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Committee of Public Accounts

Student loans issued to those studying at franchised higher education providers

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2023–24

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to the report*

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The Committee of Public Accounts

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Summary

Universities and other higher education providers are free to conduct commercial activities alongside teaching and research, and may create partnerships, also known as franchises, with other institutions to provide courses on their behalf. In the 2022/23 academic year, the Student Loans Company (SLC) paid £1.2 billion in loans for students to study at franchised providers. However, a lack of government oversight over these providers exposes the student finance system to exploitation from systemic and organised fraud and abuse. In 2022/23, detected fraud involving franchised providers totalled £2.2 million, 53% of the £4.1 million fraud identified by SLC.

Higher education providers (lead providers) are responsible for teaching quality and student experience at their franchisees. However, the Department for Education (DfE) has insufficient assurance they are adequately overseeing their franchisees, a model that has been increasingly adopted. The number of students at franchised providers more than doubled between 2018/19 and 2021/22, to 108,600 (4.7% of all students). We are concerned that, for some providers, reliance on franchising is material to their financial sustainability. Some providers assume student numbers will continually grow to remain viable, but we are not persuaded that this is a credible assumption for them all.

It is extraordinary that lead providers can retain such a high proportion of tuition fees – in some cases likely to be between 12.5% and as much as 30%. The Office for Students (OfS) described some of the tuition fee amounts retained by lead providers as “quite shocking”. With franchised providers also taking profits, a significant proportion of student funding may not be spent on giving students the best possible university experience and better educational outcomes. What makes this even more unpalatable is the lack of public information, which means students do not necessarily know if they are studying at a franchisee, how much is being spent on their teaching, or how the quality of teaching compares to other providers.

Regulatory oversight of the higher education system, including franchising, is complex, with gaps in responsibilities. The DfE has overarching responsibility, but OfS and SLC also share responsibility to prevent, detect and address fraud. As we have reported before, tackling fraud cannot be left to counter-fraud technical experts – it must be embedded into the design and delivery of services. It is encouraging that the responsible organisations now recognise the issues highlighted by the NAO, and we have seen some progress. But more is needed to address fundamental problems with the system and embed the recent positive changes within organisational cultures and formal processes.

Introduction

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, also known as franchises, with other institutions to provide courses on their behalf. To award degrees, and for students to receive student loan funding, providers must register with the Office for Students (OfS). The provider creating the partnership (the lead provider) registers those students studying at their franchise partners, which allows those students to apply for funding administered by the Student Loans Company (SLC).

Students may apply for loans covering tuition fees (up to £9,250 a year) and maintenance support (up to £12,667 for the 2022/23 academic year). Students normally start to repay these loans, including interest, once they have finished studying and earn above a certain amount. There is a long-term risk to taxpayers from loans that are not repaid. Since early 2022, SLC and OfS have detected several instances of potential fraud and abuse of the student loan system involving franchised providers. In 2022/23, 53% of the £4.1 million fraud detected by SLC was at franchised providers, while the number of students at franchised providers was just 4.7% of the total student population in 2021/22 (the latest year for which we have data).

Conclusions and recommendations

1. **Lack of transparency about student outcomes, teaching quality and arrangements with franchised providers does not give students the information they need to make well-informed decisions.** Some students may be unaware they are at a franchised provider, how much of their tuition fees the franchised provider receives, or of the lead provider services they can use, such as welfare services or the student union. Provider performance varies with, for example, course completion rates averaging just over 80% for franchised providers, with some as low as 60%, compared to 90% across the higher education sector. However, OfS does not publish data in a way that distinguishes between lead and franchised providers.

Recommendation 1a) *DfE should set out requirements for higher education providers to publish summaries of their franchise agreements, including the proportion of funding they retain and for what purpose, so students know what this means for them.*

b) *Developing information already available, OfS should publish student outcome data for individual franchised providers.*

2. **To remain financially viable, some providers may be incentivised to increase student numbers through franchising, which creates risks for students and taxpayers.** In 2022, the Committee highlighted the risk of providers being financially vulnerable. OfS analysis, published in May 2023, suggests some rely on increases in student numbers to remain viable. Some providers have used franchising to increase their student numbers, depending on this income. A small number of franchised providers have expanded very rapidly. The C&AG's report explained that lead providers could be taking between 12.5% and 30% of tuition fees paid in respect of students at their franchised providers. OfS cannot access these contracts, but expressed shock at the figures, and voiced concerns about the impact this might have on teaching quality. Some providers use recruitment agents to increase student numbers. Because these recruitment practices are unregulated, agents may not make it clear what students get for their money, and there are incentives to recruit student numbers rather than ensuring students enrol on the most suitable courses. Universities UK has developed a quality framework, that it has now committed to review and update as needed.

Recommendation 2a) *Within the next 12 months, OfS should publish a more systematic overview for the higher education sector sharing its insights on where providers have adapted their delivery models, and the emerging risks providers then need to manage.*

b) *OfS should also set out what proportion of tuition fees lead providers could be seen as reasonably retaining in relation to the student services they remain responsible for, and consider these financial arrangements in the scope of any investigations it carries out into the quality of franchised provision.*

3. **The current regulatory system does not ensure sufficient oversight over franchised providers.** OfS publishes conditions that registered providers must meet, and continue to meet. These are designed to protect students, assure quality, and ensure

good governance. But only lead providers need to be registered with OfS, and two-thirds of franchised providers are unregistered. A few lead providers became franchisees after having been refused registration or withdrawing from the process, raising concerns about whether they would meet the conditions. Teaching quality and welfare for students at franchised providers remain the responsibility of lead providers, but we are not convinced that all providers fulfil these responsibilities equally well. DfE and OfS insist that they are reiterating to lead providers their responsibilities for franchisees, and Universities UK is developing a new framework to encourage improvements and consistency. Until recently, OfS has not explicitly considered franchise agreements, or the robustness of lead providers' oversight of franchisees, when assessing compliance with registration conditions. It will now consider whether a provider has a franchise arrangement when selecting providers for review. DfE says it is actively considering whether franchised providers should be registered, and that it hopes to decide before summer this year.

Recommendation 3: *DfE should set out what it will do to strengthen direct and indirect oversight of franchised providers to ensure they meet the standards expected for an organisation receiving taxpayers' money. This could include requiring all providers to register with the OfS in some form or strengthening the powers of OfS and SLC where they have concerns.*

4. **DfE, OfS and SLC recognise they have a shared responsibility to tackle fraud and abuse of student funding although this is not yet fully embedded in their ways of working.** In our July 2023 report on tackling fraud and corruption across government, we concluded that tackling fraud cannot be left to counter-fraud technical experts. Senior officials across government must demonstrate leadership, set the tone, and build in preventative approaches. DfE, OfS and SLC acknowledge that they missed an opportunity to intervene early for one of the case studies cited in the C&AG's report. With better information sharing and awareness of the risks, DfE might have acted differently. DfE, OfS and SLC now meet regularly in a newly created group to share intelligence and consider risk.

Recommendation 4: *DfE, OfS and SLC should agree a shared risk culture and risk appetite, supported by a formal reporting framework (including targets for fraud prevention and reduction), and write this into each organisation's risk register.*

5. **Despite the complex regulatory system, roles and responsibilities for fraud prevention, detection and intervention are undefined.** The system for paying loan monies and overseeing providers is complicated, involving multiple bodies. The Government Internal Audit Agency (GIAA) and C&AG both found that there were gaps between DfE, OfS and SLC responsibilities, that the boundaries between bodies were unclear, and that bodies had different interpretations about where the boundaries lay. OfS has a general responsibility for protecting public funds, but no explicit responsibility in respect of student loan fraud. SLC says that it has good information to tackle individual level fraud, which has been enhanced by membership of the National Economic Crime, but acknowledges that it has less knowledge, and can intervene less, with providers. SLC also has limited power to suspend payments, even where fraud suspected, without clear direction from DfE.

Recommendation 5: DfE, OfS, SLC's roles and responsibilities should be clearly articulated and written into organisational system statements and operating protocols.

6. **Although SLC uses data on attendance to show student's course engagement, and therefore pay loans, there remains no agreed definition of what constitutes attendance or engagement.** SLC requires providers to confirm that students are attending their courses before it will make tuition fee and maintenance payments. However, DfE, SLC, OfS and providers have no commonly agreed definition of what constitutes student attendance or engagement, or how it should be evidenced. The NAO recommended that DfE should develop guidance for providers explaining what constitutes meaningful student engagement and how it expects providers to self-assure data. Higher education relies heavily on self-directed learning, and DfE recognises that attendance might mean different things, at different institutions or for different courses. Universities UK has nonetheless recognised the need to revisit the definition of attendance and engagement, and recommended DfE engage with the sector to take this forward. DfE accepts the need to develop guidance, and hopes this will be introduced before summer this year.

Recommendation 6: DfE should work quickly to clarify what constitutes student attendance and meaningful engagement with courses, ensuring sufficient engagement with providers, and publish guidance as soon as possible.

1 Achieving student outcomes through franchised provision

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Education (DfE), Office for Students (OfS) and Student Loans Company (SLC) on student loans issued to those studying at franchised higher education providers.¹

2. Universities and other higher education providers are autonomous with a high degree of financial as well as academic independence. Only those registered with OfS may award degrees, and only students registered with these providers can receive student loans. Providers are free to conduct commercial activities alongside teaching and research, and may create partnerships, also known as franchises, with others to provide courses on their behalf. Franchised providers do not have to register with OfS. The lead provider, who creates the partnership, registers those students studying at their franchise partners, allowing them to apply for funding administered by the SLC. During the 2021/22 academic year, 114 (28%) out of the 413 providers registered with OfS had created partnerships with a total of 355 franchised providers.²

3. Students may apply for loans covering tuition fees (up to £9,250 a year) and maintenance support (up to £12,667 for the 2022/23 academic year). Students normally repay these loans, including accrued interest, once they have finished studying and are earning a certain amount. There is a long-term risk to taxpayers from loans that are not repaid. During the 2022/23 academic year SLC made £1.2 billion of loans for tuition fees and maintenance for students at franchised providers.³

4. The C&AG's report found that there are governance and regulatory weaknesses impacting the payment of publicly funded student loans to those studying at franchised providers. Since early 2022, OfS and SLC have identified and responded to several instances of fraud and abuse. DfE, OfS, SLC and the Government Internal Audit Agency (GIAA) all recognise the need to make changes to the overarching regulatory system.⁴ DfE told us about risks relating to individuals attempting to defraud the taxpayer, typically in respect of student maintenance payments; misuse or mis-selling, for example with students being persuaded to engage in higher education although this may not be in their best interest; and poor quality provision.⁵

Quality and value for money for students

5. People studying on undergraduate courses with student loans taken out between 2012 and 2023, will start repaying their student loans with an average debt of £45,600.⁶ We raised concerns about whether students fully recognised this future financial liability when starting courses. DfE pointed to the GOV.UK website, which it said provides guidance

1 C&AG's Report, [Investigation into student finance for study at franchised higher education providers](#), Session 2023–24, HC 387, 18 January 2024

2 C&AG's Report, paras 1, 1.5, 1.8, 1.10

3 C&AG's Report, para 2

4 C&AG's Report, para 2.15

5 Q10

6 Q1

on how student loans operate and the repayment schedules.⁷ DfE added, however, that it is concerned with poor-quality provision which could be characterised as misuse of funding or mis-selling.⁸ It pointed to the Discover Uni website, which allows students to compare courses, using measures such as average earnings 15 months after graduating. DfE said it requires providers to point students to this website when advertising courses, but recognised there is always more it can do to provide students the information they need.⁹

6. We asked DfE to explain the role and purpose of franchised provision. DfE told us that it can help meet students' needs, for example in locations where there is not a provider, or to teach innovative courses.¹⁰ Franchising arrangements included a university partnering with a health trust to provide a nursing apprenticeship, and an arrangement allowing students to become professional pilots while studying for an aviation degree. Those studying at franchised providers are more likely to be mature students, or from minority ethnic backgrounds.¹¹ Also, about 59% of students from England studying at franchised providers are from neighbourhoods classed as high deprivation, compared with about 40% of students at all providers. Universities UK feels that franchised provision plays a significant role in widening access and participation.¹² DfE emphasised, though, that it was critical for franchised provision to be high quality and that franchised providers' students are served as well as all other higher education students.¹³

7. OfS publishes information on a registered provider's performance that shows whether students have completed their course and progressed into work or further study. OfS publishes information for each lead provider and any registered franchised provider. Around two-thirds of franchised providers are not registered with OfS. While lead providers give OfS data for all students, including those at franchised providers, OfS does not currently publish information for unregistered franchised providers, and users cannot distinguish providers where a lead provider has multiple franchising partnerships.¹⁴

8. OfS told us that, for full-time students doing first degree subjects, it would normally expect at least 80% of students to complete their course and progress to further study or professional employment. Across the higher education sector, around 90% of students complete and progress, compared to just over 80% at franchised providers. OfS told us that there is also variation in attainment and progression for students studying at different franchised providers. Some have continuation rates well above the 80% threshold, but others are in the 60% to 70% range. We asked DfE and OfS to explain what they were doing to ensure better outcomes for students studying at franchised providers. OfS conceded that performance for franchised providers was so far below its 80% benchmark that it prompted regulatory questions. OfS told us that it will be looking in more detail at outcomes for students in particular partnerships for certain providers.¹⁵ It assured us

7 Q70
 8 Q10
 9 Q69, [Correspondence from DfE to PAC](#), dated 8 March 2024
 10 Qq55, 57
 11 Q28
 12 Universities UK ([ISL0002](#))
 13 Q55
 14 C&AG's Report, paras 1.10, 1.15
 15 Qq28–29

that it is increasing its investigatory work on quality, and that it has been posing “sharp questions” for vice-chancellors.¹⁶ It told us that it would be looking particularly hard at quality in franchised providers in the coming years.¹⁷

9. Universities UK highlighted that, while it is no longer a regulatory requirement in England, the 2018 Quality Code for Higher Education has advice and guidance on delivering quality within franchised provision. With the Quality Assurance Agency for Higher Education, it has been informing future iterations of the guidance which is currently under review.¹⁸ The Office of the Independent Adjudicator also told us that it would shortly be publishing an updated version of its own good practice guidance.¹⁹

10. Some providers use agents or offer financial incentives to recruit students, practices that are not regulated.²⁰ DfE told us it is planning to look at the use of agents, focusing particularly on whether there is any mis-selling of courses from agents to individuals, such as promising individuals guarantees on to courses.²¹ It said it has started a rapid investigation into the use of agents, both domestically and internationally, to protect students’ interests and, more recently, has entered into a partnership with National Trading Standards, which is able to enforce consumer law.²² We also heard that Universities UK is reviewing the [Agent Quality Framework \(AQF\)](#) and making recommendations to identify and address bad practice, including a commitment to ensuring that all its members sign up to that framework.²³ DfE told us weaknesses in lead providers’ controls can suggest an insufficient grip over the recruitment activity of their franchised providers, including where agents are used.²⁴

Transparency over franchise arrangements

11. The C&AG’s report indicated that some lead providers retained between 12.5% and 30% of tuition fees received for courses at their franchised providers.²⁵ DfE confirmed that the information is not in the public domain and that students are not always made aware of these arrangements. DfE told us that it is for the lead provider to agree the arrangement they want with their franchisee, but added that it is questionable for that not to be transparent and open. DfE assured us that it is currently considering what new transparency requirements could be introduced. DfE added that it is also considering the role of the OfS within this context.²⁶

12. We challenged DfE whether this level of deduction from tuition fees was acceptable. DfE emphasised that the fee taken by the lead provider should represent the value added by that lead provider.²⁷ While noting that there is a range, OfS described some of the tuition fee amounts retained by lead providers as “quite shocking”. It told us it is concerned about quality since, if the lead provider is taking percentage from tuition fees, and the delivery

16 Q49

17 Q29

18 Universities UK ([ISL0002](#))

19 Office of the Independent Adjudicator for Higher Education ([ISL0003](#))

20 C&AG’s Report, para 1.17

21 Q34

22 Qq30, 36

23 Q34, Universities UK ([ISL0002](#))

24 Q36

25 C&AG’s Report, para 1.7, second bullet

26 Qq48–50

27 Q47

provider is generating a profit or surplus, this reduces the amount spent on students.²⁸ The Office of the Independent Adjudicator told us, in written evidence, that it has seen instances where students are not clear that the provider they are studying at, and the awarding organisation, differ. It had also seen that students and sometimes providers are not always clear what access they have to their lead provider's students' union and support.²⁹

Providers' financial sustainability

13. In June 2022, we reported that higher education providers face long-term, systemic, pressures on their financial sustainability and viability.³⁰ We asked about the sector's current financial sustainability. DfE referred to the most recent OfS report, published in May 2023, which concluded that the overall financial position of the sector is sound although there continues to be significant variation between providers. OfS added that the extent of variation has increased and that some providers are being squeezed in terms of student recruitment. Financial performance in 2022–23 was weaker than the year before, and weaker than had been seen over historic trends for the sector, but consistent with the sector's forecast last year. For the current year a greater number of providers are forecasting deficits and weaker cash flows, suggesting a further squeeze, before a slower recovery than previously anticipated. OfS emphasised that these forecasts, including the slow recovery, are underpinned by assumptions around student numbers growing. For a small group of providers, income from franchise arrangements is material to their sustainability. DfE added that, while forecasting for the sector as a whole looked to be reasonable, there is quite a lot of variation in what it described as optimism bias in some providers.³¹

14. Between 2018/19 and 2021/22 the number of franchised providers increased 6%, but the number of students attending them more than doubled from 50,440 (2.5% of all students) to 108,600 (4.7% of all students). Some 63,680 (59%) of the 108,600 students enrolled on business and management-related courses. The increase in students was concentrated across a few providers - eight of the 114 lead providers increased their student numbers by more than 1,500, making them responsible for 91% of the four-year growth. As a result, in 2021/22, these eight providers were responsible for 58% of all students at franchised providers.³²

28 Q49

29 Office of the Independent Adjudicator for Higher Education ([ISL0003](#))

30 Committee of Public Accounts, [Financial sustainability of the higher education sector in England](#), Eighth Report of Session 2022–23, HC 257, 15 June 2022

31 Qq42–44

32 C&AG's Report, para 1.6 and Figure 2

2 Preventing and detecting fraud and abuse

Oversight of franchised providers

15. DfE recognises that the franchising model creates risks, given it encourages providers to do new things, but accepts that some lead providers have not taken their responsibilities for governance and safeguards in their franchised providers as seriously as within their own institutions.³³ The regulatory framework relies on lead providers' controls over franchised providers. They have responsibility for ensuring franchised providers have adequate controls to mitigate the risk of student loan funding being paid out inappropriately.³⁴ DfE emphasised to us that it has told lead providers they have a clear responsibility in respect of fraud or misuse of funds at their franchised providers. DfE added that OfS has written to them and met with the chairs of audit committees and vice-chancellors.³⁵ OfS told us it can strengthen how it expresses its management and governance requirements, making clearer lead providers obligations for good and effective controls over franchises.³⁶ More widely, evidence from the Office of the Independent Adjudicator is that many franchisees are not always fully aware of their responsibilities, and that there needs to be a better understanding of terminology, responsibilities and roles in franchise relationships.³⁷

16. There is no statutory or regulatory obligation on franchised providers to register directly with OfS. The lead provider retains responsibility for a franchised provider's compliance with academic quality, financial sustainability, governance and accountability standards. In 2021/22, 229 (65%) of the 355 franchised providers were not registered with OfS. However, there were instances where OfS had not approved providers' applications to become registered, but those providers subsequently went on to provide courses, as unregistered providers, through franchise arrangements.³⁸ OfS confirmed that it had refused registration to around 20 providers, of which it could identify two now operating as franchise providers. Other franchised providers had started to seek registration but withdrew before OfS had reached a decision on their registration.³⁹ OfS added that it is 'very interested' in internal management and governance controls within lead providers, particularly where delivery providers are not registered, and that it recognised it could strengthen regulatory requirements.⁴⁰

17. DfE told us that even if a provider could not meet all the registration criteria it might still be a good franchisee. DfE recognised, equally, that if providers do not pass that threshold, it would be right to question them providing a service for students.⁴¹ DfE told us that it is actively considering whether to impose additional controls, such as requiring all providers to be registered with OfS.⁴² Universities UK, in written evidence, broadly

33 Q21

34 C&AG's Report, para 15

35 Qq18, 53, 59

36 Q57

37 Office of the Independent Adjudicator for Higher Education ([ISL0003](#))

38 Qq56, 71

39 Qq71–72

40 Q54

41 Q59

42 Qq37–38, 56

supported this proposal, saying that this additional regulatory oversight would provide further assurances, not only to students and the public, but also to universities when they are looking to identify providers to work with.⁴³

18. Universities UK described how it is developing a new governance framework to support providers in identifying the ‘triggers’ (through data monitoring and/or observation) which can alert them to potentially unusual or suspect behaviour. It will set expectations that providers have robust policies and systems in place to monitor, record and act on data.⁴⁴

19. We asked why, considering that student loan payments are made based on attendance data, there is no guidance on what constitutes attendance.⁴⁵ DfE noted that ‘effective’ course attendance and engagement will vary by course and institution. DfE pointed to, for example, Open University students for whom there would be very different expectations. Different courses will have different requirements that suit different students in, for example, the extent to which they need to be physically present or how frequently they must submit work. DfE nonetheless agreed that the current situation is unsatisfactory.⁴⁶ It told us that it had been discussing with the higher education sector a draft definition for attendance and engagement, which took a balanced and proportionate approach. It expects to publish this before summer.⁴⁷ Universities UK recommended DfE engage with the sector to understand where there might be gaps in current approaches and further guidance may be necessary.⁴⁸

Clarity over responsibilities relating to potential fraud and abuse

20. The value of detected fraud in 2022/23 involving franchised providers totalled £2.2 million, 53% of the total £4.1 million fraud SLC identified.⁴⁹ In our July 2023 report on tackling fraud and corruption across government, we concluded that tackling fraud cannot be left to counter-fraud technical experts.⁵⁰ We asked DfE whether it is taking fraud and abuse of student funding sufficiently seriously. DfE assured us that it sees fraud as a collective, as well as an individual, responsibility.⁵¹ Both DfE and SLC also emphasised that organisational culture is important, beyond individual organisations’ rigidly defined responsibilities.⁵² OfS added that, within the constraints of its current powers, it has been working collaboratively with DfE and SLC. DfE said that it had been helpful to get a broader understanding of where risk sits in the system, both for DfE itself and to play back to the sector so the system has a shared view of the issues.⁵³

21. We asked why the value of detected fraud at franchised providers has increased almost sevenfold, from £329,831 in 2018/19 to £2,163,459 in 2022/23, when the number of

43 Universities UK ([ISL0002](#))

44 Universities UK ([ISL0002](#))

45 Qq 39–41, 74; C&AG’s Report, para 2.19

46 Q 74

47 Qq39, 41, 76

48 Universities UK ([ISL0002](#))

49 C&AG’s Report, para 2.3

50 Committee of Public Accounts, [Tackling fraud and corruption against government](#), Sixty-Ninth Report of Session 2022–23, HC 1230, 8 September 2023

51 Qq10, 51, 65, 77

52 Qq12, 52

53 Qq54, 77

students at these providers has not increased at the same rate.⁵⁴ SLC told us that it shared our concern at what appears to be a disproportionate increase in the franchised element of individual-level fraud detected, but emphasised that this is driven by a small number of franchised providers.⁵⁵ DfE accepted that some lead providers had not taken their responsibilities for governance and safeguards in their franchised provision as seriously as within their own institutions.⁵⁶

22. The C&AG's report noted that GIAA concluded that neither SLC nor OfS have a formal fraud enforcement role and highlighted the challenges in gaining assurance over the legitimacy of funding applications.⁵⁷ DfE told us that it is looking at formal roles and responsibilities, including whether aspects needed to be strengthened or where it would be good to make action easier to take. DfE told us that, for individual-level fraud SLC has adequate powers to stop and recover payments, and good information sharing arrangements. DfE said it is more concerned about misuse of student funding, where the issue and the framework are not as clear-cut. It recognised that there are places where responsibilities and obligations could be clearer.⁵⁸

23. OfS told us that it has significantly stepped up its regulatory activity for certain providers that feature in the C&AG's report. This includes additional independent audit to test whether lead provider's internal controls work effectively in relation to franchise providers. OfS said it has also imposed additional mandatory reporting requirements covering, for example, changes to partnerships, whistleblowing allegations or any concerns about data provided either to OfS or SLC.⁵⁹

Data sharing

24. SLC told us that one reason behind increases in the value of detected fraud was its investment in using data to detect issues.⁶⁰ SLC uses a range of data, not just its own. To help with identifying individual-level fraud, it is now part of the National Economic Crime Centre, so receives public and private sector intelligence, and links in with the Public Sector Fraud Authority.⁶¹

25. The C&AG's report identified that a provider had raised concerns with OfS about a franchised provider in May 2022, but DfE was not informed of the issue at the time.⁶² We asked witnesses why DfE was not told. OfS said that, in looking back, this is clearly a learning case, and it would work differently in future. When the provider first notified OfS of concerns, the full extent of the issues was not yet clear. When the scale of the issues became clearer, in autumn 2022 and into spring 2023, OfS brought DfE colleagues into the loop at that time.⁶³ DfE told us that the point in the chronology that it found most worrying was that it was unclear whether, over the summer, the OfS and SLC had the same information and understanding of the situation. DfE, SLC and OfS recognise a lost

54 Q21, C&AG's Report, Figure 8, Figure 9

55 Qq22–23

56 Q21

57 C&AG's Report, para 2.24

58 Qq52–53, 73

59 Q18

60 Q21

61 Qq11, 65

62 C&AG's Report, para 2.9

63 Q13

opportunity to put all the information together and make a collective decision on how to manage the situation. DfE acknowledged it gave cause for concern as, with different facts, the three bodies might have made a different decision.⁶⁴

26. DfE explained that, in response, it has established more detailed information sharing protocols. DfE, SLC and OfS meet regularly to share information earlier, including information which may not have been previously shared. DfE told us it also has an intelligence and data sharing group that meets frequently, focusing on individual cases, which it had set up in response to lessons learned from the cases described in the C&AG's report.⁶⁵

27. DfE recognised the advantages in having transparency between the three bodies, which enables them to take a collective view across an issue.⁶⁶ OfS noted that there are some legal constraints on how it can share information, so it needs to work within its legal parameters. However, it now has clear information sharing protocols, from OfS to SLC and vice versa, and from both SLC and OfS into DfE. OfS concluded that all three are confident that they would not end up in the position described in the C&AG's report again.⁶⁷ SLC assured us that while it has direct accountability for detecting individual fraud, if it identifies other risks, for example within a provider, something more systemic, or concerns linked to organised crime, it has a duty of care to share that information.⁶⁸

64 Qq14, 16

65 Qq16–17, 38

66 Q77

67 Q14

68 Qq11, 64

Formal minutes

Wednesday 17 April 2024

Members present

Dame Meg Hillier, in the Chair

Paula Barker

Sir Geoffrey Clifton-Brown

Mrs Flick Drummond

Peter Grant

Matt Warman

Student loans issued to those studying at franchised higher education providers

Draft Report (*Student loans issued to those studying at franchised higher education providers*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Twenty-eighth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Adjourned till Monday 22 April at 3.30 p.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 26 February 2024

Susan Acland-Hood, Permanent Secretary, Department for Education; **Julia Kinniburgh**, DG Skills, Department for Education; **Susan Lapworth**, CEO, Office for Students; **Chris Larmer**, CEO, Student Loans Company

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Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

ISL numbers are generated by the evidence processing system and so may not be complete.

- 1 Evans, Professor G.R. (University of Cambridge) ([ISL0004](#))
- 2 Office of the Independent Adjudicator for Higher Education ([ISL0003](#))
- 3 Universities UK ([ISL0002](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

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2nd	The condition of school buildings	HC 78
3rd	Revising health assessments for disability benefits	HC 79
4th	The Department for Work & Pensions Annual Report and Accounts 2022–23	HC 290
5th	Government's programme of waste reforms	HC 333
6th	Competition in public procurement	HC 385
7th	Resilience to flooding	HC 71
8th	Improving Defence Inventory Management	HC 66
9th	Whole of Government Accounts 2020–21	HC 65
10th	HS2 and Euston	HC 67
11th	Reducing the harm from illegal drugs	HC 72
12th	Cross-government working	HC 75
13th	Preparedness for online safety regulation	HC 73
14th	Homes for Ukraine	HC 69
15th	Managing government borrowing	HC 74
16th	HMRC performance in 2022–23	HC 76
17th	Cabinet Office functional savings	HC 423
18th	Excess Votes 2022–23	HC 589
19th	MoD Equipment Plan 2023–2033	HC 451
20th	Monitoring and responding to companies in distress	HC 425
21st	Levelling up funding to local government	HC 424
22nd	Reforming adult social care in England	HC 427
23rd	Civil service workforce: Recruitment, pay and performance management	HC 452
24th	NHS Supply Chain and efficiencies in procurement	HC 453
25th	Scrutiny of sound financial practice across Government	HC 673
26th	The BBC's implementation of Across the UK	HC 426
27th	Government resilience: extreme weather	HC 454
1st Special Report	Eighth Annual Report of the Chair of the Committee of Public Accounts	HC 628

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2nd	Lessons from implementing IR35 reforms	HC 60
3rd	The future of the Advanced Gas-cooled Reactors	HC 118
4th	Use of evaluation and modelling in government	HC 254
5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38
28th	Improving the Accounting Officer Assessment process	HC 43
29th	The Affordable Homes Programme since 2015	HC 684
30th	Developing workforce skills for a strong economy	HC 685
31st	Managing central government property	HC 48
32nd	Grassroots participation in sport and physical activity	HC 46

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34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
45th	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2021–22	HC 1254
46th	BBC Digital	HC 736
47th	Investigation into the UK Passport Office	HC 738
48th	MoD Equipment Plan 2022–2032	HC 731
49th	Managing tax compliance following the pandemic	HC 739
50th	Government Shared Services	HC 734
51st	Tackling Defra’s ageing digital services	HC 737
52nd	Restoration & Renewal of the Palace of Westminster – 2023 Recall	HC 1021
53rd	The performance of UK Security Vetting	HC 994
54th	Alcohol treatment services	HC 1001
55th	Education recovery in schools in England	HC 998
56th	Supporting investment into the UK	HC 996
57th	AEA Technology Pension Case	HC 1005
58th	Energy bills support	HC 1074
59th	Decarbonising the power sector	HC 1003
60th	Timeliness of local auditor reporting	HC 995
61st	Progress on the courts and tribunals reform programme	HC 1002
62nd	Department of Health and Social Care 2021–22 Annual Report and Accounts	HC 997
63rd	HS2 Euston	HC 1004
64th	The Emergency Services Network	HC 1006
65th	Progress in improving NHS mental health services	HC 1000
66th	PPE Medpro: awarding of contracts during the pandemic	HC 1590

Number	Title	Reference
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68th	Local authority administered COVID support schemes in England	HC 1234
69th	Tackling fraud and corruption against government	HC 1230
70th	Digital transformation in government: addressing the barriers to efficiency	HC 1229
71st	Resetting government programmes	HC 1231
72nd	Update on the rollout of smart meters	HC 1332
73rd	Access to urgent and emergency care	HC 1336
74th	Bulb Energy	HC 1232
75th	Active travel in England	HC 1335
76th	The Asylum Transformation Programme	HC 1334
77th	Supported housing	HC 1330
78th	Resettlement support for prison leavers	HC 1329
79th	Support for innovation to deliver net zero	HC 1331
80th	Progress with Making Tax Digital	HC 1333
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5th	COVID-19: Government Support for Charities	HC 250
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17th	High Speed 2: Progress at Summer 2021	HC 329
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19th	Protecting consumers from unsafe products	HC 180
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25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
26th	Lessons from Greensill Capital: accreditation to business support schemes	HC 169
27th	Green Homes Grant Voucher Scheme	HC 635
28th	Efficiency in government	HC 636
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30th	Challenges in implementing digital change	HC 637
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32nd	Delivering gigabitcapable broadband	HC 743
33rd	Underpayments of the State Pension	HC 654
34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
43rd	Reducing the backlog in criminal courts	HC 643
44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952

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47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

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3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
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7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406
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26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
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33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
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36th	HMRC performance 2019–20	HC 690
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38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
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