

UUK response to the Department for Education (DfE) consultation ‘Strengthening oversight of partnership delivery in higher education’

Universities UK (UUK) is the collective voice of 140 universities in England, Scotland, Wales, and Northern Ireland. Its mission is to create the conditions for UK universities to be the best in the world, maximising their positive impact locally, nationally, and globally. Universities UK acts on behalf of universities, represented by their heads of institution.

We welcome the extensive actions to tighten controls universities in our membership have taken over the last two years, demonstrating essential vigilance which must be ongoing. Where there is evidence of abuse or exploitation of the student finance system, it must be addressed and eliminated. It is in the interest of the taxpayer to protect public money and crucially for the sector to protect its world-renowned reputation. That is why we strongly support the introduction of these measures to bring the majority of franchised providers under additional and direct regulatory oversight with the OfS. This is an important step to supporting greater assurances over franchised provision, although it is unlikely to be enough on its own.

At Universities UK (UUK), we believe franchised provision can play a role in supporting access and opportunity. Franchise partnerships can, in some instances, offer modes of delivery and course structures that suit a more diverse student population, supporting access opportunities for mature learners, those who need to study more flexibly and for those in higher education cold spots such as parts of the South West of England. As noted in the [National Audit Office \(NAO\) report](#), 57,470 out of 97,000 (59%) students from England studying at franchised providers were from

neighbourhoods classed as high deprivation, compared with 40% of students at all providers, in 2021-22. Students studying at franchised providers also tend to be older (40% were over 31 on entry compared to 18% of all students) seeking to protect the student finance system from abuse, we need a surgical approach which supports genuine and high quality arrangements which enable universities to reach student populations who are underrepresented in higher education, where it can make an important contribution to meeting skills needs and ultimately, supporting economic growth.

Universities are responsible for offering high quality higher education that delivers value to students and taxpayers, whether it is delivered on their main campuses or through franchised arrangements. However, we are not complacent about the concerns raised by the National Audit Office (NAO) and at the Public Accounts Committee (PAC) hearing last year about franchised provision. It is in no-one's interest if this provision is poor quality and fails to deliver the opportunities and skills students need, or if students entering this provision are mis-sold on the offer. We welcome the consultation and the opportunity to engage with the Department for Education further on this important matter.

Our response

Question 14: Do you agree with our proposal to require franchise delivery partners with more than a specified number of students to register with the OfS? [Yes/No]

Yes.

Question 15: Do you agree that a threshold of 300 students is appropriate? [Yes/No]

Yes.

Question 16: If you have answered 'No' in the previous question, at what level do you think this threshold should be set?

Question 17: To what extent and in what ways do you think providers might adapt their business model in response to this threshold?

Where universities have entered into franchise partnerships with providers who do not, following their application to join the OfS register, meet the registration requirements of the OfS, we would expect the effect of these proposals to be that they end those partnerships. This might not lead to a change of 'business model' in itself, but it may lead to a reduction in the volume of franchise provision and encourage more strategic and high-quality franchise partnerships.

This does pose some risk to existing students studying on franchised courses if a provider is eventually no longer designated for student support and the lead provider dissolves the partnership. We welcome the provision in the consultation that, should a provider not be registered by September 2027 and has not submitted an application, that existing students will still be eligible for student support to complete their studies. For some, this will result in a 'teach out' period and we would expect lead providers, with whom the student has the contract, to ensure that these students still receive a high-quality experience for the duration of their studies. We will also encourage lead providers to engage with their partners early to understand if they intend to apply for registration with the OfS. If they do not intend to register, we would expect lead providers to start planning their exit arrangements now to minimise the number of students who will be affected by this. If a franchised provider has no intention of registering with the OfS, we recommend that the recruitment to the course ceases. We acknowledge that while the courses could technically continue without SLC money, OfS registration offers an additional level of assurance about the provider and quality of the course.

We are aware that many lead providers are (re-)considering their approach to franchising as a business model given the wider context and known risks and challenges of this type of provision. Some providers have left the franchising market already while others have shifted their strategic focus towards more targeted partnerships. We note, however, that the structural underfunding of domestic teaching and research has driven universities to develop business models which allow them to diversify their income streams. Attention should be given to the fundamental forces which have driven the expansion of franchise provision.

For those providers continuing to franchise, registration of the franchised providers with the OfS will provide some additional assurances. However, UUK still expects universities to carry out robust and comprehensive due diligence when entering into a partnership. We encourage members to refer to our [Franchise Governance Framework](#) which highlights the importance of this and ways in which it can be done. We also believe that it will be necessary to work with Government to improve

information sharing between the SLC, OFS and lead providers to support them to spot and eliminate any exploitation of the system. Action may need to be taken to tighten up on recruitment practice including the use of domestic agents.

Question 18: What positive impact might there be on providers or students as a result of these changes?

We support the aim to increase oversight of higher education delivered through franchised provision and see this as likely to have a positive impact. Universities must provide assurance to external stakeholders, including students, taxpayers and government, that franchise partnerships are well governed and well managed. This includes ensuring public money is protected and that the same high quality expected at a university is extended to franchised courses.

Universities have policies and procedures in place to do this and already account for their franchised provision as part of their own compliance with the OfS. For example, franchised provision is accounted for in lead providers' data and is considered when assessing OfS ongoing registration condition B3 (student outcome) compliance.

Inclusion of franchise providers on the register will not, on its own, achieve the outcomes which government is seeking. There are other steps which the sector and government can take. Last year, UUK published the Franchise Governance Framework to help senior leaders in universities to spot and manage risk in franchised partnerships. This sits alongside other sector-wide work to strengthen the oversight of partnership provision, including the advice and guidance issued by the Quality Assurance Agency for Higher Education (QAA) on partnerships in its UK Quality Code for Higher Education, the QAA Quality Compass on anticipating risk in partnerships, and the guidance of the Office of the Independent Adjudicator (OIA) on the delivery of learning opportunities with others. We also supported the SLC attendance and engagement policy, which we explicitly reference in the governance framework. Most recently, UUK has co-chaired a series of workshops with QAA, GuildHE, OIA and Independent HE on managing partnerships. An output to share learnings from these sessions will be published in due course.

The registration proposals would have a positive impact in providing an additional layer of oversight, and will provide further assurances to lead providers that their partners have met a minimum threshold, particularly regarding the governance arrangements and financial sustainability, although we still expect universities to be vigilant and carry out their own robust due diligence as well as have strong monitoring arrangements for their partnerships. We agree with the OfS that those responsible for the governance of providers must have the capacity and skills to

navigate the challenging financial landscape and to ensure all students will receive a high-quality education. To this end, alongside this consultation response, we are supportive of the OfS' proposal to introduce a new initial condition E7 that would require an institution to have effective governance arrangements. Students will also benefit from the knowledge that their provider is subject to independent assurances.

Question 19: If you are a lead or delivery partner in a franchising arrangement, what, if any, financial impact do you think the proposal could have for you as a provider?

Although the OfS recently confirmed they will be lifting the pause on registration applications in August 2025, we are concerned about the capacity of the OfS to assess new registration applications from partner providers, considering the current backlog which the OfS have said will be prioritised when assessment resumes. This should also be noted in the context of an ambitious strategy being proposed by OfS for 2025-30, where – as has been stated by UUK in our response to the consultation on the strategy – there is little clarity on how the regulator will manage new activity in addition to existing activity. There may be a prolonged period in which lead providers do not know whether a franchise partner will be successful in their application for registration, creating uncertainty for both institutions and for students and prospective students. Should a franchise partner be unsuccessful in their application for registration, we would expect lead providers, with whom the student has the contract, to ensure that these students still receive a high-quality experience for the duration of their studies either with the lead provider or through an alternative partner. Providers will, therefore, need to be planning for multiple scenarios over uncertain timeframes and be prepared to take on these additional costs should registration applications be rejected.

At a time when financial challenges in universities are acute and worsening, this instability could impact decisions on seeking new partnership opportunities or disincentivise lead providers from providing additional support to partners. Lead providers will also likely have to invest resources into supporting their partners in the registration and regulatory processes. We know from our members that this is something many already do. It is one way in which the sector can welcome new entrants, as intended under the Higher Education and Research Act (HERA) 2017, by established providers supporting their partners on a journey to OfS registration. Lead providers must ensure they are clear about the new requirements and have mechanisms in place to assure themselves that their partners are compliant with the new system. However, an extended period of new and changing arrangements may

create uncertainty about requirements and make this role for lead providers more resource intensive.

We acknowledge that a system where both parties are responsible for regulatory requirements can be complicated. Therefore, we encourage the Department and the OfS to ensure their guidance and communication is clear and acknowledges the roles and responsibilities of lead and partner providers.

Question 20: What, if any, risks might there be from these changes?

As noted above, we are mainly concerned about the capacity and speed at which the OfS will be able to process new registration applications, and the impact this will have on lead providers' ability to plan long-term. We support the proposed threshold but would also encourage the Department to emphasise the method used to calculate the number of students that count towards the threshold. This includes that the headcount measure relates to all franchise students, including self-funded and international students. The consultation references this only once and could easily be missed/misinterpreted in provider calculations.

There is also a risk that the headcount calculation is further complicated by the introduction of the Lifelong Learning Entitlement (LLE) which is credit-based and significantly more flexible on start dates and continuation permutations than full-time, full year courses. We encourage OfS to explicitly consider implications for franchised provision in its development of regulation under the LLE, considering the flexibility franchised provision offers is likely to be attractive to learners who will also benefit from the flexibility of the LLE.

Question 21: Do you agree with our proposal that state-funded schools, the statutory further education sector, NHS Trusts, Councils, and Police and Crime Commissioners should be exempt from the requirement to register with the OfS? [Yes/No]

Yes.

Question 22: Do you agree that providers should not be exempt from registering with the OfS if their provision is regulated by an appropriate PSRB? [Yes/No]

Yes.

Question 23: Are there any other regulatory partners that providers are regulated by that you think should qualify a provider as being exempt from the requirement to register with the OfS?

No.

Question 24: Do you agree with our proposed approach to implementation? [Yes/No]. If you answered ‘No’, please explain why.

Yes. We recognise the urgency of action needed to protect public money from potential misuse of the student finance system and to provide additional assurances on the quality of this provision. We have no objection to the timeframe of the proposed implementation but are concerned about the capacity of the OfS to assess the number of applications expected, as outlined in our response to question 19.

We would like to see particular attention given to the effect on students during the implementation period and the uncertainty that any delays may cause. Genuine students should be assured that they will be able to complete their course even if the partner provider’s application to the register is unsuccessful and will be supported by the lead provider to do so.

Otherwise, we do agree with the phased approach proposed.

Question 25: Are there any obstacles to submitting registrations to the OfS within the proposed timeframes? [Yes/No] If you answered ‘Yes’, what are they.

Yes:

We would like to see registration of franchised providers implemented as soon as possible considering the additional assurances this will offer. We think there are some obstacles to submitting registrations to the OfS within the proposed timeframe but believe these can be mitigated with very clear guidance and prompt engagement between OfS and providers before and during the registration application process. As noted in our response to questions 17 and 19, lead providers will likely have to invest resources into supporting their partners in the registration and regulatory processes,

particularly where they are partnering with smaller or new partners. Similarly, smaller or less experienced partner providers may be more likely to need support from the OfS through the registration process and their applications are likely to take longer than those who have had experience with the OfS (for example, through interactions with lead providers). Combined with the proposed new registration requirements (as set out in the [OfS initial conditions of registration consultation](#)), this could require significant time and resource investment for both parties, potentially affecting the ability for partner providers to submit a full application to the OfS. We would encourage guidance issued by the OfS to be absolutely clear on submission requirements and implement a system to address provider application queries promptly.

We welcome the provision in the consultation that any provider who makes an application before 1st of May 2026 will have their designation for student finance extended to the 2028-29 academic year (the 'implementation year').

Question 26: Do you agree that we should continue to fund any existing students who began their courses before 2028/29?
[Yes/No]

Yes.

Question 27: Do you agree with the proposed ground for appeal? [Yes/No]

Yes.

Question 28: Should there be any other grounds of appeal? [Yes/No] If you answered 'Yes', what should they be?

No.

Question 29: Do you agree that a two-year transition period for appeals is sufficient? [Yes/No] If you answered 'No', please explain why.

Yes.

Question 30: Do you agree that there should be consequences for providers who exceed the threshold without being registered with the OfS? [Yes/No]

Yes.

Do you agree that it is a proportionate consequence for a provider to lose a year of student finance for new students for every year in which the threshold was exceeded without the provider being registered? [Yes/No] Please give reasons for your answer.

Yes, if this can help prevent providers from gaming the process in the implementation years.

The consultation states that courses delivered by providers who submitted a registration application to the OfS in good time but have not received an outcome from the OfS by the September decision point will remain designated for student finance **in the implementation year** [our emphasis]. Considering our concerns with OfS capacity, we suggest that any provider who makes an application to the OfS before 1 May of any subsequent year but does not have a decision by September the following year continues to have access to student support until a decision has been confirmed. In these cases, lead providers should also continue to assure quality and protect students through existing arrangements.

For example, if a provider submitted an application to the OfS before 1 May 2028 but had not yet received an outcome by the decision point in September 2029, courses they deliver should remain designated for student finance for AY 2030-31 because they applied 'in good time' to the OfS.

Question 32: Do you agree with our proposal to publishing each year a list of franchised providers whose courses will be designated for student finance the following year? [Yes/No] You may wish to provide additional comments.

Yes, we support the proposal to provide transparent information for students. We suggest the Department consider the appropriateness of the list being held and maintained by the Department. We suggest that this is not the place from which students would generally seek this advice nor is the Department the holder of the

regulation decision. The list being separate from the OfS Register may cause confusion, rather than increase transparency.

If the list is held and maintained by the Department, care should be taken to ensure that all relevant information links explicitly and accurately to this list. This should include explicit coordination with the OfS, including clear information on the roles and responsibilities of each organisation.

Question 33: Do you agree with our proposed timeline? [Yes/No] If you answered ‘No’, please explain why.

Yes.

Question 34: Do you agree that DfE is a suitable body to make decisions about eligibility for student finance? [Yes/No] If you answered ‘No’, please explain why.

Yes.

Question 35: Do you agree that no action is needed in relation to the delivery of provision delivered by franchise providers operating in devolved government areas? [Yes/No]

Yes.

Question 36: Do you see any risks associated with this approach? [Yes/No] If you answered ‘Yes’, please explain why. [Free text] If you answered ‘No’, please explain why.

No, we do not see any risks associated with not taking action in relation to the delivery of provision delivered by franchise providers in devolved government areas as there is already established mutual recognition and between regulators and mechanisms to ensure partner providers are part of a regulatory system. The new registration proposal set out in this consultation and the existing regulation in the devolved administrations go some way to reducing risk by providing additional assurances. However, it is currently difficult to share concerns about particular providers across governments and regulators. While outside of the scope of this consultation, we strongly encourage the DfE and the OfS to work with their counterparts in the rest of the UK to ensure a more consistent approach is taken to

sharing intelligence and working collectively to protect public money and the quality of provision across all parts of the UK.