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Independent Higher Education (IHE) is the UK membership organisation and national representative body for independent providers of higher education, professional training and pathways. IHE 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.

The Quality Assurance Agency for Higher Education (QAA) is the UK’s independent quality body for higher education. We have 20 years of experience in monitoring and advising on standards and quality in higher education, ensuring that students working towards a UK qualification get the higher education they are entitled to expect. We work across all four nations of the UK to raise the standards and quality of higher education. QAA also plays an active role in international developments in quality assurance, working with government bodies, quality agencies and universities worldwide.

For more information visit: [www.qaa.ac.uk](http://www.qaa.ac.uk)
The Independent Higher Education Survey puts the spotlight on a section of the higher education sector that is taking the stage after years of waiting in the wings. 18 months on from the passage of the landmark Higher Education and Research Act (HERA), 2018 is the year in which policy has had to be put into practice. In England a new market regulator, the Office for Students, has opened its doors and has been racing to implement a brand new regulatory framework. Providers of all types, sizes and missions have been grappling with the challenge of proving themselves against this new set of expectations, while looking ahead to the opportunities that HERA opens up.

The Office for Students has faced its own challenges in registering a far more diverse set of institutions than its predecessor HEFCE had been used to, and it is this familiarity gap which emerges again and again in our conversations with regulators, policy makers and traditional university personnel. It makes our mission as a recognised representative body in the newly expanded higher education sector all the more essential and all the more rewarding, as we get to be the trusted guides to a new part of the education landscape which is teeming with colourful life.

There is no doubt that the relative scarcity of reliable data on these providers has made it harder for us to describe the shape and articulate the impact of the independent higher education sector, which is precisely why we launched the Independent Higher Education Survey in 2017. While the advent of the OfS in England, and its partnership with HESA, will certainly make a marked difference to the volume and accuracy of student data available, this year’s IHE Survey reminds us that the purely regulatory data will still not capture everyone, and thousands of students are set to remain uncounted and invisible in policy terms. That is why I believe it is essential that an organisation such as IHE continues to count the uncounted, test the untested, and speak for the otherwise voiceless in our sector.

Through a programme of continuous engagement we aim to help policy makers to better understand the providers who will sit outside of the new regulatory framework, at least to begin with, both in England and in the nations. These will include some of the most innovative providers and interesting courses in tertiary education, including those with a purely professional focus which do not sit easily within inherited constructs of what constitutes higher education: short courses; CPD; modular learning; personalised pathways through industry-specific programmes. All of them should be part of any conversation about what the country needs from its Post 18 Education system in the 21st century, when career changes, retraining and continuous learning through blended methods may play as big a part as an initial three-year intellectual foundation.

IHE will continue to provide a voice for the new providers, the small and the specialist, those institutions with an independent streak and an agile approach, who seek out innovations and aren’t afraid to take some risks. We will continue to offer them the support they need to adapt to changing contexts and meet evolving rules without having to compromise on their essential values and mission. The data in this annual survey will help us ensure that our voice remains authentic and our support correctly tailored to their needs.

Alex Proudfoot
Chief Executive
Independent Higher Education
Introduction

This is a very different survey from last year’s first edition. Not only have we asked different questions, we have received different answers as well. While our sample size is very similar to 2017, the sample itself is not, with around half of our 110 respondents taking the IHE Survey this year for the first time. This shifting population does present us with valuable insights into a different range of providers than before, but it also makes it difficult to draw firm conclusions or make direct comparisons between the two years.

A principal aim of this annual survey is to present a snapshot of a rapidly evolving part of the higher education sector, taking in not just the size, shape and characteristics of independent providers, but added context to these primary elements also by asking about missions, qualifications and students on courses outside of standard degree programmes. As the only survey to collect this information and look beyond the statutory data required by regulators, we hope that it will help to bring to life the full spectrum of provision, programmes and activities delivered by independent providers in the UK.

We have naturally taken the opportunity to put some topical questions to our surveyed institutions also, including on the UK’s scheduled departure from the European Union, the impact of VAT on the value that students receive for their money, and the intricacies of corporate form and corporate governance which are far more complex than tend to be found in the traditional sector. We probed perhaps most deeply on their experiences of the Office for Students so far and the process of registration where it applied.

We also sought to look ahead to the areas of policy and government intervention we knew to be coming down the track, including the push for more accelerated degrees, for widening access and participation by underrepresented groups, and for expanding the number of independent providers active in overseas delivery and markets, in order to promote a more diverse UK education offer.

The 2018 IHE Survey undoubtedly provides some valuable insights not available elsewhere, but should be approached with the caveat alluded to above, given that many of the questions and respondents are new. It does not set out to provide a time series, nor a direct comparison with what has come before. The diversity of our sector means furthermore that these responses will be coloured by very different motivations, expectations and experiences than you would find in a survey of traditional universities or public FE colleges. Nevertheless, it does provide a new, discrete and valuable source of information on this fast-growing group, and it should be the go-to guide for anyone who is interested in what makes independent HE providers tick in the year 2018.
The annual Independent Higher Education Survey received responses from a range of independent higher education providers, including those with designation for student finance or ‘alternative providers’, those with a Tier 4 licence, and those not yet regulated by government. IHE members make up 43% of the respondents (n=110). This year’s survey demographic is very different from the 2017 survey, with 43 past respondents not completing this year and 42 completing the 2018 survey for the first time. While we do draw some comparisons with 2017 data, this change in providers completing the survey significantly reduces comparability.

For 2018 we asked providers to give a student headcount for 1 August 2017 to 31 July 2018, across a range of their courses. Changes to the way this question was asked and a few larger providers not completing the survey means comparisons between 2017 and 2018 are difficult. Figure 1 illustrates the size of this year’s cohort by student headcount:

The responses received are dominated again by smaller providers, with 78% identifying as currently having 1000 students or fewer enrolled at their institutions. The drop in larger providers reflects a change in survey respondents rather than student numbers at institutions with two large independent HE providers choosing not to complete the survey in 2018. The responses reflect the overall pattern of independent HE provider size, with 80% of ‘alternative providers’ (being those who return data to HESA) having 1000 students or less.1

Most responses came from providers in London and the South East in a close representation of the actual distribution of independent HE providers across the UK.

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1 HESA. Higher Education Student Statistics: Alternative Providers, 2016/17 - Where students come from, go to study and subjects studied. Available at: https://www.hesa.ac.uk/news/15-02-2018/sfr249-higher-education-student-statistics-APs/location
Figure 2: IHE Survey respondents by region.

What do they teach?

The majority of providers who responded teach primarily degree courses (66%), with 17 teaching franchised or subcontracted degrees and 8% with their own degree awarding powers. There is a small drop in the number of providers responding who teach Pearson awards (from 19% to 13%). Over one third also teach internal and unaccredited awards.

Almost half of the respondents offer two or more different qualification types with 46% offering two, and 2% offering 4. Of particular significance is this last category, with the proportion of providers offering 4 or more qualification types dropping from 10% in 2017 to just 2% this year. Most of the providers who reported offering 4 or more qualifications in 2017 have reduced the number of qualifications they offer, resulting in this drop.
Providers were asked to select up to three categories that best reflected their institutional missions. Over half have missions related to a specific industry or professional focus (56%) with just under half having a charitable or not for profit mission (46%). Over one third have a specific mission related to widening participation and access to HE and/or encouraging the arts.

**Institutional mission**

- Specific industry/professional focus
- Charitable/not for profit
- Widening participation and access to HE
- Encouraging the arts
- International education and cooperation
- Theological vocation
- Entrepreneurship and incubating start-ups
- Study abroad
- Other - write In
- Advancing scientific learning

**Figure 4: IHE Survey respondents by qualifications**
Corporate Governance

For the first time in 2018 we asked providers what corporate form best describes their corporate governance. This gave us the opportunity to go beyond information held publicly and better understand in particular those providers who are part of larger organisations.

Almost half of the respondents are either a charity, part of a charity or a not-for-profit company (47%). Charities with a primary charitable object to advance education (25%) could be eligible to become exempt charities if they join the Office for Students. This will be more complicated for the 12% who are part of a larger charity which has other charitable objects as they are likely to remain regulated by both the Charity Commission and OfS.

One third of the providers who responded are part of a larger charity or company, which has the potential to give them a very different governance structure to the dominant higher education governance models in the UK which are based on single charity or company structures. This can also pose challenges for registration with the Office for Students, particularly where there are other institutions in the group who also wish to register.

There was no significant relationship between their current regulation or OfS status and their corporate form; charities and for-profit institutions were just as likely to have existing access to student loans, a Tier 4 licence or be registering with the OfS across either of the two categories. There was also no significant relationship between corporate form and size or region of their main campus. Providers who are validated or who offer sub-contracted provision do not have a significantly dominant corporate form but charities and not-for-profit organisations are significantly less likely to offer Pearson awards (HNC/HND).
To better understand the models of teaching offered by respondents, we asked if they taught using any of the most common ‘alternative’ delivery models. 67% of all respondents offered one or more of the non-standard forms of delivery. Most significant is that 58% offer part-time, flexible, evening and/or weekend learning options. A further 35% offer online/distance learning which is less than 2017 (40%). 25% of respondents offer three or more alternative delivery models.

**Accelerated Degrees**

Accelerated degrees have been the subject of ongoing government consultation since 2016. In this year’s survey we asked providers to share a bit more about their accelerated degree options. 11 providers who responded to the survey teach between them 3570 students on accelerated degrees, including 2974 UK and EU students who could be subject to any new or proposed cap on full-time student fees. Four of these providers also offer a foundation programme plus a two-year accelerated degree which allows students to do both programmes within the three-year degree time-frame a traditional delivery model would take.

Almost two thirds of these providers have a specific industry or profession focused mission and over half have a mission of entrepreneurship and incubating start-up businesses. Their courses attract students who are professionally and business minded, and who would benefit from earlier access to their industry or to starting their business.

Over half of these providers have fewer than 1000 students including (but not exclusively) those on other types of courses. Three are charities or not-for-profit organisations. Both circumstances limit their ability to cross-subsidise accelerated degrees from other income streams or from other students’ tuition fees.

The survey responses show a slightly different picture than the research from the Department for Education in their 2017 consultation document. DfE’s research looked at data available from UCAS and HESA and identified 2500 students on accelerated courses across just six ‘alternative providers’ with only 750 enrolled across 24 publicly funded HE Institutions.
Of those who responded 84% had a QAA review, down slightly from 90% in 2017. QAA remains the most significant form of review for providers in the survey, due to its strong links to other government regulation. Unsurprisingly, 55% of respondents were designated by DfE for student support and 45% had a Tier 4 licence. 16% of those with a Tier 4 licence had no designation for student support from DfE. Only 33% of respondents had both a Tier 4 licence and designation from DfE for student support.

Although 55% of providers were eligible to apply for the Teaching Excellence and Student Outcomes Framework (TEF) only 36% had done so with the majority only eligible for a Provisional TEF award due to a lack of data. Two thirds of these providers have less than 500 students, which if reflective of the whole would mean most independent providers currently in TEF would not be subject to the mandatory condition as they are too small.

Also of note is that the number of providers responding who have designation for student finance from devolved nations has more than doubled for each of the three nations. This is despite having few to no responses from providers in Wales or Northern Ireland for 2018. This indicates a greater interest in attending independent providers from students from the devolved nations as most providers do not apply for designation for student loan funding unless they have a student who requires it.
We asked independent providers about where their students resided before studying and what courses they were currently studying. While most students were studying on full-time courses, 16% of students were studying part-time.

Most students continue to be from the UK with a significant increase in non-EU students studying at the 2018 respondents compared to 2017. This reflects the different types of providers who responded with more providers teaching mostly or in some cases exclusively study abroad courses which specifically target non-UK students.

Together providers who responded to the survey teach 94,052 students, down from over 100,000 in the 2017 survey. This is primarily due to the change in survey participants, however 60% of those who completed the survey in both 2017 and 2018 (68 providers) report an increase in student numbers.

Most students are studying an undergraduate degree with almost 15,000 taking pathway courses which can enable them to access degrees. 63% of those students were not from the UK or the EU and most studied at a provider with a specific international education mission.
Office for Students Registration

The survey was undertaken in September/October 2018 after the initial three deadlines for Office for Students (OfS) registration, 30 April, 23 May and 31 August. This was a significant shift from the 2017 survey period, both to gain insight into the registration process for independent HE providers but also to ensure they were not distracted by additional requests for information during the busy registration period.

The difference between the 2017 and 2018 responses is affected by the change in respondents, with just under half of respondents not participating in last year’s survey. However, several changes can be discerned amongst those who responded in both years. The removal of the Basic category has pushed some providers to not register in 2018 rather than choose one of the alternative categories. There has also been an increase in providers who are not registering in 2018 but who had been unsure or had considered a category last year. Free-text comments on the OfS registration experience suggests that cost may be a significant driver for this group. There has also been an increase in providers choosing the Approved Fee Cap category between the two years, as well as some who were unsure in 2017 but have since made a decision.

Over half of the providers who have responded have already applied to register with the Office for Students, and 20% still plan to register by July 2019. Of those, two thirds will submit their application by the end of 2018. The greatest proportion of those who have decided to register are providers with more than 500 students, while smaller providers are more likely to be unsure still whether they will register or indeed if they are eligible to register.

Regardless of the size of the provider, those with validated provision and teaching undergraduate students are more likely to be entering the Approved Fee Cap category. Those who have applied or are planning to apply in this category are also significantly more likely to already have QAA and designation for student support from DfE, suggesting that providers intending to enter this category will not need a new gateway quality review and will have established data.
6% of providers who responded are ineligible to register with the OfS. In most cases this is due to being located outside of England, primarily in the three devolved nations. Almost all responding providers located in the devolved nations currently have access to student loans for English students and have raised their concern with accessing funding and the ‘full privileges’ of Tier 4 in the future. None reported having been contacted by DfE to discuss student loan access for their English students.

9% of all providers remain unsure if they are eligible for the Office for Students with many noting that the guidance does not translate well to their type of provision, many of whom offer primarily or exclusively study abroad or subcontracted (franchise) provision. Despite most citing some sort of discussion with the OfS, they remain unclear if they are eligible to register. 11% are unsure if they will register at all and only 3% of those who responded do not intend to register with the Office for Students.

We asked providers what their motivations were to register with the OfS. Almost 80% were applying to gain access to student loans. 63% were applying because they had a Tier 4 licence to recruit international students and OfS has become the main body providing the educational oversight required by the Home Office. Of those motivated by the Tier 4 licence, 20% were not motivated by access to student loans, although they were motivated by other factors. 38% were motivated by the revised process for DAPs which now requires OfS registration and 17% were motivated by access to teaching, research or other grant funding.

Access and Participation Plans
This will be the first year that independent higher education providers will submit and act on an Access and Participation Plan which will require approval by the Director for Fair Access and Participation as part of their OfS registration. There was confusion from respondents as to which registration category had an Access and Participation Plan as part of its conditions, with over 10 of those intending to register for the Approved category suggesting they had submitted or intended to submit a plan.
Most providers who indicated Approved Fee Cap as their OfS registration category had already submitted or intended to submit an Access and Participation Plan. Those that did not were either postgraduate-only providers, taught exclusively part-time students or did not teach degree courses.

We asked providers to comment on their experience of access and participation planning to date. Comments were primarily positive or neutral, focused on the quality of feedback from OfS staff and the benefit of bringing together all they do on access and participation into one place. However, many expressed concerns that the process seemed designed for larger providers and made participating as a smaller provider very difficult. They cited issues around small data sets and resource/burden as their main concerns.

> “The system is not set up for small providers and small data sets result in unachievable outcomes.”

> “A useful task as we had not done this before. It enabled us to pull our policies and practices together and review them as a coherent whole.”

**Overall experience of OfS registration**

We asked respondents to share their experience of the move to the Office for Students. 47 providers gave comments which covered a range of issues and opinions of their experiences. A small majority of the comments were entirely negative, expressing concern that the process was too burdensome and was not designed to support or facilitate the registration of independent providers of higher education. Many were concerned that the guidance lacked detail and the correct level of understanding of independent higher education providers to facilitate registration. Many also cited delays in the publishing registration and the impact this was already having on student recruitment.

> Individual members of OfS (and DfE) have been excellent but as we do not fit a simple box the processes have been overly complicated and confusing.

> Lack of detailed information makes the process extremely difficult. Answers that issues will be reviewed “on a case by case” basis is no substitute for a properly thought through policy.

> Even though the OfS counsel careful adherence to one’s GDPR responsibilities, their expectation is always for a degree of data specificity that cannot be provided. Although the [our] Access & Participation Plan clearly stated that, in some instances a single student can represent 12.5%, the OfS kept asking for the expression of data and targets that would be statistically invalid, so misleading, or unpublishable.

> We applied on the May deadline expecting the outcome by middle September. By beginning of October, we had no outcome and only after contacting the OfS were we told that it is taking longer than planned and that we should have an outcome by the end of October. This might possibly have an impact on recruitment for the 19/20 Academic Year.
A large minority of comments were positive and almost all were focused on the help providers have received from OfS staff and from IHE. The positive comments were often not descriptive enough to pull out more themes.

"Application looks positive, IHE guidance has been exceptionally useful during the application process. OfS guidance has been well structured and detailed."

"Received registration with the OFS. Whilst all the time scales were very tight, communications with OFS were helpful."

**Cost of Regulation**

Through the survey we have collected data that helps us understand the cost of OfS registration for those who responded. To do this we asked providers which of the proposed fee bands they would fit into if the OfS were to use the provisional fees proposed by DfE in their consultation response published in February 2018.

To calculate the overall cost of registration, we then had to make several assumptions:

- As neither the Designated Data Body (HESA) or the Designated Quality Body (QAA) have published their costs for ‘Alternative Providers’ who submit data as part of their responsibilities to DfE. For QAA we estimated a cost of 15% of the OfS band as above to be paid annually.
- As OfS had not yet published their consultation response on student numbers, we counted each student at Level 4 or above as 1 student.

The cost of fees to the three bodies involved directly in regulation, across those who responded to the survey (not including those who did not plan to register with OfS) was £4,076,970.
The median cost per student was £89, while on these figures 46% of students at independent higher education providers would lose over £100 of their fees each year to OfS and their designated bodies. At the top end of the scale, students at five providers would pay over £500 per student, per year. Four of these five providers are charities or not-for-profit providers. In comparison, students attending publicly funded universities in the top OfS fee bands would pay an average of £5 per student per year.

Table 1: Median cost of OfS, HESA and QAA by band (student per year)

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<th>OfS band</th>
<th>Median Fee per student, per year</th>
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<tr>
<td>A - Up to 25 full time equivalent students (£10,400)</td>
<td>£700</td>
</tr>
<tr>
<td>B - 26-50 FTE (£13,000)</td>
<td>£105</td>
</tr>
<tr>
<td>C - 51-75 (£16,300)</td>
<td>£143</td>
</tr>
<tr>
<td>D - 76-100 (£20,400)</td>
<td>£190</td>
</tr>
<tr>
<td>G - 101-300 (£25,500)</td>
<td>£120</td>
</tr>
<tr>
<td>H - 301-500 (£32,000)</td>
<td>£99</td>
</tr>
<tr>
<td>J - 501-1000 (£40,100)</td>
<td>£76</td>
</tr>
<tr>
<td>K - 1001-1500 (£50,300)</td>
<td>£42</td>
</tr>
<tr>
<td>L - 1501-2500 (£63,200)</td>
<td>£33</td>
</tr>
<tr>
<td>M - 2501-5000 (£79,400)</td>
<td>£23</td>
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There were no independent providers in this year’s survey with student numbers over 5000 students.

Cost was cited as a barrier to OfS registration and a significant concern for several providers. The cost above does not include the cost of preparing the OfS application and meeting the annual conditions, many of which respondents felt were designed with much larger providers in mind such as access and participation plans, transparency data and value for money. Independent higher education providers also made clear that students pay the cost of the regulation they adhere to as most have are no additional revenue sources they can draw on. Regulators should be mindful of this when imposing costs and additional burden on providers to ensure students are getting value for money from the regulator as much as they are from their provider.
Degree Awarding Powers

Despite the government consultation launched in October 2017, policy and guidance on Degree Awarding Powers (DAPs) had not moved forward significantly when the Independent Higher Education Survey 2018 opened in September 2018. The OfS and QAA did not publish their new guidance on the processes until 24 October, after the survey had closed, and only limited information on the DAPs process was included in the regulatory framework documents. Despite this we felt it was important to better understand independent higher education providers’ plans for DAPs through to the end of the first full year of OfS regulation.

Over half of respondents did not plan to apply for DAPs or were unsure of their plans. 5% of providers already had DAPs under the old system with a further seven with ongoing applications under the previous system. Of those who did intend to apply for DAPs under the new system, over half had more than 500 students.

Of the small number of providers who intended to apply to OfS for either new DAPs or existing DAPs, over half intended to apply for the full Taught DAPs up to level 7 of the Framework for Higher Education Qualifications (FHEQ) which would enable them to grant most undergraduate and master’s level courses. One third intended to apply for single subject DAPs, with no respondents indicating they intended to apply for Research DAPs. There was no relationship between size of provider and any of the types of DAPs they wished to apply for.

Figure 12: Plans for degree awarding powers
Higher technical

In October 2017 the government announced a review of Level 4 and 5 qualifications in England across the regulatory frameworks. With significant progress being made in Technical Education (T-Levels) at lower levels, further research and planning into what these students could study following their T-levels was needed. In August 2018 the government released an interim report which focused primarily on learner demand, the fit of Level 4/5 for employers and the economy and the efficacy of the qualifications. IHE is part of an expert reference group supporting the DfE team undertaking the review.

To better support the review, we sought to understand how independent HE providers might develop new or existing level 4 or 5 qualifications in the future. Independent higher education providers responding to this survey taught over 11,000 students at level 4 or 5 in the academic year 2017/18. From the 49 providers who teach these qualifications, over 60% have a specific industry or professional mission. Over half were smaller providers, with less than 500 students.

Funding was the highest motivating factor, with one third of providers agreeing that funding equivalent academic higher education was important, and 17% agreeing grant funding would be a motivating factor. Streamlined regulatory processes were also highlighted including across higher education and between T-levels and higher technical education when it is developed. However, 60% of those who responded suggested none of the factors listed would motivate them to start or expand level 4 or 5 technical education.

**Figure 13: Motivation to offer or expand Level 4 & 5 technical education**
Post-18 funding review

As the representative body for independent providers of higher education, it is important that IHE understands the views of the sector on key areas under review. The launch of the Post 18 Education and Funding Review in early 2018 has provoked considerable debate amongst independent providers on funding solutions suggested by the review or in the media. The survey sought opinions from providers on several of these key areas of debate, to understand which proposals they most strongly support or oppose.

The figure below lists these proposals from least popular to most popular.

The most popular proposal is the creation of retraining loans or grants for students who have already used their undergraduate loan allowance (almost 80%). This is unsurprising given the high percentages of mature students attending independent providers who are currently designated for student loans. According to the HESA Alternative Provider record 40% of students in these providers are aged over 30.

There was also support for proposals to support more flexible delivery models across further and higher education including funding by credit, a single funding system across further and higher education and access for students on accelerated degrees to the full loan amount for three-year degrees but divided over two years.

There was significantly more opposition to proposals which altered the fee and loan caps. The strongest opposition was for any return to the pre-OfS system which saw different loan caps for ‘alternative providers’ than for those who were publicly funded.

Opinions remained the same across those who were members of IHE and those who were not except on the proposal for retaining grants which had more support from non-members while members remained more neutral.
**Policy questions (Continued)**

**Brexit**

We also asked providers to comment on the challenges and opportunities they anticipated for their institution after the UK leaves the EU in 2019. This was an open text answer, which allowed respondents to give us rich and diverse opinions on Brexit. The sentiment expressed made clear the vast majority of independent higher education providers see Brexit as posing more or only challenges. 82% of comments identified a perceived challenge to Brexit with just 10% identifying a perceived opportunity. 16% of those responding to this question didn’t think there would be any impact on their institution.

The main concern for most independent higher education providers is the recruitment of EU students and the impact of Brexit on their overall student numbers, with 40% of all those commenting mentioning this as a challenge. This was over 20% greater than any other comment. Recruitment was more likely to be mentioned by providers with low percentages of EU students (1-10%). An even number of small and large institutions mentioned student recruitment as a challenge post-Brexit. Recruitment of EU staff was also mentioned frequently.

Most challenges mentioned focused on the impact on students and staff within the institution, both from the EU and UK, and both while they studied and when they graduated and sought work. There was no concern mentioned about research or EU programmes funding.

The opportunities mentioned were too small to graph and focused primarily on potential changes to the Tier 4 rules for non-EU students and a devaluation of UK currency which could lead to growth in non-EU students for those members with a Tier 4 licence.

Understandably those without EU students and those without a Tier 4 licence were significantly more likely to predict no impact of Brexit on their institution.

**Figure 15: Thematic analysis of comments on post-UK exit from EU**

The opportunities mentioned were too small to graph and focused primarily on potential changes to the Tier 4 rules for non-EU students and a devaluation of UK currency which could lead to growth in non-EU students for those members with a Tier 4 licence.

Understandably those without EU students and those without a Tier 4 licence were significantly more likely to predict no impact of Brexit on their institution.
With the announcement by OfS that the Treasury intends to make all providers registered with the OfS in the Approved Fee Cap category eligible for a VAT treatment from 1 August 2019, we felt it would be useful to understand how this change might impact independent higher education providers, many of whom are not currently VAT exempt, and what they would do with the additional 20% in reclaimed funding.

21% indicate there would be no impact or change to their institution if they were given VAT exemption. This is likely because these institutions are already VAT exempt through other means. For example, those who indicated they were a charity or part of a charity in the question on corporate governance, were significantly more likely to indicate no impact of VAT exemption.

From those who suggested there would be a change what was most interesting is that there was no difference between those who were registering in the Approved or Approved Fee Cap category for the Office for Students. This suggests that should the Treasury extend their plans to include the Approved category as well as Approved Fee Cap, providers primarily intend to invest the additional 20% into students including spending on student learning and outcomes, new facilities and staffing and widening access and opportunity. For almost half of providers VAT exemption would bring more financial stability.

There is no significant relationship between attitude to VAT and OfS status. However, when we analysed VAT by the amount of annual tuition fee the provider charged to students there were some differences in what they would do with the funds. Providers with fees below £9000 were significantly more likely to see VAT exemption as bringing them greater financial stability. Providers who currently charge £6000 or less were most likely to invest in widening access and opportunity, where providers who charged more than £6000 were more likely to invest in facilities and staffing. Providers who charged £6000 or less or more than £9000 were more likely to spend the additional funds on student learning and outcomes.
Transnational Education
The UK’s decision to leave the EU has brought with it a renewed interest from government to increase the amount of transnational education delivered by UK education institutions. The recently established Department for International Trade (DIT) has a team dedicated to supporting education providers in their endeavours and IHE have been actively facilitating these efforts.

To enable both IHE and DIT to better support independent higher education providers we asked several providers if they currently teach students overseas through TNE or intend to do so, where and what support they would find helpful.

Surprisingly, of the 103 providers who responded to this question, 74% are not currently delivering TNE and have no plans to do so. Only 9% were delivering TNE, while 13% were developing plans to do so.

Those who do teach TNE operate across 30 different countries with multiple providers operating in China, Singapore, UAE, Dubai, Germany and Italy. The majority are large institutions with more than 1000 students in the UK. The majority are also IHE members. Those that are planning to deliver TNE are more likely to be smaller institutions with less than 1000 students. 77% of those who indicate they do or plan to deliver TNE already teach international students, with many having over 10% of their student population coming from outside the EU. This suggests that there is a significant relationship between having experience of teaching international students on campus in the UK and the desire or capability to deliver education overseas.

Those that already offer or expressed an interest in TNE are looking to expand across 22 different countries, with China mentioned by almost half of respondents. USA and Singapore were also mentioned along with a strong interest in delivering TNE in European countries.

The most common support requested was for the UK government to create solutions tailored to independent higher education providers. Issues mentioned include the lack of international recognition of non-publicly funded providers in the UK, challenges when working with validating partners in the UK, and the challenges faced by smaller providers to develop the capacity and infrastructure needed to deliver overseas. Respondents also noted a need for the various bodies in UK higher education to work more closely together to find a solution which supports their individual needs, specifically mentioning DIT, DfE, OfS and the British Council.
We asked respondents a series of questions to determine their membership and level of engagement with a number of sector bodies within UK higher education. Providers were asked to describe their relationships with 11 of the main sector bodies by indicating whether or not they were already members/subscribers, whether they intended to join in the future, and their interest in or use of related services offered by the organisation. We also allowed them to write in a further two sector bodies if they felt they should be included. The 11 bodies were selected from a larger list from the 2017 survey. All of the nine additional sector bodies added by respondents received two or fewer responses and were not included in the chart shown below.

83% of the independent higher education providers who responded indicated that they had previously engaged with one or more of the sector bodies listed. The responses show that independent higher education providers tend to pursue membership or subscription to larger, more accessible sector bodies such as the Copyright Licensing Authority (CLA) and Quality Assurance Agency (QAA). These preferred sector bodies were often linked to legal or regulatory requirements. Membership or subscription of higher education sector bodies remains low, and very few providers expressed an intention to join the organisations listed. Providers indicated broad interest in accessing services provided by the sector bodies, but current uptake of these services is relatively low.

Figure 17: Engagement with UK Higher Education Sector Bodies
We then asked respondents to further consider their engagement with those bodies they had or intended to have a relationship with. Only a small number of independent providers agreed they received good value from these interactions. Overall, memberships and services were viewed poorly in terms of value for money, with only UKCISA and CLA achieving a positive response from over 30% of those that had or intended to engage with them. Similarly, very few providers felt that the sector bodies understood their organisational needs, and even less felt they offered services that were tailored to their needs. This is particularly interesting to note in the cases of QAA and HEPI; while these sector bodies were rated as two of the best-performing in terms of understanding the needs of independent providers, this has not translated to an associated improvement in the provision of provider-tailored services.

Figure 18: Service and value for money: HE sector bodies
Growth and decline in staff and student numbers

Last year we asked respondents to predict if their student numbers would grow, decline or stay the same. This year we tested those assumptions on the student numbers reported for 2016-17.

UK predictions were generally accurate however a decline in EU student numbers suggests the sector’s predicted growth did not come to pass. 2017 respondents were less optimistic about non-EU student numbers, with less than 40% predicting growth and over 50% growth occurring.

Again in 2018 we asked providers if they expected to see their student and staff numbers grow, decline or stay the same. This year we asked them to divide their staff numbers by UK, EU and Non-EU in the same way as student numbers.
Responses suggest that providers plan to fill any gap left by difficulties recruiting EU students with a mix of UK and non-EU students. Providers currently recruiting EU students were more likely to predict a growth in UK student numbers. Respondents for whom EU students comprise a relatively small proportion (up to 10% of their student body) were statistically more likely to predict a decline in EU student numbers for 2019. Only 13% of providers predicted no change in any of the student groups for 2019.

Staffing predictions suggest that providers plan to fill gaps left by declining numbers of EU staff with staff from the UK.

### Plans for the end of 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 two years. Many of the same options were offered in 2017 to help understand if priorities had changed. This was nevertheless difficult to assess conclusively due to the significant change in respondents from 2017 to 2018.

The most significant difference was a reduction in priorities overall, with more respondents selecting 1 or fewer priorities than those from 2017. Providers from the 2018 survey were more likely to be interested in new international activities including international partnerships and Tier 4 licences to teach international students. Interest in apprenticeships is also markedly lower for 2018 survey respondents with a decline from 24% to 10%, while prospects for securing Foundation Degree Awarding Powers have run aground on the current prohibition policy against all but publicly funded Further Education Colleges from being granted these level 5 awarding powers.

When providers were asked to rank their top three 2018 plans, the majority prioritised registration with the Office for Students. This may explain the reduction in the number of priorities selected in 2018: as many providers are facing considerable burdens and challenges in registering with OfS, they feel less able to prioritise new initiatives and opportunities. A new and popular option for 2018, developing capacity in academic or applied research was ranked third overall across the 2020 priorities.
Priorities to 2020

Figure 22: Priorities to 2020: 2017 versus 2018

Priorities for the next 3 years

Figure 23: Priorities for independent higher education providers
Priorities for independent higher education providers

The survey asked providers to select their priorities for the next three years from a list of 20 key areas. Providers selected an average of 7 priorities each, with almost three quarters of the options being selected by 30 providers or more. The figure above shows the 20 key areas ordered by the percentage of providers who selected each as a priority. Providers most commonly identified priorities such as marketing and recruitment, supporting student mental health and wellbeing, student data and learner analytics, developing student services and pastoral care, and widening access to higher education.

We then asked providers to rank their top five priorities from those they had selected. The top-ranked issues change slightly in this case. Marketing and recruitment remain at the top of the list, but the importance of supporting student mental health and wellbeing is reduced in favour of academic governance.

<table>
<thead>
<tr>
<th>PRIORITIES RANKED IN PROVIDERS’ TOP 5</th>
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<tbody>
<tr>
<td>1. MARKETING AND RECRUITMENT</td>
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<tr>
<td>2. ACADEMIC GOVERNANCE</td>
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<tr>
<td>3. STUDENT DATA AND LEARNER ANALYTICS</td>
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<tr>
<td>4. WIDENING ACCESS TO HIGHER EDUCATION</td>
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<tr>
<td>5. DEVELOPING STUDENT SERVICES AND PASTORAL CARE</td>
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Medium-to-large institutions of over 500 students were significantly more likely to view student data and learner analytics as a priority. Both larger institutions of over 1000 students and small institutions of fewer than 100 students were less likely to report an ongoing need to prioritise the development of student services and pastoral care, and these same smaller institutions were also less likely to prioritise supporting student health and wellbeing.

The OfS status of the providers also influenced their prioritisation of the key areas. Providers who have applied or who intend to apply to the OfS at Approved Fee Cap status were significantly more likely to view widening access to higher education as a priority. Further, providers entering the OfS in either the Approved or Approved Fee Cap categories were more likely to prioritise student data and learner analytics.

Support with priorities

We then asked providers what support could be offered by IHE or others to help them achieve success in their priorities. For each area they had selected above we asked them to identify which of four types of support they would want: policy or regulatory change; consultancy and advice; finding the right staff; and training and developing staff.

Across a majority of the key areas, providers commonly indicated that they would like to receive support to achieve their identified priorities in the form of consultancy and advice and staff training and development. Focusing on the top five issues, providers who prioritised marketing and recruitment or widening access to higher education over the next three years were most in need of consultancy and advice services to support organisational development in this area. Providers who identified academic governance as a priority were almost equally interested in accessing consultancy and advice services and staff training and development opportunities.
to achieve their goals. Similarly, providers who indicated that student data and learner analytics were a priority area were equally interested in support through staff training and consultancy services. Providers who indicated that developing student services and pastoral care was a priority viewed assistance via staff training and development as most valuable.

We also asked respondents to tell us more about the support they would welcome from IHE and others. The most common area mentioned was support with validation partnerships, followed by compliance with regulatory frameworks such as OfS and Tier 4. Providers also mentioned support with access and participation and marketing.

Since our last validation agreement ending back in 2012, it has been a huge struggle due to regulatory changes to secure a validating partner. So far as we are concerned there is no likely resolution to this issue unless there is a change in policy to encourage rather than discourage universities to enter into such arrangements with independent providers.

Access and participation is a new area that we are trying to develop and it has various challenges. Support and partnership from IHE and other institutions can help achieve our aim.

We lost Tier 4 in 2012 (change in legislation) and hope to regain this, if successful we will need to understand and put in place any necessary procedures. Assistance in understanding regulations and their application would be invaluable.
Conclusion

The second year of the Independent Higher Education Survey has enabled us to delve deeper into issues identified in 2017, measure reactions to the significant changes in the higher education landscape in 2018 and lay the groundwork for understanding the perspectives of independent higher education providers on the key issues of 2019 and beyond. The results do represent a self-selecting sample and one very different from 2017. While this means that a comprehensive picture cannot be formed, the views expressed in the survey do reflect what we know of the shapes, sizes and characteristics of a very diverse and changing section of the UK higher education sector. We hope this year’s survey can continue to add insight to the growing body of knowledge on independent higher education providers and their students.

The 2018 survey echoes the previous year’s findings, along with a growing data set from the Higher Education Statistics Agency, that our sector is dominated by small and specialist institutions who focus on specific industries, delivery models and on widening access and participation to higher education for both UK students and those who come to study from around the world. Their experiences in the higher education sector, with both regulatory and sector bodies, are challenging as they navigate a sector designed for larger institutions with a greater depth of resources. While they seek to take advantage of the opportunities presented by government initiatives and changing student demand, many become overwhelmed by regulatory burden and confusing guidance and limit looking forward at the expense of expanding student choice. Independent providers are eager to see what the future may bring with the OfS in place and potential positive changes to the Tier 4 system, but a lack of clarity and support is making it difficult to create the level playing field that the government hopes to achieve. Perhaps it is time for a radical new SME approach to higher education, both for those delivering it in the UK and those seeking to do so abroad.

Brexit adds a film of uncertainty to these challenges as providers struggle to plan for the impact on staff and students. Concerns over the recruitment and funding of EU students, access to qualified staff and the impact on jobs in their industries, are weighing on their natural inclination to grow and expand. Alongside their individual concerns about the impact of Brexit on their institution, many also worry about what effect it will have on their particular industries, with those providers preparing graduates for the creative and finance sectors most concerned of a knock-on effect for their students, staff and institution should these sectors run into difficulties as a result of the UK leaving the EU.

Our aim is that this annual survey should continue to support policy makers and sector bodies in their efforts to implement positive change in the higher education sector. Independent providers are clear that they need innovative solutions and tailored support to help them maximise their contribution to the UK economy and create greater choice for students. By creating a deeper understanding of the support that they need, as well as their characteristics, governance and ambitions, the Independent Higher Education Survey can facilitate this engagement between independent providers, government and sector bodies. It certainly shows the great potential and ambition of these providers, and offers a guide to decision makers to better support their growth and realise the benefits they can bring to students, communities and the UK higher education sector.