		Validation of the One-in, Two-out Status and the Net Direct Impact on Business	
Validation Impact Assessment (IA)		Requirement for higher education providers to subscribe to the Office of the Independent Adjudicator for Higher Education	
Lead Department/Agency		Department for Business, Innovation and Skills	
IA Number		n/a	
Origin		Domestic	
Expected date of implementation		SNR 9	
Date of Regulatory Triage Confirmation		20 October 2014	
Date submitted to RPC		21 October 2014	
Date of RPC Validation		02 December 2014	
RPC reference		RPC14-FT-BIS-2228(2)	
Departmental Assessment			
One-in, Two-out status		IN	
Estimate of the Equivalent Annual Net Cost to Business (EANCB)		£0.47 million	
RPC assessment		VALIDATED	
Summary RPC comments			
<p>The validation IA is fit for purpose.</p> <p>The IA says that this is a regulatory proposal (an 'IN') that would impose estimated costs on business of £0.47 million each year. On the basis of the evidence presented, we are able to validate the estimate.</p>			
Background (extracts from IA)			
What is the problem under consideration? Why is government intervention necessary?			
<p><i>"The higher education sector in England currently has a wide variety of providers (publically-funded institutions, private (alternative) providers and further education colleges (FECs)). Universities and higher education corporations are required to sign up to the Office of the Independent Adjudicator for Higher Education (OIA), providing students at these institutions with access to a complaints handling process. Alternative providers and further education colleges do not have this same requirement. This means that higher education students have different arrangements for the resolution of their complaints depending on the type of higher education provider. As such the current arrangements are inequitable, unclear to students and to</i></p>			

some providers.”

What are the policy objectives and the intended effects?

“This policy aims to address the current disparity in access to the OIA. This aims to ensure that any student in receipt of higher education support funding can access the OIA’s services regardless of the legal status of their provider. This will help protect students from unfair practices and improve the student experience in the wider HE sector. Although there will be a net cost to providers (shown above for ten years), the policy aims to ensure high quality provision which will lead to benefits for the student and wider economy.”

RPC comments

The proposal will require privately-funded colleges that have students in receipt of student support funding to subscribe to the complaints handling scheme run by the Independent Adjudicator for Higher Education (OIA).

Private providers of higher education

The Department estimates that the proposal will affect 143 private providers (businesses) in 2015, growing by an additional seven each year. The costs associated with the proposal include a subscription fee and a case fee element, which will be payable to the OIA.

Each institution will pay a subscription fee to the OIA, which is determined by the number of students at the institution. The Department estimates the cost of the subscription fees incurred by designated alternative providers to be £276,000 each year.

The OIA only introduced case fees in 2013, therefore, the Department only has a single year on which to base its estimates. The Department expects the numbers of complaints to remain constant at 27%. In 2015, this would equate to 38 of the 143 institutions receiving complaints. The Department estimates the cost of these case fees to be £326,000 per year.

The Department explains that providers may face some costs from making their processes OIA compliant, but expects these to be minimal.

The Department has not been able to monetise the benefits of the proposal but expects the OIA to represent a cheaper and quicker alternative to resolving complaints through court action. It expects this to benefit institutions as well as individual students.

Further education colleges (FEC) providing higher education courses

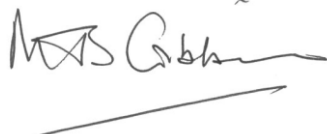
The Department estimates that the proposal will affect 202 further education colleges, 80% of which have fewer than 500 higher education students. On this basis, the Department estimates the cost of the OIA subscription fees

incurred by colleges to be £241,000 and case fees to be £388,000. As these colleges receive considerable public sector funding, the Department has not included these costs in the EANCB figure.

The Department will review the impact of the proposal as part of the on-going evaluation of the reforms to the HE sector.

Although the costs associated with the proposal represent fees, these costs are associated with an increase in the scope of regulation. The IA says that this is a regulatory proposal that would impose a net cost on business (an 'IN') with an estimated equivalent annual net cost to business of £0.47 million. This is consistent with the current Better Regulation Framework Manual (paragraph 1.9.10) and, based on the evidence presented, appears to provide a reasonable assessment of the likely impacts.

On this basis, we are able to validate the estimated costs.

Signed		Michael Gibbons, Chairman
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