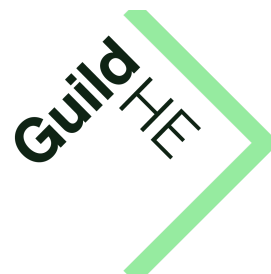


# DfE Franchise Consultation

*Closing date: 4th April 2025*



## Introduction

The higher education sector's management of franchise partnerships and fraud mitigation has drawn significant attention and scrutiny. The goal of this consultation is therefore to safeguard public funds by enhancing oversight of higher education franchising. The Department for Education proposes that franchised delivery partners with 300 or more students must be registered with the Office for Students to designate courses for student finance from the Student Loans Company - they estimate that this would affect around 30 franchise providers. The proposal includes details of exemptions, plans for a transition period, and the consequences for exceeding the student threshold without OfS registration. The consultation proposals aim to find a balance between protecting public money, ensuring quality, and supporting franchising models that benefit learners and providers. You can find full details of the consultation [here](#).

**For this consultation response GuildHE collaborated with London Higher and ran a joint roundtable for our members to inform our feedback.**

## Consultation Questions

**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?**

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

It is hard to provide a specific answer as franchise provision is complex with different sorts of franchises operating. Franchisees may wish to maintain themselves under the threshold, which could have negative impacts on provision that is excellent, but the provider doesn't want the huge additional regulatory burden of being on the register. Others may wish to set up multiple subsidiary organisations to grow but circumnavigate the 300 students, which would make monitoring partnerships from the lead provider side more complex.

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

We think there is merit in centralised regulatory oversight of large franchise providers, which will build confidence in the system. Lead HE institutions work hard to undertake due diligence of their partners, but having a regulator provide further scrutiny for the biggest is welcome.

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

We have a number of genuine concerns about the implementation of these proposals. Firstly, the OfS has shown that they do not have the capacity to register 30+ HE providers within the timeframe set out in this consultation. GuildHE has been working with them on a more streamlined approach since the pause, but unless the OfS has significant additional resources, we are not confident that they will be able to undertake this task. The timing also coincides with the implementation of LLE, which will require a number of new providers to register with the OfS. We therefore do not think it is a tangible position for the HE sector at large to continue to fund the registration process, and DfE or providers themselves should front the cost of getting on the OfS register.

We are also not convinced that the way in which the regulatory framework has been designed means that all aspects of the ongoing conditions are the responsibility of franchise providers. They are principally providers of a teaching experience - and therefore, many aspects of student support may legitimately be devolved to the lead HE provider. Franchise students may also not necessarily study at the franchised provider for the full duration of their qualification. We, therefore, believe that while it is helpful for the OfS to have greater oversight over the governance and financial management of large franchise providers, the regulatory approach to the student experience and quality may not map well. During the registration process we, therefore, suggest that the OfS specifically ask for a responsibilities checklist, which is cross-checked with the lead provider to ensure that it is clear where elements of the regulatory framework would not be relevant.

**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?**

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

We do agree IF the OfS are able to implement it to the proposed timetable - but DfE should be prepared to flex this if it finds that the OfS processes are not up to getting providers registered on time. Whilst the OfS is going to reopen registration in September 2025, it does not mean it will be ready to take on franchise providers from this point; there is a significant backlog of other HE providers wishing to register or change registration categories that have been currently paused and more than the seven they registered in the last 12 months. OfS is also grappling with an influx of NDAP/RDAP applications organised by the same team. There are a significant number of GuildHE members currently paused in these schemes too.

**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?**

The process of OfS registration needs to be more transparent for providers, including a clear timeline for when the OfS will work and not deviate from. We also believe that there should be advice provided to franchise providers in providing the right evidence, especially where they are not the provider responsible for the activity.

While we agree with the grounds for appeal, DfE also needs to note that there were a number of HE providers who submitted registration and DAPs applications but had not heard anything back from the OfS for 4-8 months. This is unacceptable for the regulator and should be taken into account when the DfE sets the timeframes for appeal. We believe that 6 months is a reasonable timeframe for the registration process, starting from the point of OfS action. However, the time it takes for the OfS to take action needs to be significantly reduced.

**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?**

The consultation assumes that student number calculations are straightforward. However, due to student deferral options, headcount tracking is more complex. Therefore, we believe that a 1-month window is insufficient for either the DfE or the institution to confidently review the data and make an informed decision, especially where there may be 1-2 students over.

**Question 29: Do you agree that a two-year transition period for appeals is sufficient? [Yes/No] If you answered 'No', please explain why.**

For the reason above about the complexities of calculating a student headcount.

**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.**

We do, although we also caveat this with what we have articulated thus far in this document, that it is both challenging to manage headcount (if you are around the periphery of the 300 number) and the recognition that the regulator is not efficient at registering providers.

**Question 32: Do you agree with our proposal to publish 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**

**Question 33: Do you agree with our proposed timeline? [Yes/No] If you answered 'No', please explain why.**

**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.**

**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. If you answered 'No', please explain why**