



Department
for Business
Innovation & Skills

**ALTERNATIVE PROVIDERS OF
HIGHER EDUCATION**

Improving Quality and Value for
Money

Consultation Document

FEBRUARY 2015

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Alternative providers of higher education: improving quality and value for money

This consultation seeks views on three proposals aimed at improving the overall outcomes for students and value for money at alternative providers of higher education.

The Government is consulting on these proposals as it believes they would improve outcomes for students and providers overall, but recognise that they may have particular impacts on some providers. There may also be practical implications for providers in meeting these requirements which the Government would welcome views on.

Issued: **27 February 2015**

Respond by: **27 March 2015**

Enquiries to: AP.HE.Consultation@bis.gsi.gov.uk

Or, Jenny Wyman, HE Alternative Providers Consultation, Department for Business, Innovation and Skills, Level 1, 2 St Paul's Place, 125 Norfolk Street, Sheffield S1 2FJ

This consultation is relevant to: alternative providers of higher education, representative groups of higher education providers and students, awarding bodies, and organisations involved in the higher education sector.

1. Foreword from Greg Clark, the Minister of State for Universities and Science

Our system of higher education is world class and built on a reputation for quality. This Government is determined to maintain and strengthen that reputation. Alternative providers have an important role to play. Increased choice in higher education contributes strongly to this reputation and many students are studying on courses with exceptionally high levels of student satisfaction and employability of graduates. However, there have been concerns about the ability of some alternative providers to deliver consistently high quality provision to prospective students who will most benefit. The Government has already taken a number of steps to strengthen controls within the system, and this consultation sets out three further proposals.

We propose to strengthen the English language requirements at alternative providers, by introducing a requirement for providers to ensure that students have sufficient language skills to succeed and achieve. Our second proposal would bring alternative providers in line with mainstream institutions in the provision of information for prospective students, and allow government to better monitor quality and performance. Third, is to link student number controls to performance. Poorer quality providers would see a significant reduction - or removal entirely - of their Student Loan Company funded places.

These changes will strengthen our ability to ensure quality and value for money for the students studying with alternative providers and for the tax payer.

2. Executive Summary

1. This consultation is about higher education provided by alternative providers. We use the term alternative providers to mean higher education providers who do not receive funding from, and are not regulated by, the Higher Education Funding Council for England (HEFCE). In this document we refer to alternative providers and HEFCE-funded providers to distinguish between these different types of provider.
2. The UK's system of higher education is renowned worldwide for its high quality, and alternative providers contribute to this reputation. There are excellent examples of alternative providers who offer high quality higher education to students from a diverse range of backgrounds, as evidenced by high levels of student satisfaction and strong track records of graduate employability.
3. However alongside this there have also been some concerns about the quality, standards and success rates at some alternative providers, and the Government is taking a number of steps to secure improved standards and ensure consistently high quality in this part of the sector. Our aim is to ensure the student experience and value for money is high across all providers.
4. In January 2015 a package of measures was announced which together will improve the assurance that only quality alternative providers can be designated, that they recruit the students who are capable of benefitting from their courses, and that student numbers in alternative providers are at appropriate levels in each provider¹.
5. This consultation focusses on three specific proposals. Together these proposals aim to improve the likelihood that students at alternative providers will succeed in their courses, complete their qualifications and go on to benefit from their higher education experience. We aim to do this by supporting students to make well informed choices and encouraging providers to put student success first. The proposals are:
 - Strengthening English language requirements at alternative providers;
 - Better information for prospective students; and
 - Relating the number of students providers can recruit to provider performance.
6. The purpose of consulting on these proposals is to seek views from alternative providers, representative groups and other organisations operating in the higher education sector. We are particularly seeking views on how the proposals would affect alternative providers, and the practical considerations for their introduction. We would also welcome suggestions of other possible ways to achieve the aims of these proposals.
7. After the close of the consultation, we will review and analyse the responses, and use that information in our consideration of the merits of each proposal and any issues

¹ More information on the announcement is available at <https://www.gov.uk/government/news/tougher-quality-measures-for-higher-education-alternative-providers>.

around their implementation. A final decision on each of the proposals will be announced following this consideration.

8. Higher education is a devolved policy area and this consultation relates to England only.

3. How to respond

9. This consultation opened on 27 February 2015 and the last date for responses is 27 March 2015.
10. When responding please state whether you are responding as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents by selecting the appropriate interest group on the consultation form and, where applicable, how the views of members were assembled.
11. You can reply to this consultation online at www.bisgovuk.citizenspace.com/fe/alternative-providers-he
12. The consultation response form is available electronically on the consultation page: <https://www.gov.uk/government/consultations/alternative-providers-of-higher-education-improving-quality-and-value-for-money> (until the consultation closes). The form can be submitted by email or by letter to:

AP.HE.Consultation@bis.gsi.gov.uk

Jenny Wyman
HE Alternative Providers Consultation Response
Level 1, 2 St Paul's Place
125 Norfolk Street
Sheffield S1 2FJ
13. A list of those organisations and individuals consulted is in Annex B. We would welcome suggestions of others who may wish to be involved in this consultation process.
14. Other versions of this document in Braille, other languages or audio-cassette are available on request.

4. Confidentiality & Data Protection

15. Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want information, including personal data that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

16. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

5. Help with queries

17. Questions about the policy issues raised in the document can be addressed to:

AP.HE.Consultation@bis.gsi.gov.uk

Jenny Wyman
HE Alternative Providers Consultation Response
Level 1, 2 St Paul's Place
125 Norfolk Street
Sheffield S1 2FJ

The consultation principles are in Annex A.

6. The proposals

Proposal 1: Strengthening English language requirements at alternative providers

1. It is in everyone's interest that students who take higher education courses have the capability to benefit from and complete the course, and have a high quality learning experience. This gives students confidence they have the base requirements for the course, and ensures value for money. Given the academic stretch and complexity of higher education courses, a student must have sufficient proficiency in the language in which the course is taught, in order to ensure that understanding the language does not become a barrier to their understanding of the course content. Students with poor language skills can also impact on the learning of their fellow students.
2. English higher education enjoys a world class reputation, and is highly sought after by prospective students from at home and abroad, including many who do not have English as their first language. It is the responsibility of higher education providers to ensure that the students they recruit have the ability and aptitude to successfully complete the course. This includes the student having sufficient proficiency in the English language to understand and engage with the course content. The responsibility of higher education providers for admission decisions is a key principle of our internationally respected institutional autonomy and academic freedom.
3. Higher education providers set their own admission requirements, and these vary between courses and subject areas. Providers may set a specific entry requirement that the student must have and be able to demonstrate a certain standard in English. They are also free to require students to take additional English language modules alongside their course to raise the standard of their English, in order to increase their chance of success in their studies. The Home Office also sets English language competency requirements for non-EU nationals who want to come to the UK to study. International students must be competent in all four components (listening, reading, speaking and writing) at international Level B1 for Higher National qualifications, and international Level B2 for undergraduate degrees, as described in the table below.

Table 1: Common European Framework of Reference for Languages

Band	CEF level		Level descriptor (ability at this level)
C Proficient user	C2	Native like speaker	Proficient user of the language
	C1	Very high	Advanced level, very few errors, high vocabulary
B Independent user	B2	High average	High level + four skills, more fluent speaking
	B1	Average	Intermediate, reading, writing fluently. Some errors
A Basic user	A2	Basic	Basic daily use of work language
	A1	Novice	Basic survival level vocabulary

4. For degrees and related higher education qualifications, it is up to the degree awarding body (usually a university) whether to set a language recommendation or requirement in addition to those set by the Home Office for non-EU students.
5. For Higher National qualifications, the awarding body Edexcel (part of Pearson PLC) recommends that students have a minimum level of English language competency of International Level B1 in line with the Home Office requirements. From November 2014 Edexcel increased this to International Level B2 for their own centres. Between January and March 2015 Edexcel are consulting on whether to raise the recommended entry level for all providers that offer Higher Nationals. They are also considering how to make language requirements mandatory rather than advisory.
6. In December 2014, the National Audit Office (NAO) published a review of quality and value for money of higher education provision at some alternative providers. This raised concerns that are shared by the Government, about the English language competency of students at alternative providers who receive tuition fee loans from the Government. NAO highlighted that some providers may not be following the minimum English language level recommended by Edexcel for Higher Nationals, and that the recommended level may not be sufficient for students to fully engage with and benefit from a higher education course.

Proposal to introduce minimum English language standards for designated courses at alternative providers

7. The Government is considering how it can ensure students at alternative providers have the minimum level of English language competence they need, and how to discourage the recruitment of students who do not have sufficient English to benefit from the course. It considers that the best way to do this is to introduce a requirement on alternative providers to ensure that their students have a nationally set level of English, sufficient for higher education study.
8. The proposed requirement would be a condition of course designation, so that the responsibility for ensuring it is met would lie with the recruiting provider. It would apply to all courses at alternative providers which are designated for student support; that is all courses at alternative providers where the students are potentially eligible to receive Government funding through tuition fee loans and maintenance.
9. To meet the requirement, providers would need to demonstrate that they have appropriate systems in place to ensure that students receiving tuition fee loans from the Student Loans Company meet the minimum standard in English for their intended course. The Government would not dictate to providers what their systems should be, but it would ask for evidence of them as part of the designation process and consider this in annual designation reviews. The systems used by providers to assess the language ability of prospective students would need to be transparent and records kept appropriately.
10. The Government does not intend to introduce a similar requirement for HEFCE-funded providers at present, as the level of risk appears to be lower. In the future it may be appropriate to consider whether a minimum standard should be applied consistently to the broader higher education sector.

Q1. Do you agree that the Government should introduce a requirement for alternative providers to ensure minimum standards of English language proficiency in all four components for its students? Please give reasons for your answer.

Q2. Should the requirement to ensure minimum standards of English language proficiency apply to all alternative providers on the same basis? Please give reasons for your answer.

11. Although the requirement proposed would be on providers it could also impact on students. The Government wants to consider whether particular groups of students would be impacted more than others, for example home students of non-British nationality. The Government is conducting an Equality Impact Assessment on this proposal (as well as the other proposals in this consultation). We would welcome views from consultees on whether the proposal would have disproportionate impacts on protected groups, and how these could be mitigated, recognising that students must have sufficient competence in English to be able to study.

Q3. What is the potential impact on protected groups of a requirement for providers to ensure a minimum standard of English language proficiency? How could the impact you identify be mitigated?

Choosing appropriate minimum standards

12. If the Government does decide to introduce minimum English language standards for alternative providers, we will need to determine the appropriate level at which to set those standards.
13. The competency level needs to be appropriate to ensure that students studying higher education courses at alternative providers are sufficiently proficient in all areas – listening, reading, speaking and writing – so that they can cope with the complexity of language required to undertake a higher education course and complete it successfully.
14. International Level B1 is equivalent to a ‘limited’ or ‘modest’ user. Students with this level of proficiency might still find they struggle with the complexity of language needed for a higher education course. If this means that there is a higher risk that the student does not complete their course, this level would not be sufficient, and it would be appropriate to set the minimum standard at a higher level. As mentioned, Edexcel have raised the recommended level from B1 to B2 for their own centres.
15. We therefore propose to set a single minimum standard at International Level B2, which alternative providers would be required to ensure all students on designated courses meet. If we did introduce this requirement, BIS would work closely with the Home Office to consider a consistency of approach.

Q4. Do you agree that the minimum standard of English language proficiency required should be set at International Level B2? Please give reasons for your answer.

Other considerations

16. Providers and awarding bodies will no doubt already be considering a range of issues relating to the recruitment of students who do not have English as their first language. For some alternative providers this is a large proportion of their students. We are interested in what activities are already planned or underway to improve the levels of English skills amongst students. We are also keen to hear consultees views on what more could be done to improve levels of English among higher education students at alternative providers, beyond the proposal to introduce a minimum standard. And we would welcome views on whether there is a risk that introducing a minimum standard disrupts existing good practice on improving English standards. For example, some providers already set higher standards than International Level B2, and we would not want the introduction of a minimum to prompt these providers to lower their standards to the minimum level.

Q5. What further actions could strengthen arrangements for ensuring students are recruited with a minimum standard of English language proficiency, and what action is already underway? Which organisations are best placed to support a strengthening of these arrangements?

Q6. How can we ensure that the introduction of a minimum standard of English language proficiency does not have an unintended adverse effect on existing good practice?

17. Informal feedback from providers suggests that the levels of proficiency in English needed to successfully study a higher education course vary depending on the content of the course. For example, courses with a large amount of maths content may require lower levels of English proficiency than courses with a lot of written content and discussion. We expect that providers would still be able to make these distinctions by having different requirements for different subjects, as long as they were all at or above the minimum standard.
18. Students for whom English is not their first language may find that their language proficiency improves as a consequence of their higher education study. Providers may also offer additional support to students to improve their English, or students may take English classes at the same time as their higher education course. While it is of benefit for a student's English to improve during their course, this is not a substitute for having an appropriate level of English language ability before they start. Students who try to learn English at the same time as studying their higher education course may be more likely to drop out, or may not progress as well as they would do otherwise. They may also potentially undermine the learning experience of fellow students.
19. Therefore if the Government decides to introduce a requirement on providers to ensure minimum standards are met, we do not propose that having the student study English alongside their higher education course would meet this requirement. However we would want to continue to encourage additional English support to help students reach higher levels of language proficiency. The requirement would be intended as a minimum baseline level.

Q7. Do you agree that alternative providers should ensure that students have a minimum standard of English language proficiency before they start their course, rather than learning English alongside the course? Please give reasons for your answer.

Proposal 2: Better information for prospective students

20. Student choice is key to our higher education system. Higher education funding follows student choice, so well informed students making the right choices to meet their aspirations is important. To make choices that are in their long term best interests, students need access to high quality information about their potential course and provider. Choosing the right course and provider at the outset is also more likely to ensure that students are fully engaged in and complete their studies.
21. The major development in the area of student information has been the publication, since September 2012, of the Key Information Set. This includes information on graduate employment outcomes, student satisfaction ratings, the cost of courses and accommodation and accreditation of courses. The data provides consistent and comparable course level information in those areas which research has shown is most useful to students when choosing a higher education course.
22. This information is accessible to students via the course pages of institutions' websites and linked to the central Unistats website which allows the comparison of data². Unistats provides information on full and part-time UK undergraduate courses at higher education institutions and further education colleges delivering higher education.
23. HEFCE is responsible for the operation of the Unistats website with other UK funding bodies and is currently reviewing the Key Information Set and the Unistats website. The review is due to be completed in the spring with a consultation on any proposed changes planned for the autumn.
24. The Government is now considering whether to extend the benefits of this information to prospective students considering courses at alternative providers. We propose to do this by adding a new requirement to the annual course designation process, so that alternative providers are required to provide prospective students with the Key Information Set. We think that it is right that all students, wherever they study their higher education course should have access to this important information.
25. We already know that some alternative providers have agreed to provide the Key Information Set. Data on courses at five alternative providers should be available on their own websites and on Unistats from September 2015. A further seven alternative providers have signed up and information should be available to prospective students from these providers in September 2016. There are potentially 20 more providers who may be considering providing the Key Information Set to prospective students.
26. However, we do recognise that introducing such an information requirement may not be straightforward for smaller providers with small courses. In such cases there will be challenges in obtaining meaningful and comparable data, let alone comparable course level data which the Key Information Set seeks to provide. It may also take some time to gather the appropriate and robust levels of data before comparable student information can be made available.

² <http://unistats.direct.gov.uk/>

Providing information to the Government

27. Whilst we are consulting on the arrangements for making more information available to prospective students, we are also announcing a change to current policy in a separate (but linked) area around the provision of information to the Government.
28. Currently alternative providers with more than 50 full-time students on designated courses are required to provide data to the Higher Education Statistics Agency (known as the Alternative Provider Student Record) and complete the Higher Education Alternative Provider Early Statistics Survey. Providers are required to pay a subscription fee to join the Higher Education Statistics Agency (see section on costs).
29. The Higher Education Statistics Agency Alternative Provider Student Record collects data on all students on designated undergraduate courses, full-time and part-time. It includes information on students' previous qualifications, demographic characteristics and achievements.
30. The data provides valuable performance information about the numbers and mix of students at a provider. We now think that, in the interests of ensuring transparency and accountability, it is right that we extend this requirement and collect data from all alternative providers, irrespective of their size or type of provision. This is also an important first step towards producing the Key Information Set for more of the alternative provider community.
31. We will ask the Higher Education Statistics Agency to start collecting this data for the 2015/16 academic year. The remainder of this section relates to the consultation proposal to require providers to provide the full Key Information Set.

What the requirement to provide the full Key Information Set would mean in practice

32. In addition to participating in the Alternative Provider Student Record and Higher Education Alternative Provider Early Statistics Survey (as described above), to provide the Key Information Set alternative providers would also need to take part in two main surveys: the Destination of Leavers from Higher Education surveys, and the National Student Survey; and provide some specific course information.

The Destinations of Leavers from Higher Education (DHLE) surveys

33. The Destination of Leavers from Higher Education surveys collect data about what students go on to do after they complete their higher education course. They survey leavers at 6 and 40 months after leaving, and gather data about their employment and salary levels. Alternative providers are not currently required to participate.

The National Student Survey

34. The National Student Survey is an annual, national survey of final year undergraduates overseen by HEFCE. It gathers data related to the student's experience of their course, for example satisfaction ratings for the course content, teaching and facilities. Alternative providers are not currently required to participate in the National Student Survey although more are beginning to do so voluntarily.

Specific Course Information

35. Providers would also need to collate and provide course-level information directly to the Higher Education Statistics Agency for inclusion in the Key Information Set³. This information covers the proportion of time spent in different teaching or learning activities (lectures, seminars etc), the assessment methods used in the course, whether the course is accredited by a professional body, and the costs of tuition and accommodation (where relevant). Alternative providers are not currently required to participate.

Costs

36. The Higher Education Statistics Agency subscription fee for alternative providers comprises of a provider charge and a rate per student (per capita fee). The costs of subscriptions to the Higher Education Statistics Agency can be found at <https://www.hesa.ac.uk/subs>. These cover the costs of the Alternative Provider Student Record, the Destinations of Leavers from Higher Education surveys and the specific course information. The Higher Education Statistics Agency board reviews the subscription rates on an annual basis.

37. The costs of participating in the National Student Survey are dependent on a number of factors. Each provider pays a fee to cover the cost of surveying its students; the fee varies depending on the number of eligible students taking part in the survey, the method they use to respond and the uptake of additional optional questions. The fee includes the costs associated with the management of the survey, running the survey and providing provider access to the data.

38. Indicative costings for 60 students would be in the region of £7,300+ VAT and for 1000 students in the region of £11,900+VAT. There would also be administrative work involved in supplying the data which is not collected through the National Student Survey and the Destinations of Leavers from Higher Education surveys, which may need an increase in staff resource for some providers.

Q8. Do you agree in principle that alternative providers should be required to provide information to prospective students through the Key Information Set? Please give reasons for your answer.

Benefits of the Key Information Set

39. Including alternative providers in the Key Information Set has benefits for both students and providers.

40. Students would have access to much more information when they were choosing their course. The Key Information Set is built around the information students say they find most useful, so prospective students considering studying at an alternative provider would be able to make a much better informed decision about whether the course is right for them. They would see feedback from other students, information about how the course is taught and assessed, and information about employment prospects following

³ <http://www.hefce.ac.uk/whatwedo/it/publicinfo/kis/>

the course. Crucially, they would also be able to directly compare their course with courses at other providers, both alternative and HEFCE-funded. It is unlikely that most students make a distinction between whether a prospective provider is an alternative provider or not, so being able to compare information on courses which can be funded through student support across the higher education sector is important.

41. We know that some alternative providers recruit students predominantly from non-traditional channels. These prospective students are mostly not in a school or college when considering taking a higher education course, and may be less likely to attend open days or review prospectuses. They may be more likely to access information online, and so having comparable information available through the Key Information Set would allow them to see what alternatives are available. Similarly, students who might not have considered (or even known about) the option to take a course at an alternative provider would be able to see information about those courses alongside course options from the HEFCE-funded sector.
42. There are also benefits for alternative providers. They would be able to signpost prospective students to the Key Information Set and thus ensure they have information about the course before they enrol. They would also have greater visibility for their course through the national Unistats website.

Impact on smaller alternative providers providing the Key information Set

43. We know, however, that there are practical and statistical issues that need to be considered in requiring smaller alternative providers to provide this information. Within the existing arrangements for the Key Information Set there are robust publication thresholds to ensure that the experiences and outcomes of individual students cannot be identified and that the data is statistically sound. This is vital if students may make decisions based on this information.
44. HEFCE has recently consulted on these publication thresholds with a view to lowering them and making more data available (whilst ensuring the data made publicly available continues to be statistically viable). The outcomes of this work are expected to be published in April. If thresholds are reduced it should mitigate some of the concerns around the extent to which publishable data will be available.
45. The aim of the Key Information Set is to provide course level information and data can, in certain circumstances be aggregated. Even with reduced publication thresholds, however, we are aware that there will be some providers, often offering specialist provision in niche subject areas that may never have sufficient data to be published. This will be a particular challenge in publishing comparable data on employment outcomes.
46. However, we think it is just as important that prospective students considering courses at these providers have access to information on student satisfaction ratings and employment outcomes.

Q9. Do you agree that small providers should also be required to provide the Key Information Set to prospective students? Please give reasons for your answer.

Q10. What alternative ways are there of providing comparable reliable information on employment outcomes and student satisfaction ratings to prospective students at small providers?

Timing

47. Subject to responses to this consultation, a requirement for alternative providers to participate in the Key Information Set/provide students with employment outcomes and student satisfaction ratings would be introduced by making participation a condition of annual course designation. There are significant lead times in gathering the data for publication of student information and arrangements would have to be introduced to link the designation process and the timetables for data collection.
48. As we have set out we will require alternative providers to subscribe to the Higher Education Statistics Agency and participate in the Alternative Provider Student Record and Higher Education Alternative Provider Early Statistics Survey for the 2015/16 academic year. This means that data will be provided to the Higher Education Statistics Agency in the autumn of 2016.
49. Subject to the responses to this consultation, we would be looking to introduce any new requirement for alternative providers to publish the Key Information Set starting in the 2016/17 academic year.

Q11. What issues should the Government be aware of if requiring providers to publish the Key Information Set starting in the 2016/17 academic year?

Q12. What interim measures could be introduced to make better information available to students before the full Key Information Set is available?

Proposal 3: Relating student number controls to provider performance

50. To date, student number controls have been used to control BIS's higher education budgets. They cap the number of students a provider can recruit each academic year and so manage the amount of money which is needed for student support purposes.
51. The Government has progressively relaxed its use of student number controls in the HEFCE-funded sector to allow overall student numbers to grow, and from the 2015/16 academic year will completely remove number controls from HEFCE-funded providers.
52. The Government has decided to maintain student number controls in the alternative provider sector. The aim is two-fold: firstly to manage budgets. Secondly to use student number controls as an incentive for alternative providers to improve the quality of outcomes.

Managing budgets

53. On 29 January 2015 the Government announced its approach for student number controls for alternative providers for the 15/16 academic year. Student number controls will be removed for alternative providers with Degree Awarding Powers, bringing them into line with the HEFCE-funded sector.
54. For all other alternative providers, the student number control cap will continue to be maintained. Providers offering predominantly validated degrees will have the flexibility to increase the number of students they recruit by up to 20%. These measures are aimed at managing BIS budgets, by capping the number of students at alternative providers and thus controlling the overall total of student support funding that could be drawn down. Exempting providers with Degree Awarding Powers allows providers a route to expand by earning a higher level of autonomy.
55. In our original consultation on applying number controls (November 2012) we left open the possibility of extending controls to part time courses. The Government has decided to introduce an interim control on entrants to part time and distance learning courses in alternative providers without UK Degree Awarding Powers in 2015/16. Almost half of designated courses are part time or distance learning and we need to ensure that expansion of these courses is within the constraints of what Government can afford to support.
56. The Government has also now announced its intention to develop controls to manage entrants to the provision which alternative providers undertake, through franchise, with HEFCE funded providers. Again, the Government needs to ensure that any expansion in the number of students on franchised courses at alternative providers is affordable.
57. We are considering how best to manage the affordability of franchised courses, and plan to work with HEFCE to assess the extent of franchising arrangements and what future plans providers have for expansion of them. BIS will ask HEFCE to survey all HEFCE funded institutions to establish entrant numbers to courses franchised to alternative providers in 2013/14 and 2014/15. The survey will also ask for plans for

these courses in 2015/16. BIS will consider whether these plans are affordable and, where they are not, intends to introduce a control on entrant numbers.

58. These measures to ensure affordable expansion are interim, ahead of the development of a more comprehensive and quality based approach to allocating student number places from 2016/17.

Improving quality

59. On 29 January 2015 the Government announced that from the 2016/17 academic year it will allow providers that are performing well to expand, while reducing the numbers for other providers. The purpose of taking this approach is to ensure that good alternative providers that are delivering high quality courses and successful outcomes for their students are able to expand, while sanctioning those alternative providers that are not delivering the high quality education students should expect. It recognises that, to ensure proper stewardship of public money, BIS manages the amount it needs to spend on student support at alternative providers and that better value for money for the student and the public purse is delivered when the greatest possible proportion of this finite number of students studies at those providers with the highest quality performance.
60. This section of the consultation sets out how the Government proposes to apply a performance based methodology to student number controls. In the August 2014 guidance to alternative providers, we said we may reduce 2015/16 allocations of providers with poor retention, compared to their 2014/15 allocation. The Government is now minded to apply this approach to those providers offering predominantly qualifications which are not awarded or validated by an organisation with UK degree awarding powers. BIS will write to these providers shortly to give details of its proposed approach. Final decisions on the actual level of each provider's student number control for 2015/16 will be subject to discussions between BIS and providers about the quality of their performance.
61. This is the first step in developing the comprehensive approach to setting student number controls on the basis of performance which we envisage here. It recognises that a reduction in student numbers for weaker providers offers the potential to offer growth to higher quality providers and that this redistribution of places offers benefits both to students and to the public purse, through improving value for money and the quality of the student experience.

How performance-based number controls would be set

62. Within the overall student number cap, we propose to separate the overall number of places available into a basic allocation and a performance-based allocation (performance pool).
63. We intend to apply a minimum quality standard that providers must meet before they can be allocated any places at all. If a provider meets minimum quality standard, it will receive its student numbers from within the basic allocation. If a provider fails to meet the minimum quality standard they would receive an allocation of zero. This would also trigger a review of the provider's designation.

64. The purpose of maintaining a basic allocation would be to allow providers with minimum quality standards to operate in a managed way, whilst they improve their student outcomes. Once a provider has developed their outcomes sufficiently, they will earn the opportunity to grow, drawing on places from the performance pool.
65. There are options about the balance of places between the basic allocation and the performance pool. These would be determined by:
- The overall total student number for alternative providers;
 - The speed at which we want to redistribute places from lower to higher performers;
 - The extent to which we want to offer the highest performers the opportunity to continue expanding, year on year.
66. Our overarching policy aim is to drive the greatest possible improvement in quality to the fastest feasible timetable. Our working assumption is that, in practical terms, this means we would set the basic allocation each year at no more than the previous year's level. So, until a provider had demonstrated that they had reached the quality levels required for access to the performance pool, they would not be allowed to grow.
67. A further option is that we reduce the basic allocation, year on year. Here, providers which merely maintain compliance with the basic minimum quality standards could expect to see their numbers reducing over time. The "spare" places made available in this way would go into the performance pool and be allocated to those providers eligible for that allocation. Providers eligible only for the basic allocation would thus have to increase their performance so that they qualified for the performance pool, if they wanted to gain places back in future years.
68. There are options around how to allocate places from the performance pool. One option is to introduce a formula for allocation. So, for example, the highest 25% of performers eligible for the performance pool could be allowed to expand their intake by a set proportion (for example 20%), whilst the remainder could grow by smaller proportion (for example 10%).
69. Alternatively, eligible providers could bid to BIS for a specified number of performance pool places. Bids from the best performers would be accepted first until all the performance pool places were allocated.

Q13: Do you agree with the overall approach to base student number controls for alternative providers on performance? Please give reasons for your answer.

Q14. Do you agree that there should be a basic allocation and a performance-based allocation? Please give reasons for your answer

Q15. Do you agree that there should be a minimum quality standard that providers must meet in order to receive any allocation of places? Please give reasons for your answer.

How performance would be measured

70. It is important when introducing performance-based number controls that appropriate and realistic measures of performance are used. The Government's intention is to focus on the quality aspect of providers' performance, and use a range of measures which taken together would give a sound indication of the quality and outcomes of the education experience providers are offering to their students.

71. The Government proposes that the measures to be considered would include:

- Qualitative data from the outcomes of Higher Education Review
- Student drop-out rates after course commencement
- Rates of student progression from one year of the course to the next
- Completion rates of students achieving a higher education qualification
- Rates of progression into further study or employment

72. The Government has announced its intention to collect information on these measures from alternative providers on a regular basis, as part of a new strengthened process for designation for student support. Together these measures will give Government a detailed picture of the performance metrics of higher education being delivered at the alternative providers that are within the scope of student number controls. The Government proposes to use this information to make a judgement about the comparative quality of different alternative providers. Specifically, a suite of these indicators would be used to determine providers' eligibility for the basic allocation and the performance pool.

Q16: Which option for allocating performance pool places do you prefer, formula or competitive bidding? Are there other approaches which should be considered?

Q17. Do you agree with the types of performance information proposed as the basis for measuring alternative provider performance in the context of setting student number controls? Please give reasons for your answer and suggest any other measures that should be considered.

7. Consultation questions

Q1. Do you agree that the Government should introduce a requirement for alternative providers to ensure minimum standards of English language proficiency in all four components for its students? Please give reasons for your answer.

Q2. Should the requirement to ensure minimum standards of English language proficiency apply to all alternative providers on the same basis? Please give reasons for your answer.

Q3. What is the potential impact on protected groups of a requirement for providers to ensure a minimum standard of English language proficiency? How could the impact you identify be mitigated?

Q4. Do you agree that the minimum standard of English language proficiency required should be set at International Level B2? Please give reasons for your answer.

Q5. What further actions could strengthen arrangements for ensuring students are recruited with a minimum standard of English language proficiency, and what action is already underway? Which organisations are best placed to support a strengthening of these arrangements?

Q6. How can we ensure that the introduction of a minimum standard of English language proficiency does not have an unintended adverse effect on existing good practice?

Q7. Do you agree that alternative providers should ensure that students have a minimum standard of English language proficiency before they start their course, rather than learning English alongside the course? Please give reasons for your answer.

Q8. Do you agree in principle that alternative providers should be required to provide information to prospective students through the Key Information Set? Please give reasons for your answer.

Q9. Do you agree that small providers should also be required to provide the Key Information Set to prospective students? Please give reasons for your answer.

Q10. What alternative ways are there of providing comparable reliable information on employment outcomes and student satisfaction ratings to prospective students at small providers?

Q11. What issues should the Government be aware of in requiring providers to publish the Key Information Set starting in the 2016/17 academic year?

Q12. What interim measures could be introduced to make better information available to students before the full Key Information Set is available?

Q13: Do you agree with the overall approach to base student number controls for alternative providers on performance? Please give reasons for your answer.

Q14. Do you agree that there should be a basic allocation and a performance-based allocation? Please give reasons for your answer

Q15. Do you agree that there should be a minimum quality standard that providers must meet in order to receive any allocation of places? Please give reasons for your answer.

Q16: Which option for allocating performance pool places do you prefer, formula or competitive bidding? Are there other approaches which should be considered?

Q17. Do you agree with the types of performance information proposed as the basis for measuring alternative provider performance in the context of setting student number controls? Please give reasons for your answer and suggest any other measures that should be considered.

8. What happens next?

This consultation will close for responses on 27 March 2015. The responses will then be read and analysed, and the evidence and views within them considered.

We expect the Government response to the consultation, and the final decisions on the proposals discussed here, to be published in summer 2015.

Annex A: Consultation principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

Comments or complaints on the conduct of this consultation

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Angela Rabess
BIS Consultation Co-ordinator,
1 Victoria Street,
London
SW1H 0ET

Telephone Angela on 020 7215 1661
or e-mail to: angela.rabess@bis.gsi.gov.uk

However if you wish to comment on the specific policy proposals you should contact the policy lead (see section 5).

Annex B: List of Individuals/Organisations consulted

The Department has identified the following parties that may be interested in providing their thoughts to this consultation and have contacted these organisations and individuals directly. If you feel there are other individuals or organisations who should receive the consultation please contact us so the consultation can promptly be sent to them.

Alternatively, you can make copies of this consultation without permission or the consultation is available electronically at <https://www.gov.uk/government/consultations/alternative-providers-of-higher-education-improving-quality-and-value-for-money>

Contacted directly:

- Alternative providers of higher education
- City and Guilds
- Higher Education Funding Council for England
- Higher Education Institutions
- Higher Education Statistics Agency
- Independent Universities Group
- National Union of Students
- Pearson (Edexcel)
- The Home Office
- The National Audit Office
- The Quality Assurance Agency for Higher Education
- Universities UK

Annex C: Alternative Providers of Higher Education: Improving Quality and Value for Money consultation response form

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is 27/03/2015.

Your name:

Your organisation (if applicable):

Address:

Please return completed forms to:

AP.HE.Consultation@bis.gsi.gov.uk

Jenny Wyman
HE Alternative Providers Consultation Response
Level 1, 2 St Paul's Place
125 Norfolk Street
Sheffield S1 2FJ

Please select from the following list the option that best describes you as a respondent.

	Alternative higher education provider (with designated courses)
	Alternative higher education provider (no designated courses)
	Awarding organisation
	Central government
	Charity or social enterprise
	Further Education College
	Higher Education Institution
	Individual (Please describe any particular relevant interest: student, teaching staff etc.)
	Large business (over 250 staff)
	Legal representative
	Local Government

	Medium business (50 to 250 staff)
	Micro business (up to 9 staff)
	Representative body
	Small business (10 to 49 staff)
	Trade union or staff association
	Other (please describe)

List of questions

Q1. Do you agree that the Government should introduce a requirement for alternative providers to ensure minimum standards of English language proficiency in all four components for its students? Please give reasons for your answer.

Yes

No

Reasons

Q2. Should the requirement to ensure minimum standards of English language proficiency apply to all alternative providers on the same basis? Please give reasons for your answer.

Yes

No

Reasons

Q3. What is the potential impact on protected groups of a requirement for providers to ensure a minimum standard of English language proficiency? How could the impact you identify be mitigated?

Q4. Do you agree that the minimum standard of English language proficiency required should be set at International Level B2? Please give reasons for your answer.

Yes

No

Reasons

Q5. What further actions could strengthen arrangements for ensuring students are recruited with a minimum standard of English language proficiency, and what action is already underway? Which organisations are best placed to support a strengthening of these arrangements?

Q6. How can we ensure that the introduction of a minimum standard of English language proficiency does not have an unintended adverse effect on existing good practice?

Q7. Do you agree that alternative providers should ensure that students have a minimum standard of English language proficiency before they start their course, rather than learning English alongside the course? Please give reasons for your answer.

Yes

No

Reasons

Q8. Do you agree in principle that alternative providers should be required to provide information to prospective students through the Key Information Set? Please give reasons for your answer.

Yes

No

Reasons

Q9. Do you agree that small providers should also be required to provide the Key Information Set to prospective students? Please give reasons for your answer.

Yes

No

Reasons

Q10. What alternative ways are there of providing comparable reliable information on employment outcomes and student satisfaction ratings to prospective students at small providers?

Q11. What issues should the Government be aware of in requiring providers to publish the Key Information Set starting in the 2016/17 academic year?

Q12. What interim measures could be introduced to make better information available to students before the full Key Information Set is available?

Q13: Do you agree with the overall approach to base student number controls for alternative providers on performance? Please give reasons for your answer.

Yes No

Reasons

Q14. Do you agree that there should be a basic allocation and a performance-based allocation? Please give reasons for your answer

Yes No

Reasons

Q15. Do you agree that there should be a minimum quality standard that providers must meet in order to receive any allocation of places? Please give reasons for your answer.

Yes No

Reasons

Q16: Which option for allocating performance pool places do you prefer, formula or competitive bidding? Are there other approaches which should be considered?

Formula Competitive bidding

Other approaches

Q17. Do you agree with the types of performance information proposed as the basis for measuring alternative provider performance in the context of setting student number controls? Please give reasons for your answer and suggest any other measures that should be considered.

Yes No

Reasons and other measures

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

Yes

No



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Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000
Email: enquiries@bis.gsi.gov.uk

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