



Department  
for Business  
Innovation & Skills

**APPLYING STUDENT NUMBER  
CONTROLS TO ALTERNATIVE  
PROVIDERS WITH DESIGNATED  
COURSES**

Government response

MARCH 2013

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# Government response

**We are reforming the system known as ‘course designation’ for alternative providers that wish their students to be able to access loans and grants from the Student Loans Company. This includes applying controls on the number of students alternative providers can recruit on to designated courses.**

## Background

1. The Higher Education White Paper ‘Students at the Heart of the System’ (June 2011) set out our vision for how the higher education sector in England should become more diverse and responsive to the needs of students.<sup>1</sup> Over time we wish to create a more level playing field of regulation between similar providers. As part of this process we are reforming the system of course designation for alternative providers that wish their students to be able to access loans and grants from the Student Loans Company.
2. The Government response to the Higher Education White Paper and associated Technical Consultation (June 2012) stated that we would consult on the process of applying student number controls to alternative providers who have designated courses.<sup>2</sup> This is part of a review of the existing course designation system for alternative providers, including introducing more robust and transparent requirements on quality assurance, financial sustainability and management and governance. As a result, we launched a consultation on 28 November 2012.<sup>3</sup> The consultation closed on 23 January 2013.

## Who responded to the consultation

3. The consultation received 97 responses in total from a range of respondents including: alternative providers (51 responses); regulatory, representative and other bodies (22 responses); publicly-funded Higher Education Institutions (20 responses); Further Education Colleges (2 responses); and from individuals (2 responses). A list of respondents can be found in Annex A.

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<sup>1</sup> Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/31384/11-944-higher-education-students-at-heart-of-system.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31384/11-944-higher-education-students-at-heart-of-system.pdf)

<sup>2</sup> Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/32405/12-890-government-response-students-and-regulatory-framework-higher-education.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32405/12-890-government-response-students-and-regulatory-framework-higher-education.pdf)

<sup>3</sup> Available at: <https://www.gov.uk/government/consultations/applying-student-number-controls-to-alternative-providers-with-designated-courses>

## What did the consultation tell us?

4. There was a clear preference from alternative providers and from other respondents for a level playing field of regulation for all providers of higher education in England, although there should be a sufficient degree of flexibility to accommodate different sizes and missions of providers. This included support for – albeit by a small majority of alternative providers – the system of student number controls referred to as Method 1 in the consultation (a control based on eligible students) that is most similar to the system used by the Higher Education Funding Council for England (HEFCE) for publicly-funded providers. Alternative providers and other respondents also generally supported making data submissions to the Higher Education Statistics Agency (HESA) a condition of receiving designation for their courses, provided that sufficient time and support is given and that subscription rates are affordable.
5. Most alternative providers agreed there should be an exemption from student number controls for providers with small numbers of students accessing loans and grants from the Student Loans Company. Definitions of ‘very small’ ranged from 10 students to 1000 students, with many responses concentrated around 100 to 250 students. There was little support amongst publicly-funded providers for exemptions for small alternative providers unless set at a low level such as 25 students or fewer.

## What were the major views raised?

6. The implementation date was a key concern highlighted by many alternative providers, in particular that implementation in academic year 2013/14 would be unrealistic at this stage in the recruitment cycle. Many representative, regulatory and other bodies, including HEFCE, also felt that full implementation in 2013/14 would be difficult to achieve.
7. The ability for providers to grow their student numbers was another issue for the majority of alternative providers. Providers requested that a clear mechanism for growth should be built into student number controls, allowing for growth of existing providers and for new providers to enter the sector.

## How will the Government respond and what will happen next?

### Implementation date

8. The Government acknowledges the concerns raised by alternative providers and other respondents to the consultation over the planned implementation date for student number controls of academic year 2013/14. Given this, we have decided to introduce student number controls from academic year 2014/15 instead. This will give more time for providers to prepare and will not disrupt the ongoing recruitment cycle for students starting in 2013/14.
9. To avoid incentivising providers to recruit students in 2013/14 solely to boost their baseline figure for the 2014/15 student number control, the control will use 2012/13 recruitment data (and data from preceding years as appropriate) as a baseline rather

than the 2013/14 recruitment data. The decision on whether the baseline figure will have an increase or decrease applied (that is, 2012/13 entrant numbers plus or minus X%) and if so, what this increase or decrease might be, will be taken at a later date once the Department has more information on student finance expenditure, most likely in Winter 2013/14.

10. To allow for new investment by providers (such as new campuses) where significant prior financial commitments to expansion have been made before the publication of the consultation response document, we will consider these on a case-by-case basis and in exceptional circumstances may increase the initial allocation of student numbers accordingly.

#### Method for controlling student numbers

11. In line with the support from the majority of alternative providers and other respondents to the consultation for more similar treatment between HEFCE-funded providers and alternative providers, Method 1 (controlling eligible students) will be used to control student numbers. This is the method most similar to that used by HEFCE at present and is explained in the consultation document. More detail on how this method will be applied to alternative providers will be available in a guidance document to be published in Autumn 2013.

#### Submission of data to the Higher Education Statistics Agency

12. Given the support of consultation respondents, subscription to HESA will be a condition of having courses designated (aside from the smallest providers). We expect subscription to begin from the 2014/15 academic year though providers may need to work with HESA before this date. Currently, HESA subscriptions take the form of a full institutional subscription as with HEFCE-funded institutions or specifically tailored subscriptions to allow alternative providers to put their courses onto the Unistats website in order to provide public information for prospective students – further details are available on the HESA website.<sup>4</sup> Further tailored subscriptions to HESA may be developed following this consultation to meet our expectations for alternative providers with designated courses. Over time, this will allow alternative providers to produce Key Information Sets for the benefit of prospective students.

#### Student number controls for small providers

13. Although there was a mixed response to this question from consultation respondents, we believe that there is a case for differential treatment for the very smallest providers who may find the compliance costs of student number controls disproportionate. We therefore intend that providers with fewer than 50 students in total accessing support from the Student Loans Company will not be expected to subscribe to HESA and will not have student number controls applied, but all other conditions will apply. This is contingent upon providers remaining under 50 students

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<sup>4</sup> Unistats: <http://unistats.direct.gov.uk/>; HESA website: [www.hesa.ac.uk/subs](http://www.hesa.ac.uk/subs) or contact [liaison@hesa.ac.uk](mailto:liaison@hesa.ac.uk)

as defined above. Growth above this limit will trigger sanctions unless agreed in advance with the Department.

#### Next steps

**Spring 2013** – BIS to publish guidance document on the new designation system for academic year 2013/14 onwards.

**Autumn 2013** – HEFCE to conduct a survey of student numbers in 2012/13 (and numbers in preceding years as appropriate) at alternative providers with designated courses to generate data for the student number control baseline.

**Autumn 2013** – BIS to publish detailed guidance on the operation of the student number control system for alternative providers in academic year 2014/15. This will also include an opportunity for alternative providers with significant committed new investment prior to the publication of this consultation response to submit a case for exceptional treatment.

**Winter 2013/14** – BIS to publish student number controls for individual providers in academic year 2014/15.

# Summary of responses to questions

## 1. Name of organisation (or name of person if the response is a personal response and is not submitted on behalf of an organisation)? What type of organisation is it? (e.g. Alternative Provider, HEI, FEC, Regulatory Body etc.)

97 responses were received in response to the consultation. 51 responses were submitted from alternative providers, 22 from representative, regulatory or other bodies, 20 from publicly-funded Higher Education Institutions, 2 from Further Education Colleges, and 2 personal responses.

## 2. Do you have a preference for Method 1 (control based on eligible students) or Method 2 (control based on students accessing funding)? If so, why is this?

Opinion was divided among the alternative providers but there was a small majority, 51%, favouring Method 1. Support for Method 1 was more pronounced amongst the larger alternative providers. 39% of alternative providers favoured Method 2, with 6% preferring another allocation system and 4% did not give an answer. Reasons for favouring Method 1 included that it is a greater step towards a more level playing field than Method 2, as it is closer to the system currently in place for HEFCE-funded providers and that it should be an easier system for providers to administer. For those that favoured Method 2, it was favoured as it more accurately reflects the cost to government of providing loans and grants to students and has fewer data requirements, which was of particular concern to smaller providers.

Publicly-funded providers overwhelmingly supported Method 1 on the basis that it is most similar to the system in operation they are currently subject to. A concern was also raised by some of these respondents that if Method 2 is adopted there may be an incentive to favour self-funded applicants over students who intend to access loans and grants from the Student Loans Company.

The great majority of representative, regulatory and other bodies supported Method 1.

Quotes from responses:

- *We believe it is preferable for APs [alternative providers] to be subject wherever possible to the same systems as the publicly-funded part of the sector as this provides the best foundation for a future integration of providers under a single regulatory system. Thus as long as a Method 1-type system is in operation for mainstream providers APs offering designated courses should be subject to that method (University of Law)*

- *The key, longer-term priority of Study UK, however, is to see a level playing field established between Alternative Providers (APs) and traditional Higher Education Institutions in such a way as to have the greatest positive impact on student choice, cost control and innovation in the sector. Our preference is therefore for Method 1 (Study UK)*
- *We suggest BIS adopt Method 1, as described in the consultation document. Including all funding-eligible students supports a more sensitive management of the English higher education system and allows for more effective management of the public cost of the new financing system. Method 1 permits greater consistency between the 'HEFCE-supported' and 'alternative provider' segments of the UK higher education sector in the short term, and may make convergence of regulatory frameworks easier in the medium-term (Higher Education Better Regulation Group)*

### **3. What is your view on submission of data to HESA? Do you think designated courses at alternative providers should participate in the Key Information Set and therefore complete the National Student Survey and Destination of Leavers in Higher Education survey (if student numbers are large enough to permit this)?**

In general, there was support from alternative providers for submission of data to HESA. Many providers stated the need for careful consideration to be given to smaller providers and for requirements to be proportionate. There was a general view that time and support would be necessary to move to such a system, with the possibility of phased introduction, along with affordable subscription rates.

Opinions on participating in the Key Information Set, the National Student Survey and the Destination of Leavers in Higher Education were more divided. There was some concern over the relevance to alternative providers, particularly smaller providers and those with a high proportion of mature students who go on to self-employment.

Publicly-funded providers supported the idea that alternative providers should meet the same conditions for data submission as publicly-funded providers including HESA data returns, the Key Information Set and the Destination of Leavers in Higher Education survey.

There was also general support for submission of data to HESA from representative, regulatory and other bodies. Many commented that this would need to take into account the individual circumstances of alternative providers.

Quotes from responses:

- *In order for students to make an informed choice, the availability of data about APs [alternative providers] must be improved, and so Study UK would support the increased engagement of APs with HESA in providing this data, so as to allow for participation in the Key Information Set. HESA requirements for data submission from traditional HEIs, however, go far beyond what most APs [alternative providers] are used to providing,*



*and so care must be taken to minimise the administrative burden of this engagement as far as possible, and to provide sufficient support to providers as part of the transition to new requirements (Study UK)*

- *It is important that data on alternative providers is made available publically. However, the current data collection/publication systems (HEFCE/HESA/KIS) are designed for full-time students at traditional campus HEIs and this data model does not fit many alternative providers whose data will be compared directly with campus HEI data by the public, often inaccurately... Any data collected and publicised for alternative providers has to be statistically relevant and properly contextualised to avoid misleading the public (Resource Development International)*
- *Yes, the BIMM Group believes that Alternative Providers should participate in the submission of data to HESA and submission of the National Student Survey and Designation of Leavers in Higher Education survey. Participating in the established student surveys and data collection exercises would be of benefit to students as it would enable them to make more informed choices about courses because more information would be publicly available (BIMM)*

#### **4. Are there any other methods for controlling student numbers on designated courses at alternative providers that you would recommend instead of Method 1 or Method 2?**

Only a small number of alternative providers proposed other methods for controlling student numbers. Of these, a number suggested that growth in student numbers could be managed by controls on the largest providers only, as the new and more robust conditions attached to the course designation process, including greater quality assurance requirements, would manage the growth of smaller providers without needing student number controls.

One other method for controlling student numbers proposed is to allow alternative providers to fund the estimated government subsidy of student tuition fee loans (known as the 'Resource Accounting and Budgeting charge' or RAB charge) thereby reducing cost to government.

Other suggestions included: managing the total amount of loans and grants drawn down by students at each provider as opposed to managing student numbers; focussing controls on new entrants and phasing in implementation for existing providers; averaging controls over a number of years to allow for annual fluctuations and enabling unused numbers to be 'rolled over' into the following year.

Given their strong support for Method 1, publicly-funded providers tended not to answer this question.

Quotes from responses:

- *BPP University College would like to have seen an approach which enabled the independent sector to either take on the cost to Government or share in the risk of the cost to Government (BPP University College)*

- *Any cap needs to allow for year on year fluctuations and the possibility (encouraged in the consultation document) for growth (Mattersey Hall College)*

## **5. Do you agree that there should be an exemption from student number controls for alternative providers with small numbers of students accessing student support? If so, do you have suggestions as to how the Department should define ‘very small’?**

The majority of alternative providers agreed there should be an exemption from student number controls for providers with small numbers of students accessing loans and grants from the Student Loans Company. Definitions of ‘very small’ ranged from 10 students to 1000 students, but responses were concentrated between 100 and 250 students. A minority of providers responded with a figure defined in terms of the value of student support accessed or student numbers per course.

There was little support amongst publicly-funded providers for exemptions for small providers unless set at a very low level such as 25 students or fewer. Many made the point that many Further Education Colleges have very few higher education students and yet have full student number controls applied.

Of the representative, regulatory and other bodies that answered this question, 5 believed there should be no exemption. Responses ranged from 5 students to 250 students among those who agreed with an exemption, with many defining very small as fewer than 100 students.

Quotes from responses:

- *If a number controls system as outlined in Method 1 or 2 were to be introduced we agree that there should be an exemption for small providers. This is because the costs of participating in the system would be disproportionate and operate as a significant barrier to entry (Pearson College)*
- *The University supports the principle that very small, charitable, not for profit providers (with a commensurately low uptake of student loans) should be exempted from student number controls (e.g. fewer than 100 students or loans totalling less than £1million per annum). The University believes that the regulatory burden for very small providers should be proportionate (University of Buckingham)*
- *We strongly believe that any [small provider] threshold should maintain the ability of the student number control system to minimise the risk of unsustainable growth impacting on the student support budget (Universities UK)*

## 6. Equality considerations: Do you think that the proposals for applying student number controls will have any equality implications (e.g. positive, negative, or neutral) for people with protected characteristics (as set out in the Equality Act 2010), or people from low income groups? What impacts might there be and do you have any evidence of possible impacts?

Many alternative providers highlighted that they believe they have a significantly higher proportion of students with protected characteristics and from non-traditional backgrounds and from low income groups than publicly-funded Higher Education Institutions. People from low income groups may therefore be affected if the supply of places was restricted, or as a result of providers filling their student number control and only being able to recruit additional students who do not require loans and grants from the Student Loans Company. Concerns were also raised that student number controls could restrict access for students who do not have traditional entry requirements and are often attracted to alternative providers. A small group of respondents also highlighted the potential impact on people with the protected characteristics of 'religion or belief' if access to student finance is restricted at faith-based providers.

Some publicly-funded providers expressed the view that fair access to alternative providers was not being effectively monitored as alternative providers do not come under the remit of the Director of Fair Access.

Some representative, regulatory and other bodies noted that widening participation problems could arise if students who do not require student support funding are advantaged, and this may be more likely to occur under Method 2 outlined in the consultation.

Quotes from responses:

- *Creative Arts programmes are recognised as having a higher percentage of learners in receipt of DSA [Disabled Students' Allowance] than those entering HE in other subject areas – and in particular learners identified with Dyslexia or on the Autistic spectrum (according to HESA data). Consequently any control on numbers or limitations on ability to increase provision (through widening participation initiatives) at institutions specialising in creative arts such as ourselves may impact negatively on potential learners numbers in these groups than might be the case at other institutions (Academy of Contemporary Music)*
- *96% of our students come from non-traditional and / or low income families most within the Greater London area we had in our strategic plans to increase our student numbers over the next 3 years which would enable a larger number of students from such backgrounds to access higher education but this will not be possible under the proposed cap control and this will clearly affect equality in our opinion (The London College, UCK)*
- *From the list of alternative providers in Annex A, a large number are faith-related colleges (Christian, Jewish, Islamic). Unreasonable student number controls could*

*make it much more difficult (through diseconomy of small scale) for students from such niche providers to access student finance. This would run counter to the goal of widening access and promoting equality, especially impacting those with the protected characteristic of religion (Moorlands College)*

## **7. Do you have any other comments on the proposals within this consultation document?**

The implementation date was a key concern highlighted by many providers, in particular that implementation in academic year 2013/14 would be unrealistic at this stage in the recruitment cycle. Many representative, regulatory and other bodies, including HEFCE, felt that full implementation in 2013/14 would be difficult to achieve.

The ability for providers to grow their student numbers was another issue for the majority of alternative providers. Providers requested that a clear mechanism for growth should be built into student number controls, allowing for growth of existing providers and for new providers to enter the sector. Careful consideration of structural changes such as mergers and takeovers and normal annual fluctuations in numbers should also be taken into account.

A number of providers felt that greater distinction was necessary between for-profit and not-for-profit providers. Some providers requested greater clarity on how initial student numbers would be set, particularly for new entrants, and the various costs of complying with the new conditions, such as subscribing to HESA. There was also a general view that sanctions should not be punitive but accurately reflect the cost to the government of financing student loans and grants.

Issues raised by specific providers included the classification of all distance and online learning as part-time study and variability between some providers and Higher Education Institutions with regard to international students' right to work, as well as the lower maximum tuition fee loan of £6,000 available at alternative providers.

In general, publicly-funded providers supported the idea of a more level playing field between providers, including quality assurance requirements, but felt that the proposals did not go far enough. Many felt that alternative providers should be subject to the same regulatory framework as HEFCE-funded providers and should, for example, be required to subscribe to the Office of the Independent Adjudicator.

Quotes from responses:

- *While we are committed to working with Government to implement the new system of course designation and student number control, we have concerns about the feasibility of fully introducing the new system in 2013-14 (HEFCE)*
- *We also believe that the introduction of controls for September 2013 is impractical. The consultation is taking place too late in the annual recruitment cycle. Institutions have already made offers for students for autumn entry in 2013 on the basis of the existing system. Introduction for September 2014 would be more appropriate with early attention given to a review of designated programmes (Regent's College)*

- *The potential introduction of SNC for the 2013/14 academic year is considered unrealistic and unachievable in practical terms given, inter alia, this consultation's closing date of 23 January 2013 being later than the UCAS application deadline of 15 January 2013. Introduction for 2013/14 entry would introduce potential difficulties in respect of offers made (and / or accepted) as well as imposing an inadequate period for implementation (ifs School of Finance)*

# Annex A – List of respondents to the consultation

## Alternative Providers

Academy of Contemporary Music  
Access to Music Ltd  
Anglo-European College of Chiropractic  
Arts Educational Schools London  
Belfast Bible College  
The BIMM Group  
BPP University College  
British College of Osteopathic Medicine  
The British School of Osteopathy  
University of Buckingham  
Centre for Youth Ministry  
City and Guilds of London Art School  
The City College  
Cliff College  
The College of Estate Management  
College of Integrated Chinese Medicine  
College of IT and Ecommerce  
Greenwich School of Management  
Hibernia College UK  
*ifs* School of Finance  
Institute of Contemporary Music Performance  
The International College of Oriental Medicine UK  
The Interactive Design Institute  
Kaplan  
The London College, UCK  
London School of Business and Finance  
London School of Business and Management  
London School of Contemporary Music  
London School of Science and Technology  
Luther King House Educational Trust  
Mattersey Hall College  
Meridian Business School  
Middlesex College of Law  
Moorlands College  
Mountview Academy of Theatre Arts  
National Design Academy  
Nazarene Theological College  
New College of the Humanities  
Northern College of Acupuncture  
Oak Hill Theological College  
Pearson College  
The Queen's Foundation  
Regent's College

Regents Theological College  
Resource Development International  
Richmond the American International University in London  
Springdale College  
St John's College Nottingham  
St Mellitus College  
St Patrick's International College  
The University of Law  
West London College

**Publicly-funded Higher Education Institutions (HEIs)**

Aston University  
Birmingham City University  
Bournemouth University  
Harper Adams University  
King's College London  
Lancaster University  
Northumbria University  
Plymouth University  
St. George's, University of London  
Staffordshire University  
The University of Nottingham  
University of Birmingham  
University of Central Lancashire  
University of Hertfordshire  
University of Hull  
University of Leicester  
University of Roehampton  
University of Sheffield  
University of Sussex  
University of Wolverhampton

**Further Education Colleges (FECs)**

Newcastle College  
The Manchester College

**Regulatory, Representative or Other Bodies**

British Acupuncture Accreditation Board  
British Acupuncture Council  
British Medical Association  
Church of England's Ministry Division  
Drama UK  
GuildHE  
HEFCE  
HESA  
Higher Education Better Regulation Group  
Improving Dispute Resolution Advisory Service  
ISI  
million+  
Mixed Economy Group of Colleges

Office of the Independent Adjudicator  
Study UK  
Supporting Professionalism in Admissions Programme  
The Association of Business Executives  
The Association of Teachers and Lecturers  
UCAS  
Universities UK  
University Alliance  
University and College Union

**Two Personal Responses**



# Annex B – Consultation event, 8 January 2013: summary of discussion

A consultation event organised by BIS was held on 8 January. Attendees included 34 delegates from a range of organisations including alternative providers, Study UK, HEFCE, HESA and the QAA. Representatives from a wide range of alternative providers were present, including larger and smaller providers. The event was structured around detailed discussion of the consultation questions and opened with short presentations from BIS, QAA and HESA.

## Timing

There was widespread concern over the suggested implementation date of academic year 2013/14. Many providers felt that the introduction of student number controls in 2013/14 would not be feasible and disruptive to business planning. There was a strong preference for a 2014/15 implementation instead.

The mid-January UCAS deadline for applications was highlighted and many providers suggested it was too late to limit recruitment for 2013/14 as applications and offers would be made very soon. Offers are likely to be made before a student number control is announced due to the time needed to gather and process the necessary information to calculate the number control.

There was uncertainty from providers as to whether they should continue to recruit for next academic year as planned and at what level the initial student number control would be set.

## Growth in student numbers

Many providers stated that they have already planned for expansion in the next few years before student number controls were proposed by BIS. However, some providers intend to remain broadly similar in size to their current student population.

Many participants felt the student number controls need to be underpinned by a long-term growth strategy in student numbers that offers greater clarity for future years.

There was a general view that as alternative providers account for a very small proportion of the total student population, numbers studying at alternative providers should not be of great concern to BIS. Even substantial growth at some alternative providers would not create undue financial pressure on the BIS student support budget.

Possible options suggested for facilitating growth included a core and margin approach similar to that used for HEFCE-funded institutions. Although some alternative providers might be interested in competing for student numbers directly with HEFCE-funded institutions, there were concerns that a level-playing field has not been achieved and so

fair competition may not occur. A separate allocation of student numbers for alternative providers was generally supported with a facility for growth built in.

A few participants queried whether a student number control should be institutionally based. Instead, they suggested a possible option whereby the student number control is fixed for alternative providers as a whole, allowing for greater flexibility in institutional numbers. This would possibly involve a bidding process among providers to secure places.

#### Setting of student number controls

A minority of providers queried the data that would be used to set the student number control. Individual anomalous circumstances in recent years such as takeovers or fewer places being offered from a franchising university for example could lead to data used not being an accurate reflection of student demand.

Many providers raised concerns that annual setting of number controls could make business planning and attracting investment difficult given that they currently plan on a 3-5 year cycle.

#### Method 1 or Method 2

It was suggested by some that smaller providers may prefer Method 2 as it has less burdensome data requirements. General opinion among the participants was divided between Method 1 and Method 2, with a substantial proportion of providers undecided on their favoured option at this stage.

#### Sanctions

There was a strong preference for providers to be required to re-pay the cost to government for issuing student loans in cases of over-recruitment rather than more harsh approaches such as punitive repayments or removal of designation.

#### Diversity of alternative providers

A recurring point throughout the discussion was the diversity of alternative providers, particularly in the types of courses offered and the sizes of provider. Alternative providers cautioned against the use of a 'one size fits all' approach.

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