

## **Student protection in the event of closure of higher education course, discipline, campus or provider**

### **Department for Business, Innovation and Skills**

#### **RPC rating: fit for purpose**

The impact assessment (IA) is now fit for purpose as a result of the Department's response to the RPC's initial review. As submitted, the IA was not fit for purpose.

#### **Description of proposal**

Higher education (HE) providers that are classified by the Office for Students (OfS) as 'approved' or 'approved fee cap' (meaning they meet the quality standards for offering student loans) will be required to have in place student protection plans (SPP) that meet OfS guidance. SPPs will need to set out clearly the arrangements for students in the event of the closure of a course, discipline, department, campus or provider.

#### **Impacts of proposal**

The Department estimates that there will be around 478 providers in scope of the proposal in 2018/19, when they are due to be introduced, rising to 659 by 2027/28. A recent BIS survey indicates that 47 per cent of providers already have a plan in place. The same survey indicated that it would cost a provider about £11,670 to produce a plan. Using this information, the Department estimates that there will be a one-off cost to providers of £4.8 million.

Providers will be required to keep their plans up to date. Using analysis of the Higher Education Statistics Agency and alternative provider financial data to inform how many providers are likely to undergo a significant change in their financial situation, the Department estimates an ongoing cost to business of £4.1 million over the ten-year appraisal period.

Overall, the Department estimates a cost to business of £7.9 million over ten years in present value terms. The RPC verifies the Department's estimated equivalent annual net direct cost to business (EANDCB) of £0.9 million. This will be a qualifying regulatory provision that will be accounted for under the business impact target.

## Quality of submission

The Department has addressed the issues highlighted in the RPC's initial review. This has involved the changes listed below.

- Inclusion of an ongoing cost, reflecting the cost to providers of keeping their plans up to date.
- A much expanded small and micro business assessment, which assesses more fully the impacts on small providers and discusses mitigation options. Around 95 per cent of alternative providers (APs) will have fewer than 50 employees, although many APs will not choose 'approved' status and would, therefore, not be affected by the proposal. The Department explains why an exemption or extended transition period for small providers would leave students unprotected. The OfS will, however, give consideration to the needs of small providers when it produces its guidance.
- Greater explanation of the calculations.

As a result, the RPC can now validate the EANDCB of £0.9 million.

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.9 million (final submission) £0.5 million (initial submission)
Business net present value	-£7.9 million
Societal net present value	-£7.9 million (benefits not monetised)

## RPC assessment<sup>1</sup>

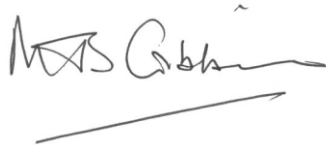
Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated	£0.9 million
Business impact target (BIT) score	£4.5 million

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

Opinion: final stage IA  
Origin: domestic  
RPC reference number: RPC-3349-BIS  
Date of implementation: September 2018

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Small and micro business assessment	Sufficient
RPC rating of initial submission	Not fit for purpose



**Michael Gibbons CBE**, Chairman

To avoid any potential conflict of interest, committee members Jeremy Mayhew and Jonathan Cave did not participate in the scrutiny of this case.