



Department
for Education

Strengthening oversight of partnership delivery in higher education

Government consultation

January 2025

CP 1255



Government of the United Kingdom
Department for Education

Strengthening oversight of partnership delivery in higher education

Government consultation

Presented to Parliament by the Minister for Skills at the Department for Education by Command of His Majesty

30 January 2025

CP 1255



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Ministerial foreword

Higher education is of fundamental importance to our education system and to the economy. English higher education providers are amongst the most highly regarded in the world, supporting learners to achieve their potential and driving economic growth. They also play a key role in this government's missions to break down barriers to opportunity and generate growth. Higher education can open the door to opportunity for many, but only where that education is good quality and subject to effective management and governance.

Students make a significant investment in higher education and they deserve to have confidence that in return they will receive excellent teaching, strong support and value for money. Taxpayers too deserve to know that the public money invested in supporting students to access higher education through student loans is properly protected from fraud and misuse.

Unfortunately, there is one area of the higher education sector where we have seen too many examples of abuse of public money in recent years and concerning indicators of poor quality. The National Audit Office report published in January 2024 and the Public Accounts Committee report published in April 2024 both highlighted concerns about oversight of franchised higher education.

Higher education providers in England who want their students to be able to access student loans must meet rigorous conditions set by the regulator - the Office for Students. However, the law allows these providers to subcontract delivery of courses to providers that are not subject to the same requirements. This disparity is creating risks in the system.

We know that good quality franchising has the potential to help more students access higher education, reaching areas under-served by other providers and tailoring delivery models to meet diverse needs. Done well, franchising arrangements can also help to bring the higher education and further education sectors closer together and support innovative new providers to enter the sector. However, more needs to be done to ensure that franchised providers' courses meet the same expectations as those of their partners. Too many franchised providers have exploited the opportunities that franchising allows.

This government is committed to protecting the use of public funds. The changes we are consulting on aim to bring franchised courses under greater scrutiny. They are designed to help ensure that in more franchised partnerships both the lead provider and the delivery partner are held to account for the delivery partner's provision.

This consultation sits alongside the work of the Office for Students, which is intending to consult shortly on changes to requirements for providers that wish to join its register. Their proposed changes aim to ensure all providers, including franchised providers, are managed and governed effectively.

I hope the higher education sector will continue to work in partnership with us to ensure it maintains its global reputation for quality and excellence. Every provider's unscrupulous activity threatens to damage the reputation of English higher education and every abuse of public money threatens to lead to financial losses elsewhere. This government is determined that every penny of

taxpayers' hard-earned money is put to good use and protected from risk, and that every student can be assured of high-quality provision.



A handwritten signature in black ink that reads "Jacqui Smith". The signature is written in a cursive style with a long horizontal flourish at the end.

**The Rt Hon Baroness Jacqui Smith
Minister for Skills**

Introduction

The Department for Education (DfE) is seeking views on proposals to strengthen oversight of higher education that is delivered by a provider ('the delivery partner') on behalf of another provider ('the lead provider'). We want to ensure that subcontracted or "franchised" provision is better protected from the risks of misuse of public money and poor quality. For the most part, franchised delivery partners should meet the same requirements as other higher education providers if they want their courses to be designated for student finance.

Who this is for

This consultation is for anyone with an interest in post-18 education in England.

Responses are particularly welcome from education and training providers (higher and further education providers, as well as state-funded schools, sixth-forms and colleges), employers, professional representative bodies, awarding organisations, parents and carers, equality organisations, local and combined authorities, devolved governments, academic and educational professionals. While these proposals will impact Higher and Further Education in England, we are interested in views from stakeholders across the UK.

We are also particularly keen to hear the views of former, current and prospective students so that we can better understand the potential impacts of our proposals on them. For the purpose of our proposals, a 'franchised student' is defined as one who is registered with a higher education provider, but where more than 50% of their provision is taught by another provider under a sub-contractual arrangement.

Issue date

The consultation was issued on 30 January 2025.

Enquiries

If your enquiry is related to the policy content of the consultation you can email:

HEpartnerships.CONULTATION@Education.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email:

Consultations.Coordinator@education.gov.uk or by telephone: 0370 000 2288 or via the [DfE Contact us page](#).

Additional copies

Additional copies are available electronically and can be downloaded from [GOV.UK DfE consultations](#).

The response

The results of the consultation and the department's response will be [published on GOV.UK](#) in Summer 2025.

About this consultation

Higher education courses must be designated for student finance if students studying those courses are to be able to apply for publicly funded student loans. This consultation proposes some changes to the requirements for course designation for student finance.

These changes relate to higher education provision that is subcontracted by one higher education provider (the lead partner) to another (the delivery partner). For the purposes of this document, we refer to this provision as “franchised provision”.

In most cases, providers that recruit students to higher education courses must be registered with the regulator for higher education in England, the Office for Students (OfS), if they want their courses to be eligible for student finance. There are a few instances where specific courses can be designated for student finance by the Secretary of State; for example School-Centred Initial Teacher Training.

Current regulations allow registered higher education providers to subcontract course delivery to delivery partners. Delivery partners (or franchised providers) are not required to be registered with the OfS themselves for their courses to be designated for student finance. This consultation proposes to change that for franchised providers above a certain size.

We believe that the current regulatory environment relating to franchised provision does not provide enough protection for the money students and the taxpayer invest in higher education. Our consultation proposals aim to strike the right balance between protecting public money, ensuring quality of provision and supporting the continuation of franchising models where they work best for learners and providers.

We propose to:

- Require franchised delivery partners with more than a specified number of students (the threshold) to be registered with the OfS for their courses to be designated for student finance;
- Exempt specified groups of franchised delivery partners that are regulated by an alternative body from the requirement to register with the OfS.

We are also consulting on how these policy proposals would be implemented, including:

- The approach to implementation;
- A proposed two-year transition period, in which we will allow appeals for decisions made about eligibility for student finance;
- The consequences of exceeding the threshold without being registered with the OfS.

These proposals sit alongside, but are independent of, the OfS’s regulation of English higher education providers.

All proposals and policies in this consultation apply to England only.

Respond online

To help us analyse the responses please use the online system wherever possible. Visit [DfE consultations on GOV.UK](#) to submit your response.

Other ways to respond

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may request an alternative format of the form.

By email

HEpartnerships.CONSULTATION@Education.gov.uk

By post

HE Quality and Regulation Team
Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Deadline

The consultation closes on 04 April 2025.

About you

Question 1: What is your name? **[Free text]**

Question 2: What is your email address? **[Free text]**

Question 3: What is your organisation? **[Free text]**

Question 4: Would you be happy for us to contact you for further information if required? If Yes, what is the best way to contact you? **[Yes/No] [Free text]**

Question 5: Confidentiality & Privacy Statement – do you agree? **[Yes/No]**

Question 6: What type of respondent are you? **[Multiple choice: Vice Chancellor; Chief Executive Officer; Personal view (not on behalf of an institution); On behalf of an institution; Other (If 'Other' selected, please specify)]**

Question 7: If you deliver any higher education provision, does a provider deliver any provision on your behalf? **[Yes/No]**

Question 8: If another provider delivers higher education provision on your behalf, what percentage of your total number of students is currently studying with another provider? **[0-19%, 20-39%, 40-59%, 60-79% 80+%]**

Question 9: If you deliver any higher education provision, do you deliver any of that provision on behalf of another higher education provider? **[Yes/No]**

Question 10: If you are a delivery partner providing higher education on behalf of one (or more) OfS registered provider/s, do you have any plans to increase or decrease the provision you deliver on their behalf? **[Free text]** *Please describe your plans here, including any detail you can share on the number of providers you are planning to work with or stop working with, the number of learners this will affect, which types of provision you are planning to become more or less involved with.*

Question 11: If you are a lead provider, do you have any plans to increase or decrease the provision you deliver through another non-OfS registered provider? **[Free text]** *Please describe your plans here, including any detail you can share on the number of providers you are planning to work with or stop working with, the number of learners this will affect, which types of provision you are planning to become more or less involved with.*

Question 12: Are you registered with the OfS? **[Yes/No]**

Question 13: Do you plan to register with the OfS in future? **[Yes/No]**

Section 1: Requiring franchised providers to register with the OfS for courses to be designated for student finance

1.1 Background

Universities and other higher education providers are autonomous, with a high degree of financial, as well as academic, independence. They are free to conduct commercial activities alongside teaching and research, and may create partnerships, with other institutions to deliver courses.

The OfS is the independent regulator for higher education in England. The OfS regulatory framework sets conditions that higher education providers must meet to enter, and remain on, its register. Registration with the OfS is voluntary. However, lead providers must register with the OfS to be eligible for certain benefits, including degree awarding powers, and for their students to be eligible for publicly funded student loans.

The Education (Student Support) Regulations 2011¹ (“the Regulations”) set out which courses are designated for the purposes of student finance. It is the responsibility of HE providers to add designated courses to the centralised database administered by the Student Loans Company. Only designated courses are eligible for funding under the Regulations.

The Regulations² allow higher education providers that are registered with the OfS to subcontract (or franchise) delivery of courses to delivery partners. Providers creating the partnerships are the ‘lead providers’ and those delivering the provision are the ‘delivery partners’. A ‘franchised student’ is one who is registered with a lead provider, but where more than 50% of their provision is taught by a delivery partner. There is no set model for how franchising operates, meaning that the nature of each arrangement can differ from one provider to another.

The lead provider is accountable for the higher education provision. Lead providers are responsible for assuring the quality and standards of courses offered by their delivery partners and must ensure those courses are subject to appropriate and effective management and governance.

The lead provider retains responsibility for registering those students studying at their franchise partners. This allows those students to apply for student loan funding administered by the Student Loans Company.

The delivery partner is not required to register with the OfS, although they may choose to do so. Government is concerned that the absence of direct oversight by the regulator for many franchise partners is creating risks, both to the quality of provision and the public money invested in it.

Franchised provision has grown rapidly in recent years. Between 2018/19 and 2022/23 the number of students studying at a franchised provider more than doubled, from 50,430 to 135,850. By 2022/23, students at franchised providers represented 5.7% of all students in the higher education sector. 80,045 of students studying at a franchised provider were studying at a provider that was not registered with the OfS.

¹ 2011/1986

² Regulation 5(1)(d)

As of 2022/23 there were 96 lead providers using franchised providers to deliver education on their behalf, contracting with 341 delivery partners, of which 237 were unregistered.

Franchised delivery partners differ widely in scale, with some of the larger providers delivering education for over 10,000 students and some of the smaller providers delivering education for fewer than 5 students. In 2022/23, the largest 10 unregistered delivery partners accounted for 58% of all franchised students at unregistered delivery partners.

Franchised providers also differ in their status. Many franchisees are primarily education providers; either private higher education institutions or part of the statutory further education sector (including Further Education Corporations, Sixth Form Colleges Corporations and Designated Institutions (DIs) - collectively referred to as FE Colleges). Others are public sector bodies such as NHS trusts, local authorities or Police and Crime Commissioner offices. The courses they offer, nature of the provision that they deliver and their reasons for doing so can differ widely.

Evidence suggests that lead providers enter arrangements with delivery partners for a range of reasons. These can include seeking to increase access and participation in geographical areas underserved by current higher education providers. They may also wish to provide specialist education, to use innovative teaching methods or to develop additional income streams for their institution. This list is not exhaustive, nor are these reasons mutually exclusive, as franchise arrangements are bespoke and the reasons for entering them are unique to providers.

In January 2024, the National Audit Office (NAO) published a report into student finance for study at franchised providers.³ The report raised concerns regarding the current regulatory framework for franchised providers. The government has committed to implement the majority of the NAO's recommendations⁴. This includes a recommendation that the government draws on evidence to determine the best way to address governance and regulatory weaknesses in the current regulatory framework for franchised provision. The NAO report recommended that this 'should include consideration of whether all franchised providers should register with the OfS'. A subsequent review by the Government Internal Audit Agency (GIAA) and a report published by the Public Accounts Committee (PAC) in April 2024⁵ echoed these recommendations.

As set out in the government's response to the PAC recommendations, published on 5 September 2024⁶, a number of steps have already been taken to address the recommendations made by the NAO and the PAC. The government is now proposing to further strengthen protection of the public money invested in franchised higher education through the proposals set out in this consultation.

1.2 Proposal and rationale

The NAO and the PAC identified a range of risks associated with franchised provision. These spanned from fraud and deliberate misuse of public money to the risk of low-quality courses and poor student outcomes. We have seen instances of students being recruited to courses at franchised providers without any expectation of those students attending classes and engaging with the work. Taxpayers make considerable contributions to the student finance system. Their money should be protected from risks such as these.

³ National Audit Office, ['Investigation into student finance for study at franchised higher education providers'](#)

⁴ National Audit Office tracker: [Recommendations tracker - National Audit Office \(NAO\)](#)

⁵ Public Accounts Committee, ['Student loans issued to those studying at franchised higher education providers'](#)

⁶ Government response to the Public Account Committee, [Treasury Minutes September 2024 \(publishing.service.gov.uk\)](#)

The department is seeking to minimise the risk to public money, while ensuring that the system can operate and support *genuine* students – those that intend to, and do, attend and complete their course. The department, the OfS and the SLC adhere to the common principle that we should do all we reasonably can to keep the risk low.

It is a fact that the risk to public money becomes greater the more public money is involved. The more students a provider has the greater public money is at risk. This consultation proposes that for their courses to be designated for student finance, franchised providers with 300 students or more should be registered with the OfS. Proposed exemptions to this requirement are set out later in the consultation.

This approach will mean that franchised providers with 300 or more students will only have their courses designated for student finance if they meet the OfS's conditions of registration. This will provide an additional level of regulatory protection for the money invested in franchised provision. Lead providers will remain accountable for courses delivered by their franchise partners, but those courses will also be subject to direct regulation by the OfS, enabling stronger management of risk.

Whilst the OfS has currently paused registration of new higher education providers to support the sector with financial sustainability concerns, this pause will cease before the Department's proposed changes would come into effect. The OfS is also intending to consult shortly on measures to strengthen regulation of higher education and ensure that students' investment in higher education is protected from the risk of poor quality provision and misuse of public funding. We believe that collectively, our proposals will bring franchised providers under stronger scrutiny in a way that is proportionate to the risk.

Minimising regulatory burden on providers is a priority for this government and our proposal has considered this alongside the need to protect public money. For this reason, the government is not currently proposing that franchised providers with fewer than 300 students will be required to register with the OfS for their courses to be designated for student finance. Lead providers will remain accountable for this provision, as they are for all franchised provision. However, this position will be reviewed if we see concerning evidence of poor quality or misuse of public money in these smaller providers.

The next sections provide the rationale for our proposal on the following areas:

1. A student numbers threshold,
2. Exemptions from the requirement to be registered with the OfS,
3. A two-year transition period to allow appeals,
4. The proposed timetable for implementation.

Section 2: Threshold for OfS registration

2.1 Proposal and rationale

All providers have the right to apply to the OfS for registration should they meet the criteria to do so. However, we believe that where significant sums of public money are being loaned to students, this should be a requirement. An approach that requires larger providers to register will give us greater assurance over the majority of public money invested in franchising.

We considered whether to require all franchised delivery partners to register with the OfS, but have decided, at this stage, that a student number threshold is appropriate. In order to support innovation and competition in higher education, it is important that providers are able to enter the sector without prohibitive or disproportionate regulatory requirements. We want to support providers in being able to establish themselves, but should they subsequently scale up their provision, the regulatory oversight should also be scaled up.

There are also established providers that will remain small: providers offering targeted or niche courses that may facilitate access to, and participation in, higher education. We recognise that for both types of smaller provider, the regulatory requirements of registration with the OfS may be more challenging. These providers may have fewer staff and lower income and thus may find the requirements of registration prohibitive.

We believe that where a franchise provider is small, it should be easier for the lead provider to deliver strong and effective oversight. We therefore do not propose, at this stage, to require providers with fewer than 300 students to register with the OfS for their courses to be designated as eligible for student finance.

Based on 2022/23 data from the OfS, requiring franchised providers with 300 or more students to register with the OfS will capture the majority of students at unregistered franchised providers (approximately 83%). Further 2023/24 data from the SLC suggests it will protect an even greater percentage of undergraduate student loan funding (approximately 92%).⁷ This will ensure that the majority of public money at franchised providers is protected. We have evidence that the majority of students in franchised arrangements sanctioned by the SLC for misuse of public money were at unregistered franchised providers with more than 300 students. These proposals will also prevent providers from engaging in rapid growth without sufficient regulatory oversight to ensure that growth does not impact on quality or effective governance.

The proposed threshold is a headcount measure. It calculates the number of students at franchised providers in the same way as the OfS Size and Shape dashboard⁸. The calculation excludes apprentices, the funding for which is overseen directly by the Education and Skills Funding Agency (ESFA). However, it includes all other franchised students – those attracting student finance, self-funded and international. While there is not the same risk to public money associated with self-funded and international students, ensuring quality and positive student outcomes is equally important for all students.

Setting a threshold is a proportional approach to risks to public money, which aligns with the approach currently set out in the OfS regulatory framework⁹. This states that “*the OfS’s regulatory*

⁷ Issues with the coverage of SLC data make it difficult to say with certainty how much student finance was received by students at these providers.

⁸ [Size and shape of provision data dashboard: Data dashboard - Office for Students](#)

⁹ [Securing student success: Regulatory framework for higher education in England](#)

approach will ensure...Proportionality and targeting: Provision that presents low risk to students will be subject to less regulatory burden, while less secure elements of provision will face greater regulatory scrutiny.”

We are mindful of the need to ensure that the OfS is able to focus its resources on the areas of greatest risk. By requiring the OfS to register franchise delivery partners, we do not want to divert resource away from other critical OfS priorities. Setting a threshold at the proposed level aims to address the vast majority of risk associated with franchising whilst keeping the number of registrations manageable for the OfS. However, we will not hesitate to lower the threshold if persistent risks are identified below it.

The threshold will be kept under review to allow the government to amend it to respond to provider behaviours. In doing so we would consider the need to give sufficient notice for providers to prepare for any change. To further protect public money, the government will also ask the OfS to continue strengthening the expectations of lead providers. The proposals in this consultation do not in any way reduce lead providers' accountability for their franchise delivery partners, even where those partners are registered with the OfS in their own right.

Question 14: Do you agree with our proposal to require franchise delivery partners with more than a specified number of students to register with the OfS? **[Yes/No]**

Question 15: Do you agree that a threshold of 300 students is appropriate? **[Yes/No]**

Question 16: If you have answered 'No' in the previous question, at what level do you think this threshold should be set? **[Free text]**

Question 17: To what extent and in what ways do you think providers might adapt their business model in response to this threshold? **[Free text]**

Question 18: What positive impact might there be on providers or students as a result of these changes? **[Free text]**

Question 19: If you are a lead or delivery partner in a franchising arrangement, what, if any, financial impact do you think the proposal could have for you as a provider? **[Free text]**

Question 20: What, if any, risks might there be from these changes? **[Free text]**

Section 3: Proposed exemptions from the requirement to register with the OfS

3.1 Proposal and rationale

We believe that introducing a requirement for OfS registration is the right approach for most franchised providers, giving us the greatest possible assurance over the use of public money to mitigate risk. However, it is important, as already noted, that our action is proportionate and ensures that regulatory burdens are not duplicative. We know there will be instances where regulatory agencies already have sufficient scrutiny over the finances and quality of franchised providers. To minimise the impact on those providers who are already subject to sufficient scrutiny, we believe there should be exemptions from the requirement to register with the OfS.

State-funded schools and the statutory further education sector (Further Education Corporations, Sixth Form Colleges Corporations and Designated Institutions) are already subject to rigorous requirements regarding governance and the use of public funds. Regulatory agencies and the government have powers to intervene where misuse is identified and to recoup funds. The risk of misuse is low and the mechanisms to address any misuse are clear.

Further education colleges are regulated by the Department for Education through the Education and Skills Funding Agency (ESFA) and must adhere to the government spending rules set out in *Managing Public Money* guidance¹⁰. State-funded schools are regulated by Ofsted.

There are other public bodies, such as NHS Trusts, Police and Crime Commissioners and local authorities, that are delivering valuable provision through franchised arrangements with lead providers that upskill public sector workers. Their higher education provision is an ancillary function of their core work and there is already clear direct government regulatory oversight. This ensures that public money is subject to appropriate protections and that interventions take place where fraud or abuse is found.

We propose that state-funded schools, the statutory further education sector, NHS trusts, Police and Crime Commissioners and local authorities should be exempt from the requirement to register with the OfS for their courses to be designated for student finance.

We have also considered whether it would be appropriate to permit exemptions for providers delivering provision that is already regulated by other regulatory bodies, such as those on the 'UK regulated professions and their regulators' list.¹¹

The Professional Qualifications Act 2022 sets out a framework whereby professional statutory regulatory bodies (PSRBs) can determine the necessary knowledge and experience requirements to work in a regulated profession (for example nursing or architecture). These bodies have measures to scrutinise provision that leads to employment in the regulated profession. However, they all have different approaches to undertaking their regulatory activity and their focus is not to protect public money but to ensure professional standards. PSRBs also regulate at course level, not at provider level. Our exemptions are applied at provider level. For this reason, we do not propose exempting providers that are delivering franchised PSRB accredited courses, unless they are exempt for another reason. This means that, under our proposals, a provider meeting one of

¹⁰ [Managing public money - GOV.UK](#)

¹¹ The list of UK regulated professions and their regulators is maintained by the Department for Business and Trade, [UK regulated professions and their regulators - GOV.UK \(www.gov.uk\)](#)

our proposed exemptions may deliver a PSRB accredited course. In this case, the exemption will apply to the provider, not to the course.

Franchised providers with 300 or more students that wish to deliver courses that are not designated for student finance are free to do so without the requirement to register with the OfS.

Question 21: Do you agree with our proposal that state-funded schools, the statutory further education sector, NHS Trusts, Councils, and Police and Crime Commissioners should be exempt from the requirement to register with the OfS? **[Yes/No]**

Question 22: Do you agree that providers should not be exempt from registering with the OfS if their provision is regulated by an appropriate PSRB? **[Yes/No]**

Question 23: Are there any other regulatory partners that providers are regulated by that you think should qualify a provider as being exempt from the requirement to register with the OfS? **[Free text]**

Section 4: Implementation

We are committed to protecting public money as quickly as possible, but we are also cognisant of the fact that providers plan their business between two to five years ahead and we want to ensure minimal disruption for students. Our proposed approach to implementation aims to balance these considerations.

4.1 Proposed approach

To introduce these changes, we propose to amend the Regulations. We propose that changes to the Regulations will come into force in April 2026 and the first decisions about course designation for student finance will be made in September 2027 for implementation in the 2028/29 academic year (AY).

We recognise that an academic year can commence at different points in a calendar year. For the purpose of our proposals, we refer to an academic year as one beginning on 1st August.

Each September in ‘the decision year’, the Department will determine whether a franchised provider’s courses should be designated as eligible for student finance for **new** students for the following academic year (‘the implementation year’). This will be based on the number of students the provider had two academic years previously (‘the data year’). The data used will be the Higher Education Statistics Agency (HESA) and Individual Learner Record (ILR) data that providers submit to Jisc and ESFA every year in November for publication in the Spring. This will be the latest published data available at the time of the decision.

This means that in the first year of implementation, a decision will be made in September 2027 (‘the decision point’) based on student numbers in 2025/26 (‘the data year’) and will determine whether a franchised provider’s courses are designated for student finance for new students in AY 2028/29 (‘the implementation year’).

New students

1. Courses delivered by franchised providers that successfully **registered** with the OfS before the time at which the decision is made (the decision point) will be designated for student finance for new students in the implementation year *regardless of how many students they had in the data year*.
2. Courses delivered by **unregistered franchised providers with fewer than 300 franchised students** in the data year will be designated for student finance for new students in the implementation year.
3. Courses delivered by **unregistered franchised providers with 300 or more franchised students in the data year** will not be designated for student finance for new students in the implementation year or any year thereafter unless they have successfully registered with the OfS.

Existing students

Franchised courses will continue to be designated for student finance for existing students. Existing students are those students who started their course **before** the implementation year.

Examples

- A franchised provider that is registered with the OfS by September 2027 had 300 or more students in AY 2025/26. The DfE will inform the provider in September 2027 that courses delivered by this provider will be designated for student finance in AY 2028/29 for all students (both new and existing).
- A franchised provider that is **not** registered with the OfS by September 2027 had fewer than 300 students in AY 2025/26. The DfE will inform the provider in September 2027 that courses delivered by this provider will be designated for student finance in AY 2028/29 for all students (both new and existing).
- A franchised provider that is **not** registered with the OfS by September 2027 had 300 or more students in AY 2025/26. The DfE will inform the provider in September 2027 that:
 - courses delivered by this provider will not be designated for student finance for **new** students in AY 2028/29 or any subsequent year until the provider has registered.
 - courses will continue to be designated for student finance for **existing** students who started their course prior to AY 2028/29.

Courses delivered by providers who submitted a registration application to the OfS in good time, but have not received an outcome from the OfS by the September decision point will remain designated for student finance in the implementation year. We propose to define “in good time” as no later than the 1st of May in the year preceding the September decision. Applications to the OfS will only be considered as having been submitted in good time if the application meets all criteria set out in published guidance from the OfS and in force at the time the application was submitted.

For example, at the first decision point in September 2027, if a provider submitted an application to the OfS **before** 1 May 2026 but had not yet received an outcome, courses they deliver will remain designated for student finance for AY 2028/29. If a provider submitted an application to the OfS **on or after** 1 May 2026 but has not yet received an outcome, courses they deliver will **not** be designated for student finance for AY 2028/29.

4.2 Transition period and appeals

Changes to the Regulations are proposed to come into force in April 2026, with the first decisions about course designation for student finance being made in September 2027, based on data from AY 2025/26. We understand that the AY 2025/26 student numbers will have already been determined when the legislation comes into force in April 2026 and that student numbers are also likely to be largely determined for AY 2026/27. This means providers will have been unable to amend student numbers or contractual agreements prior to the first decisions about designation for student finance in September 2027. For this reason, we propose there will be a 2-year transition period whereby, for the first two years of implementation only (decision years 2027 and 2028), franchised providers will be allowed a month to appeal our September decision. The appeal decision will be made in October in each of these two years.

An appeal decision will be based on evidence provided by the delivery partner and verified by the lead provider. We propose one ground of appeal:

1. Where there is evidence that student numbers were below the threshold in the previous year.

For example, a decision in September 2027 will be based on a provider's student numbers in AY 2025/26. If those numbers were above the threshold, an **unregistered** provider's courses would not be designated for student finance in AY 2028/29. However, if, on appeal, the provider can produce evidence that student numbers fell below the threshold in AY 2026/27, their courses may be designated for student finance in AY 2028/29.

We do not propose to extend the transition period beyond two years because by that point franchised providers will have been able to anticipate their student numbers and either register with the OfS or reduce their numbers. Lead providers will also have had an opportunity to amend contractual arrangements if necessary to ensure compliance with the requirements for courses to be designated for student finance.

Question 24: Do you agree with our proposed approach to implementation? **[Yes/No]**. If you answered 'No', please explain why. **[Free text]**

Question 25: Are there any obstacles to submitting registrations to the OfS within the proposed timeframes? **[Yes/No]**

If you answered 'Yes', what are they? **[free text]**

Question 26: Do you agree that we should continue to fund any existing students who began their courses before 2028/29? **[Yes/No]**

Question 27: Do you agree with the proposed ground for appeal? **[Yes/No]**

Question 28: Should there be any other grounds of appeal? **[Yes/No]** If you answered 'Yes', what should they be? **[free text]**

Question 29: Do you agree that a two-year transition period for appeals is sufficient? **[Yes/No]**

If you answered 'No', please explain why. **[Free text]**

4.3 Proposed consequences for exceeding the threshold

We recognise that providers' student numbers may change between the data year on which the decision about designation for student finance is based and the implementation year in which that decision has effect.

For example, courses delivered by an **unregistered** provider that has fewer than 300 students in AY 2025/26 will be designated for student finance in AY 2028/29. However, that provider's student numbers may increase to 300 or more in AY 2026/27, AY 2027/28 or AY 2028/29. Our proposals set a clear expectation that a provider's student numbers should not exceed the threshold without that provider first being registered with the OfS.

The period between the data year and the implementation year allows providers the opportunity to plan ahead and gives prospective students notice as to whether courses will be designated for student finance the following year. This should not be exploited.

We believe that providers will be aware sufficiently in advance if they are likely to exceed the threshold in any year between the data year and the implementation year. They are therefore expected to anticipate increases in their student numbers and to register with the OfS **before** the year in which the threshold is exceeded.

If they do not do so, we will need to correct any year in which student finance was received for courses delivered by an unregistered franchised provider whose student numbers were above the threshold. For this reason, there will be a 'correction year' for unregistered franchised providers that are granted eligibility for student finance based on having fewer than 300 students in the data year, but that exceed the threshold at any time up to and including the implementation year without being registered with the OfS.

For example, in September 2027, courses delivered by an unregistered franchised provider that had fewer than 300 students in AY 2025/26 will be approved for student finance for new students in AY 2028/29. However, if that provider increases student numbers to 300 or more in AY 2026/27, AY 2027/28 or AY 2028/29, there will be a correction year for every year that the provider was above the threshold without being registered with the OfS (subject to a small margin of error).

4.4 The 'correction year'

For each year that the threshold was exceeded, the provider will lose a year of eligibility for student finance for new students, *regardless of whether they have registered with the OfS in the interim*.

For example, if an unregistered franchised provider had fewer than 300 students in AY 2025/26, their courses will be eligible for student finance in AY 2028/29. However, if they had 300 or more students in 2026/27 without being registered with the OfS, their courses will not be designated for student finance for new students in 2029/30 (the correction year), *even if they have registered with the OfS by 2029/30*. Providers will still be able to get funding for new students in the 2028/29 academic year as this decision will already have been made.

If the unregistered provider also exceeded the threshold in 2027/28 without being registered, their courses will not be designated for student finance for two years (2029/30 and 2030/31) and so on.

Question 30: Do you agree that there should be consequences for providers who exceed the threshold without being registered with the OfS? **[Yes/No]**

Question 31: Do you agree that it is a proportionate consequence for a provider to lose a year of student finance for new students for every year in which the threshold was exceeded without the provider being registered? **[Yes/No]**

Please give reasons for your answer. **[Free text]**

4.5 What these proposals mean for students

First and foremost, our policy proposals aim to ensure that the higher education students invest in is good quality and supports them to achieve positive outcomes. Where their course is being delivered by a franchised partner on behalf of the provider they registered with, students should be able to have confidence that the course is subject to effective checks to ensure it is being well managed and delivered. It is equally important that prospective students are able to make fully informed decisions about where they wish to study.

We propose that in November each year, the Department for Education should publish the list of franchised providers whose courses are designated for student finance the following year. This would ensure that prospective students know whether they will be able to apply for student loans for courses they are interested in. It would also give existing students insight into whether the providers delivering their courses have met the requirements set by the Department for Education for effective regulation.

Where providers are on courses delivered by franchised providers with 300 or more students, they would know if those courses are subject to direct regulation by the OfS. If their delivery provider is registered with the OfS it will give them confidence that not only is the provider they are registered with overseeing their course, but the regulator is too.

Question 32: Do you agree with our proposal to publishing each year a list of franchised providers whose courses will be designated for student finance the following year? **[Yes/No]**

You may wish to provide additional comments **[Free text]**

4.6 Proposed implementation timetable

The anticipated timetable is set out below.

- **April 2025** – This consultation closes.
- **Summer 2025** - The government's consultation response is published.
- **August 2025** – OfS pause on new registrations is expected to cease.
- **April 2026** – The new regulations come into force.
- **September 2027** – The Department issues its first determination decision to providers on whether their course will be eligible for student finance in 2028/29.
- **October 2027** – Franchised providers are able to appeal the Department decision made in September.
- **November 2027** – The Department publishes a list of all approved franchised providers.
- **August 2028** – Start of the first implementation year.

4.7 Proposed new DfE function

A new function will be created in DfE to determine whether franchise providers' courses will be designated as eligible for student finance (based on their student numbers data). DfE will also be responsible for managing appeals. DfE will:

- a. develop and maintain guidance;
- b. make decisions about the eligibility of franchised courses for student finance;
- c. communicate the decisions to lead providers, franchised providers, the OfS and SLC;
- d. manage appeals;

- e. maintain a list of approved providers;
- f. publish a list of approved providers.

Question 33: Do you agree with our proposed timeline? **[Yes/No]**

If you answered 'No', please explain why. **[Free text]**

Question 34: Do you agree that DfE is a suitable body to make decisions about eligibility for student finance? **[Yes/No]**

If you answered 'No', please explain why. **[Free text]**

Section 5: Devolved governments

5.1 Background

Student finance follows the student. It is dependent on where the student is domiciled. We know that some OfS-registered lead providers in England are partnered with delivery providers located in one of the devolved government areas. Being outside England, those delivery providers are not eligible to register with the OfS. We also know that some lead providers located in devolved government areas use delivery partners in England to deliver some of their courses. It is already a requirement that franchised providers in England must be registered with the OfS to enter a partnership with a lead provider in a devolved government area. It is also possible for an English student to be registered with a lead provider located in a devolved government area and to access student finance to study a course at a delivery partner also located in a devolved government area. In all three scenarios, current regulations allow English domiciled students to receive student finance from the SLC.

5.2 Proposed approach

We have been provided with sufficient assurance that the respective devolved governments either have mechanisms in place to protect public money and/or are in the process of reviewing them. We do not propose to put any additional requirements in place. However, we will not hesitate to take necessary actions if we see patterns of behaviours that put public money at risk.

Question 35: Do you agree that no action is needed in relation to the delivery of provision delivered by franchise providers operating in devolved government areas? **[Yes/No]**

Question 36: Do you see any risks associated with this approach? **[Yes/No]**

If you answered 'Yes', please explain why. **[Free text]**

If you answered 'No', please explain why **[Free text]**

Section 6: Future developments

We will continue to monitor the level of risk in the franchising sector closely. We believe our proposals strike the right balance between protecting public money and ensuring the success of other government priorities. Franchise agreements will still be permitted, ensuring that students continue to have a wide range of choice and allowing providers to enter into such agreements where it works for their students.

We know that franchised provision has the potential to play a valuable role in higher education. It can help to support access and participation by offering courses in geographical areas that are not well served by other higher education providers or by using delivery models that meet the needs of harder to reach groups of students. It can also help to meet key social and economic skills needs, such as the partnerships between registered higher education providers and NHS trusts. Scenarios like these are where we see franchising operating at its best.

In the future, we may consider whether further measures are needed to ensure that all franchising is not only good quality, but that it serves the valuable purposes we know it can. Franchising should not be motivated purely by financial gain. If we are to continue to use public money to support franchising, we want to be sure it produces positive outcomes and provides value for money.

The value gained from franchised higher education is ultimately down to the sector. The department is clear that we expect the sector to continue its action to address the concerns raised by the NAO. The government welcomed the governance framework published by Universities UK (UUK) last year to support senior leaders in universities to spot and manage risk in franchised partnerships. We hope the sector is using it effectively to support their practice.¹²

¹² Framework available at: [Franchise governance framework](#)

Annex A - Glossary

| | |
|-----------|------------------------------------------|
| ALL | Advanced Learner Loans |
| AY | Academic Year |
| DAPs | Degree Awarding Powers |
| DfE | Department for Education |
| DIs | Designated Institutions |
| ESFA | Education and Skills Funding Agency |
| FE | Further Education |
| FY | Financial Year |
| GIAA | Government Internal Audit Agency |
| HE | Higher Education |
| HERA 2017 | Higher Education and Research Act 2017 |
| ILPs | Individual Learning Providers |
| ITPs | Individual Training Providers |
| LLE | Lifelong Learning Entitlement |
| NAO | National Audit Office |
| OfS | Office for Students |
| PAC | Public Accounts Committee |
| PSRBs | Professional Statutory Regulatory Bodies |
| SLC | Student Loans Company |
| UT | University Title |

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