About the Authors

INDEPENDENT
HIGHER
EDUCATION

Independent HE is the UK membership organisation and national representative body for independent providers of higher education, professional training and pathways. Independent HE works to promote, support and enhance the independent tertiary education sector. We lobby for positive reforms to the regulatory and operating environment, work to share good practice and raise standards in the sector, and help members to overcome challenges to succeed in the market.

Membership is open to independent providers of higher education, professional training or pathways who demonstrate a commitment to high educational standards, transparency, ethical marketing practices and protecting the interests of their students.

For more information visit: independenthe.com

HOBSONS

Hobsons’ managed services enable education institutions to transform and future-proof the way they market, acquire, engage, convert and retain students through data-driven decision-making processes.

For more information visit: www.hobsons.com/emea

Hobsons’ specialties include market research, student recruitment, digital marketing strategy, enquiry management, lead generation, student engagement, retention, admissions, and offer conversion.

Hobsons also publishes the International Student Survey, which is the world’s largest survey of prospective international students. The 2017 Survey had over 62,000 respondents from 197 countries, and is available to download for free at: www.internationalstudentsurvey.com/2017
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The Independent Higher Education Survey comes at an important time in the history and development of higher education, and indeed of the independent providers within this sector. The most significant higher education legislation in 25 years sets to carve a clear path for independent providers to a level playing field with publicly funded universities and colleges.

“**This survey will not only equip Independent HE with the information we need to advise the government on the changes ahead but will also communicate a more accurate picture of the independent higher education sector in the UK.**”

Independent providers have featured in the headlines in a way which seldom happens in the education press. Through the debate on the Higher Education and Research Act, Jo Johnson has shone a spotlight on our innovative delivery models and courses which prepare graduates with the skills to walk straight into work. However, the tone of the debate demonstrated that many still do not understand independent higher education providers – their missions, models or plans for the future.

Our re-brand as Independent HE this time last year was in response to a very clear emerging requirement for a strong and responsive body to represent independent higher education providers. As part of our role in promoting, supporting and enhancing the independent tertiary education sector, we have established for the first time what will be an annual survey of independent higher education providers.

Our members have often struggled to place themselves in the higher education context. This report will afford them and all providers a more accurate point of comparison, and we hope, a better sense of their own opportunities and challenges. This report is a chance to improve debate and discussion within our part of the higher education sector and beyond.

— Philip Wilson
Chair, Independent Higher Education
Introduction

The independent higher education sector is distinguished by its diversity and shaped by the dynamics of a competitive market in which providers evolve and adapt to student and employer demand far more quickly than is typically observed in the traditional university sector. This fluidity presents challenges both to the recognition of the sector by the general public and to the design of appropriate policy by the government.

It is in this context that we offer The Independent Higher Education Survey 2017 as the most up-to-date report with new insights on this exciting and fast-moving sector. The last such in-depth report was published by the Department for Business, Innovation and Skills (BIS) in 2016, but using survey data from 2014. In the three years since, much has changed in terms of the size, shape and scope of the sector and its external operating environment. We hope that our Survey will both bring the overall picture of the sector up to date and shed some light on particular aspects which have hitherto received little attention. One persistent issue has been the limited data and understanding of the full scope of qualifications offered in the independent sector, and how many of its students are engaged in lifelong learning.

We intend to run the Independent Higher Education Survey on an annual basis to provide stakeholders with an accurate picture of the sector as it develops and help us to identify significant trends and shifts in the priorities and attitudes of independent higher education providers. We decided to launch it this year because the sector and higher education as a whole is at a turning point, and the reforms set in motion by the Higher Education and Research Act 2017 will accelerate the change which has been the hallmark of the sector over the past decade. This annual survey aims to capture this change, helping us to adapt what we do to meet the sector’s evolving needs and helping policy makers to better harness its energy and ideas towards addressing the big educational challenges of the day. We opened the survey up to providers who are not yet members of Independent HE because the significance of the reforms currently on track requires that we understand and take account of views from across the sector when advising the government on their implementation.

This report is based on a survey conducted by our research partners Hobsons in March and April 2017. It asked providers a series of questions about their institutional characteristics and their educational provision in order to bring up to date public perceptions of the types of higher education provider operating in the independent sector and their connections to other parts of the industry. It also asked them a number of more subjective questions in order to gauge their attitudes towards the most important current issues, including the Higher Education and Research Act 2017 reforms and other changes taking place in the sector. Finally, it asked them to reflect on their own positions, identify their key priorities and challenges, and share their plans and forecasts for the years ahead.

The answers to these questions will carry clear implications for the government and its new regulator tasked with the comprehensive oversight and explicit responsibility for this sector for the first time. There is both a strong private interest in ensuring that the next generation of students get a good deal from these newly prominent and accessible alternatives to our more familiar universities, and a growing public interest in securing the best use of limited resources for the public support of higher education.
The first question which policy makers must therefore ask themselves is “which are the providers in whose regulation the public has an interest?”. This question has been cleverly addressed in the Higher Education and Research Act 2017 through the establishment of the Office for Students and the registration system it will run. The careful implementation of this system should create an environment in which all providers of higher education, as it is broadly conceived, are able to register and derive benefits from this registration, and in which prospective students will expect to access authoritative information on the choices available.

Rather than impose a single level of one-size-fits-all regulation on every provider, the Office for Students will allow each provider to choose their preferred level according to their needs and the benefits attached. Those providers which do not require any of the benefits on offer are likely still to find that the visibility which derives from some engagement with the regulator becomes de facto necessary for reassuring prospective students of their good standing. In this sense, the public may decide for themselves which providers should be regulated, while the government can use additional levers to control those elements of greatest importance to public policy, such as access to public funding and the ability to recruit international students.

The Independent Higher Education Survey 2017 does not therefore seek to answer this question nor the related questions of “which organisations should we count as independent providers of higher education?” and “how many are there?”. While recent reports of there being more than 700 ‘alternative providers’ (higher education providers not in receipt of public funding) in the UK have been overblown, we do expect between 200 and 300 such providers to engage with the new regulator in its first year once the process and benefits for doing so become clear.

Our sample size of 111 therefore represents between one half and one third of those in which the government will initially be interested, and does therefore allow us to draw some fairly robust conclusions about the sector as a whole. The 111 providers who responded to the survey may to some degree have been self-selecting. The large majority of them already interact with the current regulatory framework and they foresee continued engagement with the new regulator once the Office for Students is established. Providers who are currently less engaged may differ somewhat in their characteristics and perspectives on certain issues, but the Survey nonetheless should provide a valuable resource for policy makers and higher education professionals interested in better understanding the independent sector.
Survey demographic

Survey responses were received from a range of independent higher education providers, including ‘alternative providers’ and those not yet government regulated. Providers who identify as Independent HE members make up 35% of the respondents \( (n = 111) \). Responses were received from across the UK but the majority of providers are located in London and the South East, which reflects the geographical distribution of providers nationally.

The responses received are dominated by smaller providers, with 73% identifying as currently having 1000 students or less enrolled at their institutions. Only 3% of providers identify as having a headcount of more than 5000 students.

Within the survey sample, degree-length courses are the most common format – 71% of respondents have more students on degree-length courses, compared to only 15% primarily teaching shorter length courses. Most providers are regulated by HEFCE and the Department for Education (66%), while 49% have a Tier 4 license.

Shape of the Sector

Students

The responding providers teach a total of 101,087 students. Of those students, 57% are from the UK while 26% originate from outside the EU. Only 17% of students at the responding institutions are from the EU.
The survey highlights a trend in the number of students on courses of varying durations – only 29% of the students from the responding institutions are enrolled on undergraduate degree courses of more than two years full or part-time. The majority (52%) of students are on courses of less than two years (not including postgraduate) and these vary from short courses of less than six months (24%) to HE level courses of one or two years (13%). Only 17% were on postgraduate taught courses and less than 1% were enrolled in postgraduate research courses.

When these results are separated by student nationality, the distribution remains comparable. Most students on both long and short courses are from the UK (57 and 64%, respectively), approximately one quarter are from outside the European Economic Area, and the remainder originate from inside Europe.

**What do they teach?**

Providers were asked to identify all the qualifications taught at their institutions. Providers typically offer a small number of qualifications – 37% offer a single qualification type, and 41% offer two of the below qualifications. Only 10% of the respondents offer four or more qualification types.

Of the surveyed institutions, 77% indicate that they offer qualifications resulting in a UK-validated award. In addition, 30% provide a range of professional courses, and 19% provide Pearson-awarded qualifications. Over 30% of the responding providers also offer unaccredited courses.

**Institutional missions**

The survey respondents were asked to select the three institutional missions which most closely aligned with their organisational goals. The results indicate that providers in the independent higher education sector operate across a broad range of institutional missions. A majority of the surveyed institutions (63%) prioritise a mission of international education and cooperation, while only 8% of respondents report having a theological mission. Charitable, scientific and widening participation missions are relatively common amongst the respondents, with 39, 35 and 38% of institutions indicating a mission focused in these areas, respectively. Despite a significant proportion of the respondents offering industry accredited courses, only 22% of institutions claim to operate under an industry or profession-focused mission.
Only 26% of providers with a Tier 4 license prioritise an international education-based mission. Forty percent of those providers with courses designated for student support by the Department for Education have an industry or profession focus, while 26% have a widening participation mission.

Organisations with a charitable or not-for-profit mission are typically small, with 64% reporting student numbers of 500 or less. Similarly, 66% of organisations with missions in widening participation and access to HE have 500 students or less. Almost 50% of providers with an industry focused mission report having 500 students or less, suggesting that specialist institutions remain small. Approximately 60% of the organisations with a focus on international education and cooperation are larger, having between 501 and 5000 students.

### Models of teaching

The survey sought to understand which of a selection of innovative or flexible teaching models are offered by independent providers. We asked providers to indicate whether they offer any of the four main alternative models of teaching found in the sector.

Almost 50% of responding providers offer part-time and flexible learning, and approximately 40% offer online, distance and blended learning options. These values reflect the rise in popularity of tailored opportunities, facilitating learning around existing employment and family responsibilities through greater accessibility and more flexible scheduling. The provision of apprenticeships and accelerated two-year degree courses is more specialised, with 10 and 16% of responding organisations offering these modes of teaching, respectively. Nearly half of the responding institutions indicate that they offer industry accredited courses, suggesting a strong partnership with the industries they serve.
Regulation

Over 90% of the institutions surveyed are reviewed by QAA. A majority of the respondents have courses designated for HE student support from the Department for Education (66%). Forty-nine percent of providers have a Tier 4 license, and 65% of those with a Tier 4 license also offer courses that are designated for HE student support.

The only other significant form of regulation identified by the survey respondents is provided by the British Accreditation Council (BAC). The remaining accreditation and regulation bodies accounted for less than 10% of the surveyed sample.

Regulation by the Department for Education and/or the Home Office

Thirty-nine percent of providers offering Pearson awards and 35% of providers offering accelerated degrees have courses designated for student support. Alongside their designated courses, 18% also offer professional qualifications and 17% offer unaccredited courses at their institutions. Of the providers with a majority of students enrolled on short courses (n=17), 29% have courses designated for student support.

Sixty percent of those providers with courses designated for student support have 500 students or less, enrolled across courses both with and without designation.

Similarly, 59% of providers with a Tier 4 license have 500 students or less across all of their courses. Only 11% of providers offering Pearson awards have a Tier 4 licence. Providers outside regulation by the two main bodies have a similar numerical distribution to those within, with 52% having 500 students or less. Of the ten providers with a regulatory relationship with Ofsted, half have less than 500 students and half have between 501 and 5000 students. Providers that are completely unregulated account for 3% of the survey sample (n=3). Of those providers, two have 500 students or less and the third has between 501 and 1000 students.
Multiple Regulators

The majority of providers are regulated by multiple organisations. Almost 50% of providers have either one or two regulators, with most providers having a Tier 4 license and also offering courses designated for student support. Of those providers, 62% have 500 students or less. Forty-four percent of providers have three or four regulators, and of those 53% have 500 or less students.

New Regulation

Over the past two years many providers have been subject to, or able to voluntarily participate in, new regulation. The survey asked providers to specifically identify whether they were subject to monitoring under the Prevent Duty, had subscribed to the Office of the Independent Adjudicator (OIA) or volunteered for the Teaching Excellence Framework (TEF). Seventy percent of the responding providers are subject to Prevent Duty monitored by HEFCE, while 14% are subject to Prevent Duty monitored by the Department for Education or Ofsted. Overall, 26% of respondents are not subject to any form of Prevent Duty, while eleven providers indicated that they are monitored by both HEFCE and the Department for Education or Ofsted.

Over 70% of the responding providers indicated that they are currently subscribed to the OIA. Participation in the TEF is less widespread – while 30% of respondents indicated that they have applied for the TEF (Year 2) Provisional Award and 4% indicated that they have applied for the Full Award, the majority of the respondents (67%) have not applied for either.
Membership of HE Sector Bodies

One of the aims of our survey was to assess how engaged independent higher education providers were with sector bodies. Providers were asked to describe their relationships with 13 of the main sector bodies by indicating whether or not they were already members/subscribers, or whether they intended to join in the future. Five sector bodies had less than six members and were not included in the chart below. There is a clear trend in membership/subscription towards the larger and more accessible sector bodies, and particularly to those with a link to regulation. With the exception of the Copyright Licensing Authority (CLA) and UCAS, there is very little voluntary engagement with higher education sector bodies, and almost no providers intend to join any of the organisations listed. Survey respondents commented that sector bodies were too expensive, and that their very limited impact on their students’ experience did not justify the cost of affiliation.

Seventy-six providers indicated that they were a ‘member or subscriber’ to QAA. However, there are currently only eight independent providers who are mandatory subscribers to QAA, as a requirement of their degree awarding powers. Seven further independent providers voluntarily subscribe to QAA according to QAA records. It is clear that most providers see no distinction between a QAA subscription and paying an annual fee for the review cycle.
The Changing Higher Education Landscape

The changing landscape of the sector will have an impact on many institutions over the next five years. We asked providers to share their opinions on the effects these key changes might have on their institutions. Many providers are unsure how the Higher Education Act and other changes detailed in the White Paper will impact on their institution. However, members of Independent HE were more likely to give a definitive response, rather than indicating that they were 'unsure'.

The Higher Education Act

Providers responded positively to the proposals in the Higher Education Act, with 55% indicating that they either strongly agree or agree that the Act will create a better higher education system for their institution. Less than 5% of responders feel that the Act would not create a better higher education system. While 41% of providers remain unsure about the proposals overall, members of Independent HE are less likely to be unsure – only 33% of members indicated that they are still unsure, compared to 46% of non-members.

Providers offering alternative delivery models are most likely to respond positively to the Act. In particular, 89% of those offering accelerated degrees and 73% of those offering apprenticeships either strongly agree or agree. The Act was also more likely to receive a positive response from those providers already operating within higher education regulation. Sixty-four percent of those with courses designated for student support and 59% of those with a Tier 4 licence gave a positive response.

Providers not currently in higher education regulation are still positive, with 36% agreeing that the proposals detailed in the Act will have a positive impact on their institution. However, they are also more likely to be unsure (58%) of the impact of the Act on their institutions. Of those who are unsure of the potential impact of the Act, most have indicated a charitable or not-for-profit mission and a majority are small – over 70% of the smallest providers (1-100 students) indicated that they are unsure.
Single System of Registration

The majority of the surveyed providers plan to enter the single system at either the Approved or Approved (fee cap) level. In explanation for their response, these providers indicated that their selected level most closely aligns with their current regulation. Several providers believe that they could meet the regulatory hurdles of the Approved (fee cap) level, but that the cost of the regulation would make it impossible to cap their fees at £9000.

Many of those who remain unsure offer alternative delivery models such as online or accelerated programmes, pathway or study abroad courses. Others state that they do not have enough knowledge of the level to come to a decision. Some are in a state of organisational change and feel that they will not be able to determine where they will enter registration until the Office for Students opens applications.

Those with a review from the QAA are by far most likely to enter the system at some level. Only two such providers state that they will not register with the Office for Students. Those currently regulated by the Department for Education or the Home Office are almost all expecting to enter the system, although some remain undecided on their entry point.

Those providers who intend to enter at the Approved (fee cap) level are most likely to have a charitable, widening participation or industry focused mission, and teach across two or more different qualification types.
Those intending to enter the register at the Approved level primarily teach validated awards, and their missions are industry focused and/or charitable or not-for-profit. Thirteen percent of those entering at Approved teach across further and higher education and have a regulatory relationship with Ofsted either directly or through a sub-contract with a further education college. This is compared to less than 1% at the Approved (fee cap) level.

Half of those providers offering accelerated degrees also plan to enter the register at Approved, while one third remain unsure of their entry point into the system. Only 16% of those offering accelerated degrees plan to enter at Approved (fee cap).

Eighty-five percent of those providers who indicated that they would enter at the Approved (fee cap) level have 500 or less enrolled students. Approved is the main choice for those with between 501 and 1000 students, with 47% selecting this option. The distribution of providers with more than 1000 students is similar, with 46% choosing Approved. The larger providers (1001+) are also most likely to choose the Basic Registration level (19%).

Independent HE members are more confident of their entry point decision, with members twice as likely to be sure of the level at which they plan to enter.

**The Positive and Negative impacts of proposals in the Higher Education and Research Act**

The survey asked respondents to evaluate a select group of proposals detailed in the Higher Education and Research Act and White Paper, to further explore where the sector sees opportunities or challenges and identify where providers are most unsure or sceptical about the coming changes.

The survey asked respondents what the impact of specific proposals would be, through a five-point scale ranging from very positive to very negative. Providers feel all the identified proposals will have a very positive or positive impact on independent providers, but the implementation of the single system of registration has the greatest support. There is also strong support for efforts to improve student protection, with almost 60% of respondents indicating that they feel this will have a positive or very positive impact on independent providers. This positive perspective is common across both regulated and unregulated providers.
Providers are most doubtful about the Teaching Excellence Framework (TEF), with 55% unsure and 15% responding that it will have a negative impact on independent providers. Providers are also unsure about the Office for Students acting as or appointing a validator ‘of last resort’ (54%), but only 6% of respondents feel that this would have a negative impact. Unregulated providers are most unsure about both of the proposals relating to different Degree Awarding Powers (DAPs), and more positive about the Office for Students acting or appointing a validator ‘of last resort’.

**Overall perceptions of the Higher Education and Research Act**

The smallest (100 students or less) and largest (more than 1000 students) providers are more likely to be unsure about the proposals for probationary DAPs and subject/level-specific DAPs. Those with student numbers of between 101 and 1000 are marginally more positive about the proposed changes to regulation; they are most concerned about the implied cost associated with the new processes and bodies to engage with. Comments in the survey suggest a strong apprehension towards the potential for cost and burden for providers who already face rising costs.

“As ever it is most likely to mean more fees to a quango and more admin for no direct positive return.” — Small specialist arts institution, London.

Many providers feel that the speed of change is too quick, and with the metrics needed for regulation unavailable for independent providers, many are struggling to evaluate their risk in the new system.

“We simply don’t see how small courses can provide strong or consistent data evidence of the high standard of our teaching.” — Very small provider with Charitable status.

Providers are also concerned that the diversity of the sector will be impacted by the proposals and urge the government to consider how a single system of registration will impact those delivering innovative courses, and sometimes in innovative locations.

“The position of Independent providers in Scotland is unclear, particularly with regards to TEF and the need for widening participation agreements, the Scottish version of which are not open to non-SFE funded (i.e. independent) providers.”

— Small and Specialist provider, Scotland.

“There is no mention of Degree Apprenticeships and we are going to end up with a mess of regulation between a number of regulators – OFSTED, QAA, OfS, Institute for Apprenticeships etc.”

— Large provider teaching across multiple levels and delivery models.
Further Areas for Change

The survey sought opinions on areas in which Independent HE is working to make further advancements and achieve greater clarity. Providers were asked to indicate their support or opposition to five key proposals or indicate if they were unsure. There is broad support from both Independent HE members and non-members for all the proposals, with the strongest backing in the areas of funding and support for apprenticeship delivery in independent higher education providers (64%), and better funding models for the promotion of accelerated degrees (61%). Providers are most unsure about creating a single funding system across further and higher education (50%), although only 6% of responses are in opposition to the proposal.

The strongest support for the Office for Students regulating and supporting validation comes from those with an industry focused mission. All but one of those who oppose this proposal are not members of Independent HE.

The strongest support for a single funding system across further and higher education comes from those who have regulatory relationships with both HEFCE and the Skills Funding Agency and/or Ofsted. No provider holding a regulatory relationship with a further education body is opposed to this proposal, although 12% are unsure of it.

Similarly, none of the providers teaching accelerated degrees are opposed to the proposal for better funding models for and promotion of accelerated degrees, and only one provider is unsure of the proposal. There is also strong support for this proposal from those who teach part-time and flexible models of delivery.
**Future Plans and Predictions**

**Future Student Numbers**

We asked providers to indicate whether they feel that their student and staff numbers would grow, decline or stay the same in the future. Respondents were asked to identify UK, EU and international students separately, in order to better understand the impact of existing changes on student numbers.

All providers offering alternative delivery models expect their UK student numbers to grow or stay the same. None of the providers offering accelerated degrees or apprenticeships anticipate a decline in their UK numbers, with 89% of accelerated degree providers expecting growth in the medium term. Interestingly, those who have submitted to the TEF expect UK numbers to grow or stay the same.

Declining EU student numbers are a significant concern for providers with a widening participation mission – 40% of those providers predict a decline in EU students in the medium term. Thirty percent of those who offer online, distance or blended learning and part-time and flexible provision also anticipate a decline in EU student numbers. Thirty-six percent of providers offering Pearson qualifications (HNC/HND) predict that their EU student numbers will decline in the medium term.

Providers with an industry focus are most positive about international student numbers, with over 87% of respondents confident that numbers will grow or stay the same. Providers who had submitted to the TEF for either the Full or Provisional award are also more positive about their international student numbers, with less than 1% concerned about a potential decline.

Providers with between 101 and 500 students are slightly more concerned that EU and international student numbers will decline in the medium term. This group is also more positive about growth in UK student numbers.
Medium-term plans (up to 2020)

Providers were asked about their medium-term plans (up to 2020) to better understand what the key areas of change in the sector might be over the next three years. When providers were asked to rank those plans, a stronger correlation between their medium-term plans and the proposed changes from the Higher Education Act was revealed.

Providers are evenly split between the options put forward by the survey. Most selected more than one of the suggested plans, although almost 20% did not select any of the options provided. There is strong interest in establishing new campuses in the UK and new partnerships abroad, as well as in the delivery of online courses and apprenticeships.

Top ranked medium-term plans:

1. Apply for full Taught Degree Awarding Powers
2. Find a new validation partner
3. Open a new campus in the UK
4. Apply for Degree Awarding Powers – Single Subject/Level
5. Secure specific course designation for access to student finance

When asked to rank their selected medium-term plans, providers have clear priorities. Despite finishing mid-table in the initial selection, applying for taught DAPs is a clear priority for many providers. There is also very strong interest specifically in obtaining single subject/level DAPs. Despite this, finding a new validation partner also ranked highly,
suggesting that both options for awarding degree-level study remain a priority for independent providers. Members of Independent HE are more likely to apply for DAPs, while non-members are most likely to seek a new validation partner. Many providers are also looking to secure new specific course designation for access to student finance, and several are providers who have not previously obtained this designation. All but one of the providers who plan to secure specific course designation already have a QAA review, although not all have the new Higher Education Review for Alternative Providers (HERAP).

Medium-term plans also vary by provider size, with larger providers most interested in obtaining DAPs in the medium-term and smaller providers most interested in course designation for student support. Expansion through a new UK campus is most likely in providers with between 1001 and 5000 students. The table below outlines the number of providers who selected each of the top five ranked medium-term plans.

<table>
<thead>
<tr>
<th>Size</th>
<th>Apply for Degree Awarding Powers - Single Subject/Level</th>
<th>Apply for full Taught Degree Awarding Powers</th>
<th>Find a new validation partner</th>
<th>Secure specific course designation for access to student finance</th>
<th>Open a new campus in the UK</th>
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<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>2</td>
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<td>1–100</td>
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<td>101–500</td>
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<td>1001–5000</td>
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Table 1. Medium-term objectives by institution size.

Two providers have recently restructured and currently have no students, as reflected in the table above. Their medium-term plans involve securing course designation for student support and opening a new campus in the UK. They also plan to apply for full Taught DAPs before 2020.

Of the providers who are looking to secure course designation for student support, 65% have already had courses designated in some form in the past, in some cases through franchise agreements. Several providers in this group are moving from a franchised to a validated award, or offer postgraduate-only courses and are applying for the new postgraduate loan provision.

Unsurprisingly, providers with an industry or professional mission are most likely to have indicated that they would start an apprenticeship programme in the next three years, and to open a new campus in the UK. Providers with a widening participation mission are also highly likely to indicate that they plan to start an apprenticeship scheme.

We also asked providers if they were experiencing any difficulties with their medium-term plans. The most common areas in which providers need extra support include applying for DAPs, establishing apprenticeship programmes, finding a new validation partner and applying for a Tier 4 licence to sponsor international students.
Priorities and Concerns for the next five years

The survey asked providers to select their priorities or concerns for the next five years from a list of 32 key areas. Providers selected an average of nine priorities or concerns each, with over half of the options being selected by 30 providers or more. While the table below only lists the top ten selections, issues such as staff recruitment, IT, the Competitions and Markets Authority (CMA), student representation and VAT were all identified as common concerns.

Providers most commonly selected issues including quality assurance, validation and regulation, professional academic and tutor development, learning facilities and student finance. The top-ranked issues change slightly when providers were asked which of their selected priorities or concerns they would place in their top three. Quality assurance, validation and regulation remain at the top of the list, but student retention and attainment, corporate and academic governance, and student data and learner analytics increase in prominence.

<table>
<thead>
<tr>
<th>Concerns and priorities for independent providers</th>
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<tbody>
<tr>
<td>Quality assurance, validation and regulation</td>
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<tr>
<td>Professional academic and tutor development</td>
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<tr>
<td>Learning facilities, including library resources, laboratories, and virtual learning environments</td>
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<tr>
<td>Student finance</td>
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<td>Corporate and academic governance</td>
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<td>Student data and learner analytics</td>
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<tr>
<td>Student retention and attainment</td>
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<tr>
<td>Prevent Duty</td>
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<tr>
<td>Careers education, skills development or opportunities for work experience, work placements, and volunteering</td>
</tr>
<tr>
<td>Tier 4 licence compliance</td>
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</table>

Priorities and Concerns ranked in Providers’ Top 3

1. Quality assurance, validation and regulation
2. Student retention and attainment
3. Corporate and academic governance
4. Student data and learner analytics
5. Learning facilities, including library resources, laboratories, and virtual learning environments
The smallest providers are most concerned with quality assurance, validation and regulation, with over half of the providers with 100 students or less prioritising these issues. Those with 500 or less students are most concerned with corporate governance and learning facilities. For providers with more than 500 students, student data is a clear priority along with quality assurance, validation and regulation.

The ranking above holds true for those providers already regulated, either through course designation for student support or through the Tier 4 sponsor system. For those providers who did not indicate that they were regulated by either of the two main bodies, the list changes slightly to include student finance, Tier 4 licence compliance and advising students on visas. They were considerably less likely to rank corporate and academic governance, which along with learning facilities, drops from the top five.

Providers who teach primarily Pearson HNC/HND qualifications rank student retention and attainment as their number one priority or concern, with over half indicating that it was their primary priority. The top-ranked list changes again for providers who do not offer any validated or franchised awards. While quality assurance, validation and regulation remain their top priority or concern, their second and almost equally ranked priority was ‘careers education, skills development or opportunities for work experience, work placements, and volunteering’.

**A special note on data management**

Independent HE was aware that the management of student data (especially for the purposes of regulation) is not only a key concern for many independent providers, but one that links closely with regulation changes coming into effect in 2019. To address this, providers were asked to identify if they had a student data management system and if so, which product they use. Forty-eight providers did not answer the question. Of the providers who did respond, most use either a ‘bespoke’ or ‘in-house’ system, or indicate that they do not have a system at all. Only 29% of providers identify a specific system, with the majority of those respondents (5%) using SITS.

This suggests a clear need for a student data management system for smaller providers, as metrics will become the main method for assuring and assessing quality above the baseline in the future. Changes to submissions to the Higher Education Statistics Agency (HESA) through the Data Futures programme will also rely heavily on the ability of providers to manage data effectively, with the number of different submissions over the year rising considerably. The lack of student data management systems should concern both HESA and regulators as it increases the risks associated with data submission once the Data Futures programme is implemented.
Conclusions

The Independent Higher Education Survey 2017 provides a glimpse of a sector in flux and on the cusp of changes which will shape the landscape of higher education for decades to come. As a self-selecting sample which includes many of the providers most engaged with the detail of these changes, the results of the survey cannot be assembled to form a comprehensive picture of the independent sector of higher education. Nevertheless, they do broadly reflect many of the characteristics and categories that we have come to understand about independent providers, reassuring us that the more self-evaluative and subjective questions posed later in the survey have resulted in answers which are representative of views across this diverse sector, and contributing new and up-to-date insights to the existing body of knowledge.

The survey data reminds us that this is a sector of predominantly small and specialist institutions, with strengths of focus on specific industries and on widening participation in higher education. Although the integration of many independent providers has the potential to for having wide ranging impacts on mainstream higher education, the story at individual institution level is one of more narrow focus and moderate ambition. Providers are concerned with delivering the best possible experience for their students day to day and meeting the operational challenges posed by regulatory changes. A perhaps surprisingly large number at 39% of respondents are constituted on a not-for-profit basis or identify as having a charitable mission. Some certainly see the opportunities made possible by reforms to higher education policy, while others welcome the anticipated removal of some of the external obstacles they currently face in delivering alternative and innovative provision which fits uneasily within the current framework. Most, however, simply want clarity about how the new arrangements will work and how their existing models will fit into them with the minimum of disruption.

The independent sector of today has grown from a core of long-established institutions which have operated for many years outside of the mainstream funding system and the regulatory purview of government. Within the sample of providers who responded to The Independent Higher Education Survey 2017, regulation is a fact of life. In the past 10 years regulatory tools have been developed piecemeal for independent providers in response to specific policy needs including Tier 4 student visas, designation for student support and the Counter-terrorism Prevent Duty. This has led to the current patchwork of processes in which providers are used to dealing with multiple regulatory bodies depending on the issue at hand, encompassing both government regulators and sector bodies such as validating universities, accreditors and awarding organisations.

The survey data drives home this point but casts additional light on the burden shouldered by those institutions which operate across both the further and higher levels of education and must therefore interact with regulatory bodies from each sector. As well as the considerable administrative and management overheads these overlapping regulations impose, they present significant complicating factors towards the already complex challenge of academic and corporate governance – perhaps unsurprisingly ranked in the top three of strategic priorities for our survey respondents.

The Higher Education and Research Act 2017 offers some welcome respite from the overly complex regulatory
picture faced by independent providers with the establishment of a single coherent system overseen by a single modern regulator with a duty to minimise unnecessary barriers for newer providers in particular. It is therefore unsurprising that a clear majority of our respondents welcome the reforms currently being implemented by the Department for Education.

As with any legislation, it can be difficult for any one individual provider to grasp precisely how the provisions of the HERA might impact on them. One of the things we try hardest to achieve at Independent HE, however, is to give our members the confidence and clarity about such matters that they need to plan properly for the future and take decisions which are right for their circumstances. One very welcome finding from the survey therefore is that Independent HE members are significantly less likely than the average to be unsure about the HERA reforms, their specific merits and how they will affect types of institution. Our members understand the fundamentals of the new single system well and have in many cases already identified where they fit into it, being twice as likely as non-members to know which category of the new registration system is right for them.

Where there is clearly work still to be done by Independent HE and by the government is in speaking with and reassuring the very smallest providers. It is notable and of some concern that 70% of those with under 100 students remain unsure about the impact of HERA. One of our priorities over the next year will be to ensure that the implementation of the reform results in a system of regulation which is flexible, proportionate and supports these very small providers, who offer some of the very highest quality programmes in specialist subjects not available elsewhere in the sector. By contrast, the providers who have responded most positively to the reforms are those already engaged in innovative practice. They appear not only to welcome the specific changes to support innovation such as funding for accelerated degrees and single-subject Degree Awarding Powers, but also to recognise the opportunities that will arise overall from a more flexible system of outcomes-focused regulation.

Without a doubt it is the introduction of this single system which will have the greatest positive impact on the independent sector, and the survey data bears this out. Perhaps less anticipated is the extent of support amongst respondents for the increased student protections made law by HERA. Anyone surprised by this, however, will have failed to realise just how deep an impact a string of student protection failures in recent years, often linked to issues around student visas, has had upon the independent sector. While certain public universities have had their share of challenges with international students in the Tier 4 era, independent providers have borne the brunt of the regulatory pressure, media spotlight and human cost which can arise out of flaws in the design of public policy in sensitive areas. HERA at long last gives a government department explicit responsibility for all higher education and an arms-length regulator with the teeth to deliver on this responsibility for all students. The provisions around student protection plans will be just the beginning and from the evidence of this survey independent providers will back the government all the way in protecting, informing and putting more power in the hands of students.

While there is enthusiasm across the independent sector for the direction of travel of government policy towards higher education, the survey responses do also highlight a wide range of institutional and professional support needs as changes to the operating environment continue to accelerate. Independent HE has worked closely with our members over the past few years to offer advice and develop services which address their needs in areas of the highest priority, and the survey responses will help us to expand further and tailor these services according to
the needs of the sector as a whole. There are, however, few areas in which the needs of independent providers are entirely distinct from traditional higher education, and Independent HE will therefore be working closely with existing higher education sector bodies to ensure that the independent sector is well provided for by the services they offer. The clear evidence from this survey is that established sector bodies have a long distance to travel to convince independent providers of their relevance, representative nature and value. While many newer providers in particular would doubtless benefit from the expertise accumulated by bodies such as LFHE and AUA, and by the parity of access and esteem that would be afforded to them by membership of shared services such as UCAS, the stark certainty with which large majorities of respondents indicated that they would not be joining these organisations speaks to the widespread perception in the independent sector that they are not run by them, for them. All sector bodies may wish to reflect on these responses and work with IHE to ensure that both the perception and reality of their value is improved amongst the full range of current and emerging providers operating in higher education.

Independent providers have the potential to be agents of great change in UK higher education, but this survey makes clear that in entering the mainstream they face considerable change themselves in the years ahead. With close cooperation, mutual recognition and support, the experience of change can be positive for all and deliver tangible benefits for students in their choice and pursuit of higher education.