



The powers that be

The government intends to make it quicker for private providers to obtain degree awarding powers and university title. But a ‘level playing field’ is still a long way off, finds **Daniel Thomas**

When the Conservatives took office in May, there was little rejoicing among the independent higher education sector. Yes, the party was likely to be kinder to alternative providers (APs) than Labour would have been, but it had no intention of lifting the stifling number controls it had imposed towards the end of the coalition government. Worse still, just after the election it transpired the business department (BIS) had put a moratorium on applications for taught degree awarding powers (TDAP) – in other words the right to validate your own degrees – as well as for university title. It seemed to be

distancing itself from the sector, despite having vociferously called for a more diverse higher education market during the last parliament.

It was especially surprising then when, just a few months later in September, it performed a volte face, at least in regard to its stance on TDAP and title.

Addressing an audience at the University of Surrey, the new universities minister, Jo Johnson, said the Conservatives would shortly lift the moratorium and more importantly speed up the process of obtaining degree awarding powers and title. He added that the current system, whereby most private providers deliver degrees validated by traditional universities, “stifles competition, innovation and student choice” and was “akin to Byron Burger

having to ask permission of McDonald’s to open up a new restaurant”.

What’s on the table?

The about-turn came with promises of further reforms for the sector, to be set out in a green paper in November, along with familiar sounding promises of a “level playing field”. However, given the government’s past vacillations over market entry, many APs will be rightly cautious.

What is certain is that the reforms on the table promise to expedite what has been a very tedious process. While the government has not published official guidance yet, according to Glynne Stanfield, a partner at Eversheds, a dedicated AP unit has already been set up in BIS to process applications more quickly. He says civil



Jo Johnson, minister of state for universities and science



Vikki Smith, vice president of business development, Kaplan International



William Macpherson, chief executive, QA

servants expect eligible providers to be able to obtain TDAP in 12-18 months, down from 18 months to two years last parliament.

More significantly, whereas the process of obtaining university title took an additional 12-18 months during the last parliament, providers should be able to complete the process in just three to six. A sort of one-stop-shop arrangement will be available too, whereby providers can apply for both at the same time and, in theory, receive them on the same day.

"To me it suggests this government is much more pro the private sector in higher education than the last one was," says Stanfield, who claims to have been contacted by a handful of interested APs since the announcement.

"If we saw about five or six new degree awarding institutions under the last government, I think we'll see double that number in the first two to three years of this parliament."

He expects the bigger private higher education (HE) providers to apply, such as Pearson, but says a number of the private equity firms "might actually want to buy something and then apply for degree awarding powers too".

QA and Kaplan, who both spoke to *EducationInvestor* for this article, say they are keeping a close eye on developments. Both offer degrees validated by other universities (although Kaplan has its own degree awarding powers in Singapore) but none has committed to going for TDAP just yet.

"A faster, more transparent process is welcome given the cost and time

involved in going for TDAP," says William Macpherson, chief executive of QA. This is because to obtain degree awarding powers, providers must in effect restructure themselves, creating a new academic leadership committee which is totally independent from their commercial board.

"There are a lot of processes you have to put into place and that requires filling new positions," he says. "Going through the audit is not insignificant and you'll want to go through a series of audits first too, then you have to set up committees, not just at the top level but at each faculty level and each qualification level."

Vikki Smith, vice president of business development at Kaplan International, agrees a more streamlined process is overdue.

"It's taken far too long in the past without necessarily bringing the quality it's been designed to assure."

She adds that for Kaplan, which has considered going through the TDAP application process in the past, the real benefit would be prestige. "I think it would be about making ourselves stand out and about standards – attesting to our quality, demonstrating we support the industry and are head and shoulders above the competition."

International opportunities

There are other benefits of obtaining degree awarding powers or title, not least the added reach it gives you. Firstly, TDAP applies to all of your campuses, which makes opening up new sites around the country if not the world a lot easier, as well as less costly in terms of qualification

licence fees.

Moreover, you can validate others to use your degrees, opening up new revenue streams. Again the real opportunity is overseas – according to the British Council, around 600,000 students worldwide gain a UK qualification every year without travelling to the UK (and most of these courses will be validated by mainstream universities).

"It creates huge online and blended learning opportunities abroad and allows operators to make the most of British-brand degrees," says Stanfield.

For those who take the next step and go for university title, the benefits only increase. Successful applicants will find themselves able to recruit more international students to their British campuses. Currently, foreign students studying at non 'recognised' institutions are not allowed to work in the UK during their courses – a massive deterrent to them coming to the country to begin with. But if the provider has title they can work for 20 hours a week, just as students at universities funded by the Higher Education Funding Council for England (Hefce) can.

In terms of reputation, holders are also more likely to be considered on a par with mainstream universities – at least perceptually – something that has benefited the likes of BPP Holdings and Regent's University. There is a major tax benefit too, as non-universities are automatically charged VAT on fees, the legality of which some have questioned.

Higher tier institutions, such as Anthony Grayling's New College of the

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TDAP & title

At present eight UK institutions have TDAP, five of which also hold the university title, and one of which holds the university college title

- *Arden University*
- *Ashridge Business School*
- *BPP University*
- *College of Estate Management*
- *IFS University College*
- *Regent's University London*
- *University of Law*
- *University of Buckingham*

title. But the government will be very careful about whom it approves given its well-publicised travails with lower quality providers during the last parliament. After it gave private colleges access to the student loans system in 2011, some grew too fast and there were several scandals involving misuse of public money.

Smith suggests that if something similar happened at the higher end of the market, it would be disastrous. "These reforms shouldn't be misconstrued as a compromise of the requirements or the standards – I think that will make things just as tough if not harder for providers."

Operators may also not rush to obtain these powers, viewing them as superfluous to requirements. Smith says the university title would "not be for Kaplan right now", while Macpherson says "there are an awful lot of good universities out there and we really like working with our partners".

"Having the power to issue qualifications also doesn't necessarily mean people will value them in the market. That said, QA has very strong technology and project management courses, and in those areas our qualifications could be seen as equally valuable as those provided by universities," he adds.

Perhaps the bigger question is whether a renewed promise to create a level playing field for quality APs will actually materialise. The Conservative-led coalition gave similar assurances, but in the end

only made baby steps towards its goal. Johnson has promised to unveil more reforms to the higher education sector in November, but it seems unlikely it will propose a new higher education bill as many would like.

What's more, in keeping with its tough line on standards, it is committed to maintaining number controls on independent providers in 2016 and 2017, regardless of their quality. Better operators have been given some leeway to expand, but they are well aware Hefce-funded universities are having their number controls removed entirely.

The government has also given no sign it will increase the amount students at private HEIs can borrow from the Student Loans Company, which currently stands at £6,000 compared with £9,000 at Hefce-funded providers. According to Stanfield, "this is purely about keeping costs down and makes it hard for private operators to offer STEM courses like science and medicine, which require greater investment in equipment and facilities".

In this light, APs are more likely to view Johnson's reforms as the next stage of a long journey, rather than a defining step change. Parity with mainstream universities is still a long way off. And for quality providers that feel let down by the last administration, it is simply too early to take the government at its word. ■

- Humanities, whose degrees are validated by Southampton Solent University, seem most likely to apply in the years to come. But others may too. Online higher education college RDI, a subsidiary of the US business Capella Education Group, became 'Arden University' in August surprising many.

A level playing field?

Clearly the reforms will help alternative providers, but the numbers achieving TDAP and title are likely to be limited. At present eight UK institutions have TDAP, five of which also hold the university title, and one which holds the university college