Thank you for the very helpful discussion yesterday, which focussed on what powers the OfS would have to ensure that students are adequately protected in the event its provider is unable, or unwilling, to continue to deliver the courses that they are enrolled on.

We are in absolute agreement that students must be adequately protected and not placed at risk of being enrolled at a provider that is either financially unsustainable, or is not committed to ensuring its students will be able to complete their courses.

Our planned reforms are intended to make it simpler and quicker for new high quality providers to enter the market, not lower standards. As set out in both the Higher Education Green and White Papers we expect that any higher education provider who wishes to benefit from their students having access to student support will need to meet stringent conditions that relate to financial sustainability, management and governance. The OfS will also have the power to require student protection plans to be in place as a condition of registration. We expect that these will be adjusted in individual cases so that they are proportionate to the risk posed by the provider. The Bill enables such conditions to be imposed by the OfS as initial registration conditions or general or specific ongoing registration conditions. The intention is that there will be a consultation on precisely what these conditions will be, how the OfS might apply them to different types of providers, and in what circumstances, through the Regulatory Framework consultation planned for autumn of this year.

We specifically discussed your helpful considerations around the use of financial guarantees from commercial lenders. You set out how you believed that these could be used as a mechanism by which a provider could provide the OfS with the necessary assurance that it has adequate and accessible finances in place. These finances could allow students to be
supported to continue their studies, or receive financial compensation, should the provider no
longer be able, or willing, to continue to deliver its higher education provision. We do expect
that instances of a provider suddenly and without warning exiting the market completely are
likely to be extremely rare. However, we do agree with you that financial guarantees between a
provider and a commercial lender are one form of financial protection that the OfS could require
as a part of a student protection plan when considering appropriate risk-based conditions of
registration for a particular provider. As we discussed, there are others, such as a deposit in an
escrow account. In fact, we already consider the use of such approaches in regulating
alternative providers. Our aim will be to include proposals around these approaches in the
Regulatory Framework consultation.

We hope this letter is helpful, and we are placing a copy in the House library.

Yours ever,

Jo

Jo Johnson MP

Viscount Younger of Leckie