

# Changes to the regulatory environment in the UK – is any of it relevant to us?

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# Profile of the Alternative Providers in the UK, 2014 (*BIS survey 2016*)

Number of alternative Providers (APs)	c. 690 in England, 732 in UK
Size	Total of c.250,000 – 295,000 students. (27% from outside the EU) Only 9 APs had over 5,000 students.
Age of operation	63% over 10 years old
Ownership	Mostly private family owned; a few are charities
Objectives	64% for profit.
Main discipline focus	Business, Management, Religious studies
Location	Nearly all in London and the South East. Only 7% in Scotland, Wales and Northern Ireland

# Providers of HE in England, 2016

• Category	Number of HE providers	
• APs total		690
• APs Not in the system	580	
• APs with access to student loans	110	
• <i>of which with DAPs</i>	9	
• Higher Education Institutions		131
• Further Education Colleges		244
• TOTAL HE providers		1065

# Market features

- Diversity in age and ethnicity
- Flexible entry points
- Tuition fee levels
- Access to Student Loans Company
- Varied accreditations
- Mergers and changes at the top
- Recent trend to fewer overseas students

# Fate of the top 7 with TDAP

University of Buckingham	NFP	
University of Law Ltd	FP	Acquired by GUS NV, 2015
BPP University Ltd	FP	Acquired by Apollo Group, 2009
Regent's University London	NFP	
University College of Estate Management	NFP	
London Institute of Banking and Finance	NFP	
Arden University Ltd	FP	Acquired by GUS NV, 2016

# Global University Systems BV

- This Netherlands-based company owns in the UK:
  - St Patrick's College
  - University of Law (has TDAP)
  - London School of Business and Finance
  - Arden University (has TDAP)
  - London College of Contemporary Arts
  - London Academy of Trading
  - Finance and Business Training
- *And now, IBAT in Ireland*

# Typical PHEI: GSM London

- Private equity owned – Sovereign Capital.
- The largest AP with 7,200 students
- Fees are £6,000 pa for a 3 year UG degree and £8,000 for an accelerated 2 year degree.
- International fees are £8,500 pa or £12,750 pa for accelerated 2 year degree
- All courses validated by Plymouth University.
- Got £77m from Student Loans Company in 2013-14.
- QAA voiced concerns in Dec 2015 – now resolved.

# Regulatory history since 2010

- Government policy and White Paper favour APs
- QAA devised a special review process for APs
- 2013/14 – BIS/HEFCE new Operating Framework covering registration, TDAP and University title
- Access to SLC funds for “designated” courses.
- Immediate massive take-up
- Criticisms from NAO, PAC and CMA
- Current HER Bill is a response.



# Growth of student support

• Year	No APs	Students	Total support (£m)
• 2006/07	64	3,280	19.1
• 2007/08	60	2,820	18.5
• 2008/09	65	3,270	22.7
• 2009/10	82	4,230	29.2
• 2010/11	94	5,860	42.2
• 2011/12	110	12,240	100.3
• 2012/13	120	30,160	267.7
• 2013/14	148	52,516	724.8
• 2014/15	138	44,685	609.8
• 2015/16	110		

# The government's objectives

- Simplify the regulatory processes and bodies.
- Improved monitoring of governance and finance
- An equitable/level playing field for APs
- More choice for students and greater competition
- Broader participation for under-represented students
- Encourage APs to innovate and offer challenge.

# HERB - The new Framework (England only)

- Simplified structure with one regulator (OfS) replacing BIS, Privy Council, OFFA and HEFCE.
- Three types of private provider.
- Same regulatory processes for all HE.
- Comprehensive OfS conditions in order to register.
- Some APs can receive public money for T and R.
- Access and participation plans required for some.
- Speedy (probationary) DAPs for new providers.
- No basic change to QA processes (yet).

# Registration conditions by OfS

- Initial and ongoing registration conditions
- Transparency and information publication
- Access and participation plan condition
- Fee limit condition
- Public interest governance condition
- Student protection plan condition
- Condition relating to quality and standards
- Condition relating to any changes

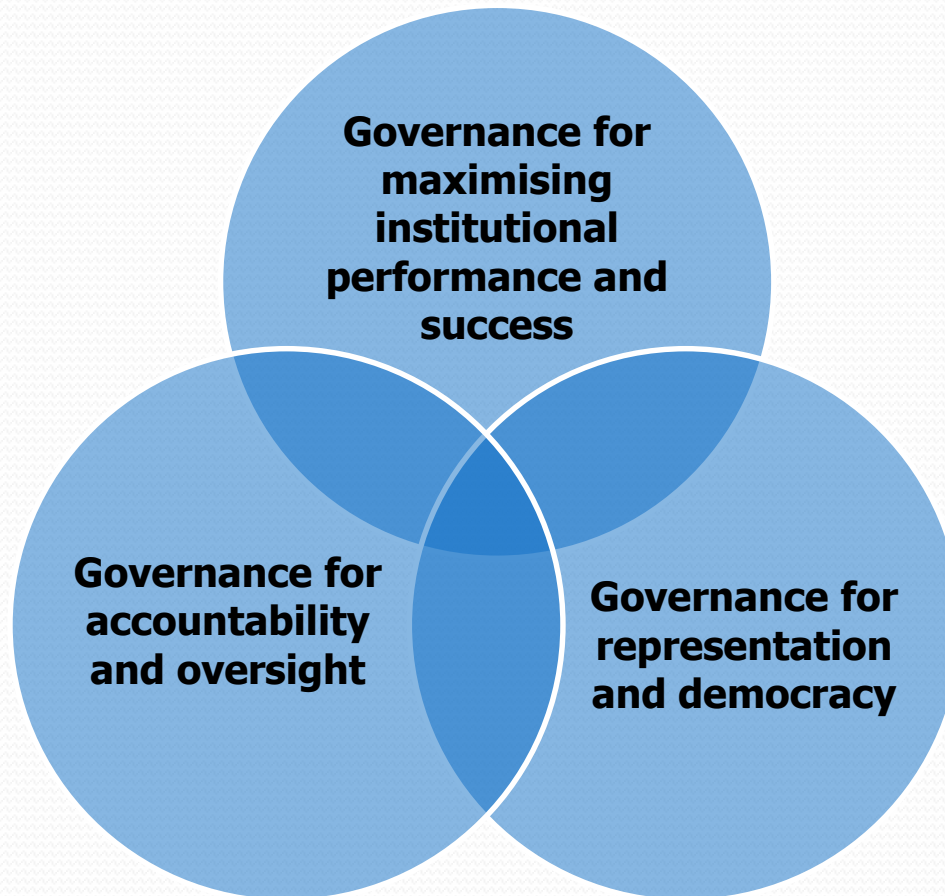
# The three types

- **Basic:** recognition but no public money or Tier 4 registration.
- **Approved:** can get SLC funds for designated courses and Tier 4 registration; no limit on fees, but there is a cap on SLC loans of £6000.
- **Approved (fee cap):** Similar to Approved, but fees (and loans) are capped at £9,000. May receive T/R funding. Fee uplift possible after good TEF ranking.

# Changes in regulation

	Now	In future
Quality	Annual review by QAA, but only every 6 years if TDAP	New flexible, risk-based reviews after 2017 by QAA
Finance, governance, management	Annual re-designation by HEFCE. No checks if TDAP	Part of registration test for two Approved categories, annual checks
Governance	Adherence to HE Code recommended	Adherence to HE Code required
Access and participation plan	None required	Approved (fee cap) providers must supply this
Student complaints	Membership of OIA needed	Now required for all
Information provision	Annual HESA return for those with designated courses, plus KIS and NSS	Full “transparency” and publication for two Approved categories

# What is good governance?



# Governance criteria when applying for TDAP

- **A: Governance and Academic Management**
- **Criterion A1**
- An organisation granted taught degree-awarding powers is governed, managed and administered effectively, with clear and appropriate lines of accountability for its academic responsibilities. Its financial management is sound and a clear relationship exists between its financial policy and the safeguarding of the quality and standards of its higher education provision. In the case of an organisation that is not primarily a higher education provider, its principal activities are compatible with the provision of higher education programmes and awards.

*Evidence is required under 10 headings*



# Governance criteria when applying for university title

- **Financial sustainability**
- 6. We need to be assured that you are financially viable and sustainable with a low risk of failure on financial grounds over the medium to long term. This should give students reasonable confidence that they will not be at risk of not being able to complete their course as a result of financial failure.
- **Management**
- 7. We need to be assured that you are well managed with sound management practice in place and the capacity to develop in line with your strategic plans and the financial strategy that supports those plans.
- **Corporate governance**
- 8. We need to be assured that you are well governed and comply with accepted principles of good governance.

# Will the objectives be achieved?

- One common regulatory system and QA regime – Yes, *but flexible application essential.*
- Simpler market entry via OfS. Yes, *but speedy entry is high risk.*
- Improved monitoring: *OfS registration process is more rigorous (on paper).*
- More choice: Yes, *if more APs enter and agree to provide information.*
- Broader participation. *Not necessarily.*
- Challenge and Innovation. *Maybe, but will they challenge their validators?*

# Forecast impact of the Bill on APs

Number of APs	Now	In 2018/19
Outside the system	580	553
Basic registration with the OfS/HEFCE	110	102
Approved registration	N/A	88
Approved (fee cap) registration	N/A	57
( <i>of which DAPs</i> )	9	21

# Questions to think about

- How many conditions should a registration process have?
- Should one distinguish categories of private provider in registration and later monitoring?
- Can Ireland copy any of the OfS' comprehensive registration conditions?
- What are the carrots and sticks for registering? Reward with public money?
- What are the best ways of assessing financial sustainability and good governance?

# Watch out for

Fielden, J and Middlehurst, R M.

*The alternative providers of higher education: issues for policy makers.*

HEPI. Dec 2016/Jan 2017