it comes to varying registration fees by providers, we believe that size is the fairest basis on which to introduce the regime. That was supported by 62% of responses to the consultation on this topic. Provider size offers an objective, transparent and simple measure that can be applied effectively across all providers. There are 13 bands, which allows the fees to be proportionate while being efficient for the OfS to administer.

As I said, the bands were adjusted following responses to the second consultation on registration fees—a clear demonstration that we are listening to the sector and taking action on the consultation responses. That adjustment was made to reduce the impact on smaller providers. The smallest 20% of registered providers—those with up to 75 full-time equivalent HE students—benefited from the restructuring of the fee table with lower fees. The final fee model has narrower bands at the lower end to reduce the impact of fees on smaller providers. Making the fee increase between bands regular, at 25%, allowed the fee levels to start lower.

**Dr Roberta Blackman-Woods** (City of Durham) (Lab): Can the Minister tell us how many of the respondents who were in favour of the new fee regime were smaller providers seeking to enter the market? Of course, based on what he just read out, they could become quite a high percentage, but they are not the mainstay of our higher education sector.

**Chris Skidmore:** I can certainly write to the hon. Lady with details of the number of providers that took part in the consultation and their size, but it is important to look at the cost per student of the registration fees. For some of the larger institutions, which, as she correctly says, are mainstays of our higher education sector, those range from £9 to £15 per student, whereas they are significantly higher for some smaller institutions. It is right that we take that into account. Analysis of the 132 publicly funded providers that the Department holds finance data on—finance data taken from the Higher Education Statistics Agency plus 2015-16 data—shows that none of those providers will pay more than 0.7% of their total income in registration fees.

Turning to the definition of micro-providers, which the hon. Member for Blackpool South mentioned, and to why the subsidy is in place, micro-providers are the very smallest providers—those that fit the Companies Act 2006 definition of a micro-entity and have 300 or fewer full-time equivalent HE students. There are approximately 14 on the register at present. They will be exempt from registration fees for as long as they remain within that definition. That is in line with the better regulation framework guidance.

I turn to the issue of ensuring that the OfS remains accountable and efficient, that it provides value for money for students and the general taxpayer, and that providers get value for money for the registration fees they pay. The OfS is statutorily obliged under section 2(1)(f) of the Higher Education and Research Act 2017 to have regard to the need to use its resources

“in an efficient, effective and economic way”.

Under section 2(1)(g), the OfS must have regard to best regulatory practice, which includes ensuring that regulatory activities are proportionate and

“targeted only at cases in which action is needed.”

As the hon. Gentleman mentioned, that is a risk-based regulatory framework that is expected to drive down the costs of regulation and, consequently, the overall costs to the OfS and providers. The duties written into the Act will help to ensure that registration fees represent value for money for registered providers.

There are also several mechanisms in the Act that allow the Secretary of State to hold the OfS to account for both the performance of its functions and value for money. Under section 2, the OfS must have regard to guidance issued by the Secretary of State; under section 74, the Secretary of State has the power to attach terms and conditions to any grants given to the OfS; under section 77, the Secretary of State has powers to give directions to the OfS; and under section 78, the Secretary of State has the power to require information and advice from the OfS about any of its functions. Of course, under schedule 1, the OfS must also provide the Secretary of State with an annual report on the performance of its functions, which the Secretary of State must present to Parliament.

In summary, the Government firmly believe that giving students real and well-informed choices is the most effective way to achieve quality higher education, and that the regulatory system should be designed to support that. The regulations support the regulatory ecosystem in line with accepted best practice across the public sector. The fee structure is designed to subsidise fees for new and very small providers of higher education to encourage diversity in the sector.

The 2017 Act established the Office for Students, which is already operational and will become fully operational on 1 August 2019. The regulations provide a strong incentive to ensure that the sector can hold its regulator to account for efficiency. I hope that the Committee agrees that the regulations are ultimately beneficial to students and the sector alike.

2.55 pm

**Dr Roberta Blackman-Woods** (City of Durham) (Lab): I, too, was on the Higher Education and Research Bill Committee and at the outset we raised a number of issues with the funding regime for the OfS. Despite what I have just heard from the Minister, a number of questions about the OfS and its funding still need to be addressed.

To date, the Government have funded the OfS, but the SI will change that, and from 1 August, universities will largely have to pay for the OfS. That shift, as the Minister said, is entirely due to a policy decision by a Government who believe that regulated bodies should fund the cost of their regulation. Unfortunately,

in the case of the OfS, I do not think that the Government have understood the implications of that, not just for the university sector, but for students themselves.

Paragraph 7.2 of the explanatory memorandum states that the funding model that the Government are setting up will

“reduce public spending and will encourage those regulated to hold the OfS to account for its efficiency.”

To date, efficiency savings have not been made by the OfS, so we can see from the outset that that is a complete policy failure. The OfS—never mind the institutions that it regulates—is not being held to account by anyone. That is the key point about accountability raised by my hon. Friend the Member for Blackpool South. The Minister must explain what he will do to make the OfS more accountable.

During debate on the fee rise in the Higher Education and Research Bill Committee, it was pointed out to the Minister—I accept that it was not the Minister who is before us today—that the cost of regulation, although borne by universities, would in fact be borne by students, because universities are mostly funded by income from students. The last time I checked, student fees were still called “tuition fees”; they were not called “funding-the-complete-costs-of-universities fees”.

I hardly need to remind the Minister that students bear those costs through their fees, and that once they earn above the threshold, they pay back to the Government not only the cost of their loan, but interest, which varies between 3.3% and 6.3%, meaning that they leave university with debts of at least £40,000 to £50,000. As tuition fees are currently held constant, while the cost of the OfS is increasing, over the years more and more of the student fee will go towards regulation. That funding model is not fair to students. What does the Minister think about that?

Thanks to the work of Universities UK, we know—I am not sure that we would have known through the Minister—that since the first impact assessment was carried out in 2017, the average increase in university fees has been a massive 62%. Since the DFE consultation last year, there has been an average increase of 18%.

The table the DFE has published about the funding of the OfS is interesting. From it we can see that, far from the OfS being efficient and required to cover its costs, the Department thinks that in three years it will cost another £3 million and in five years it will cost another £5 million; that is £27.2 million in 2019 and £32.6 million—almost another £5.5 million—in 2024. I do not think the Minister really answered our question: why are the costs rising in the way that they are and why is the amount of money that the Government are putting into the OfS so small? In 2020, the cost will be £28.6 million, with only £1 million coming from the Government.

**Chris Skidmore:** Taxpayer.

**Gordon Marsden:** Government.

**Dr Blackman-Woods:** Yes, from the Government. We can talk about the sources of Government money. Why are these costs going up? In a response to me in 2016, the then Minister made it clear that fees would only be charged on a cost-recovery basis—it is in *Hansard* and I am happy to pass it on to the Minister—yet that is not

[Dr Blackman-Woods]

the system that we have in front of us today. This SI does not seem to marry with what we were being told in the Bill Committee.

We have to return to the points made by Universities UK. I am not sure that the Minister answered those questions, so I will ask him again. First, Universities UK makes the point about accountability in relation to the overall costs of the OfS and the reasons why the costs for providers have increased so substantially from previous estimates. We have not had a clear answer from the Government or from the OfS about why that is the case and we have absolutely no idea why the Government think the cost will increase by another £5 million in the next five years. We need an answer to that.

The Minister should be concerned about the way in which the OfS is growing like Topsy. It is a quango; what happened to the Government's desire to see a bonfire of quangos? This one is being let grow more or less out of control.

The second point was about a commitment to move to a model of charging fees that properly reflects the costs of regulating different providers, rather than just size. The Minister reiterated the importance of looking at size today, but in our initial discussions, the Bill Committee felt that if fees were charged on a cost-recovery basis, particularly for universities that have clear systems and can easily provide information to the OfS, that would perhaps result in more limited costs than for new providers coming into the market and that would be reflected in the fees. That has not happened; quite the opposite. In fact, what the Government appear to be doing through exempting smaller providers is ensuring that their marketisation agenda continues apace, rather than reflecting the cost to universities.

The third point is that there should be appropriate funding from the DFE so students are not paying for Government policy priorities.

3.4 pm

**Chris Skidmore:** To conclude my remarks, it is in every student's interests that higher education is well regulated, and the OfS has been set up to act in their interests. While HE providers are autonomous institutions, the regulatory framework is designed to ensure that they are providing value for money for students; they are taking action to improve access and participation; and they have student protection plans in place in case of any market failure. It is incredibly important that the OfS plays that role in ensuring that there are standards within the sector, that those are observed, and that we can ensure that we work collaboratively with the sector to make sure that it acts in the best interests of students. If there are substantial concerns, the OfS can carry out efficiency studies to scrutinise whether providers are providing value for money for students and taxpayers.

As I have said already, the cost of registration fees will be comparatively small in the context of the overall HE sector's income, an increasing proportion of which comes from Government-backed student loans. Students themselves have a strong interest in ensuring that HE providers are properly regulated. The approach that we have taken when it comes to looking at the cost of regulation is in line with other regulated markets or public bodies, and it is right that we take those actions.

It is expected that the annual registration fee amounts will be updated to reflect the OfS's operating budget for the year in question, subject to Treasury agreement, and we would expect that any changes would require regulations to be updated and laid before Parliament, following approval by the Treasury. We expect that any significant changes would also involve further consultation with the sector.

I do not intend to get into a general debate about student finance or HE. We have already had an urgent question on European students and I am sure we will have more debates on the subject in the main Chamber. Today, we are focusing on this specific regulation and the fee levels. As I have set out, we had a consultation on the indicative fee levels, not the existing fee levels, and the regulation and the explanatory memorandum make that clear.

I am keen to ensure that, as a Minister, I support the OfS. It is acting in the best interests of students and is fit for purpose, contrary to what the shadow Secretary of State for Education imagines. We need to ensure that the organisation is given the opportunity to benefit all students, including pupils who want to go to university from across the country, and to do the important work that needs to be done so that universities and higher education providers realise their responsibilities to improve access, participation and progress. Delivering successful graduate outcomes is equally important work, aside from the financial sustainability regulation that the OfS will monitor in universities when it comes to registration conditions.

The OfS will also encourage the higher education sector to continue its long history of working together to ensure that we take into account the interests of students in local areas. The OfS is keen to encourage this work, not just between universities, but between HE and FE, and with local authorities, employers, health services and other organisations. For example, we have not talked today about the work of the OfS national collaborative outreach programme, which sees universities, colleges and other partners work together to deliver programmes to widen participation in HE.

It is important to reflect on the fact that the OfS has a positive, future-facing and supportive role. It will play a key role in the establishment of future organisations such as the institutes for technology, which will allow collaboration between universities and colleges to offer high-level technical education at levels 4 and 5—just below degree level. That will support the aims of our industrial strategy and the OfS is encouraging HE providers across cities and regions to work jointly with local enterprise partnerships to contribute to local economic growth.

We are moving away from universities being seen in their own individual silos, and I believe the OfS has an important role to play when it comes to the establishment of that civic role of universities, being able to demonstrate best practice and to spread that positively across the country. The OfS is also funding and promoting work to support growth in key sectors of the economy—for example, the Institute of Coding, which is a consortium of universities and employers with a mission to develop the next generation of digital talent.

I have just met the Israeli ambassador to the UK to talk about hate crime and discrimination—[*Interruption.*] It is important—

**Gordon Marsden:** It is nothing to do with the regulations.

**Chris Skidmore:** It is important, because this is about the scope of the OfS. Our debate today has focused simply on the financial role of the OfS in regulating universities. It also has a role in promoting access and diversity, to ensure that all students have the opportunity and the freedom to study. That work is not some spread of a quango, as the hon. Member for City of Durham said; it is really important work. We should be able to look at how we ensure that hate crime is addressed effectively and that we adopt a collaborative approach. The OfS as a body provides a national focus to ensure that these measures are taken forward constructively.

When it comes to the development of the OfS, I urge all Committee members to support it and look at its work in universities in their region, because it is an important organisation that will benefit students, and not just by providing best value for their courses. We can talk about the cost of the registration fees; I think the OfS will pay back the cost of the registration fees to the universities more, and not just in kind, but by being able to look at what is an incredible value-for-money argument.

It is important that we work to ensure that the OfS can continue to develop its plans for the future. I have already helped to sign off the access and participation plans framework guidance for the OfS this year. I am keen to ensure that we work on developing that for next year and the years after and on ensuring a positive relationship with the sector.

**Dr Blackman-Woods:** Just for the sake of clarity, I would not wish the Minister to get the impression that we do not think that ensuring a strong role for our universities in their local communities or widening participation are important. The real question for us today is how all those laudable things are paid for. Our real question, which the Minister is not answering, is: why should all that fall on the cost of student fees? Why should students bear that cost?

**Chris Skidmore:** Without getting into a wider debate about access to university finance, we are talking about 0.1% of universities' income. Not all income is simply from university student finance; there are other sources of income. I think it represents incredibly good value for money for universities, as registered providers, to be able to demonstrate their commitment to improving access and participation, and to demonstrate their role as civic bodies, working alongside other universities and collaborating with other access and participation charities. The OfS plays a crucial linking role in that, which is why, when it comes to registration fees—I am afraid that we will have to disagree about the cost to provider; it is not the Government paying—I personally believe that it is right that those who are regulated should pay. That is widely accepted practice right across government, and I urge all members of the Committee to support the regulations.

3.12 pm

**Gordon Marsden:** As I have observed, and as my hon. Friend the Member for City of Durham, who has just spoken, has observed, today's debate concerns registration fees and their implementation. While I have considerable respect for the Minister, as he knows, I

have seldom heard such an inadequate response to a debate about a statutory instrument in which specific questions were asked about specific financial issues and why they have changed.

Members will be relieved to know that I will not detain the Committee by going through all the questions I asked that the Minister failed to answer. I appreciate that he cannot answer some of them here and now, but I thought that he would be capable of answering one or two. I certainly think that all members of the Committee deserve answers to those questions, because they are absolutely at the centre of whether the provisions before us have been properly thought out and whether we can rely on their financial probity, given what we have seen over the last two years.

The Minister totally ignored the issues that we raised about the potential for abuse with micro-entities. I give him notice that we will be watching progress in this area very carefully, and if any scandals or problems occur as a result, unless he wishes to expand on the matter in writing to me, his complacency today will be noted and taken into account in future discussions on these matters.

The truth of the matter is that the Minister has attempted to glide through a number of bromides about what he thinks the OfS might be doing in future, and about this, that and the other. Of course, the things he talked about are laudable, and of course I support what the OfS is doing, particularly the work of Chris Millward, on access and participation, but that was not the issue. The OfS is a sort of passive bystander in the process. The Government are making an extraordinary demand on universities at a time when their future is uncertain, which is why the Minister's response is inadequate.

We are not going to let this matter go. I shall write to the Minister and ask him to spell out specifically responses to the questions that he failed to answer today, in respect of what my hon. Friend and I have said. It is regrettable that the Minister talks about co-operation and collaboration with universities, yet does not see the HE sector as a partner to be worked with, but as a partner to be listened to, then ignored. That is essentially the outcome of the regulations. On that basis, we cannot conclude that there has been sufficient or adequate discussion, or even a response to the issues that we have raised, so we propose to divide the Committee.

*Question put.*

*The Committee divided: Ayes 9, Noes 8.*

#### Division No. 1]

#### AYES

Brereton, Jack	Gyimah, Mr Sam
Brine, Steve	Milling, Amanda
Drax, Richard	Skidmore, Chris
Garnier, Mark	Tredinnick, David
Graham, Luke	

#### NOES

Blackman-Woods, Dr Roberta	Lammy, rh Mr David
Glindon, Mary	Mahmood, Shabana
Hayes, Helen	Marsden, Gordon
Hoey, Kate	Twist, Liz

*Question accordingly agreed to.*

*Resolved,*

3.17 pm

That the Committee has considered the Higher Education  
(Registration Fees) (England) Regulations 2019 (S.I. 2019, No. 543).

*Committee rose.*



