INTO WORLD ADVANTAGE

# Higher Education Funding and the Student Journey

Neil Stewart Conference

11th February 2015

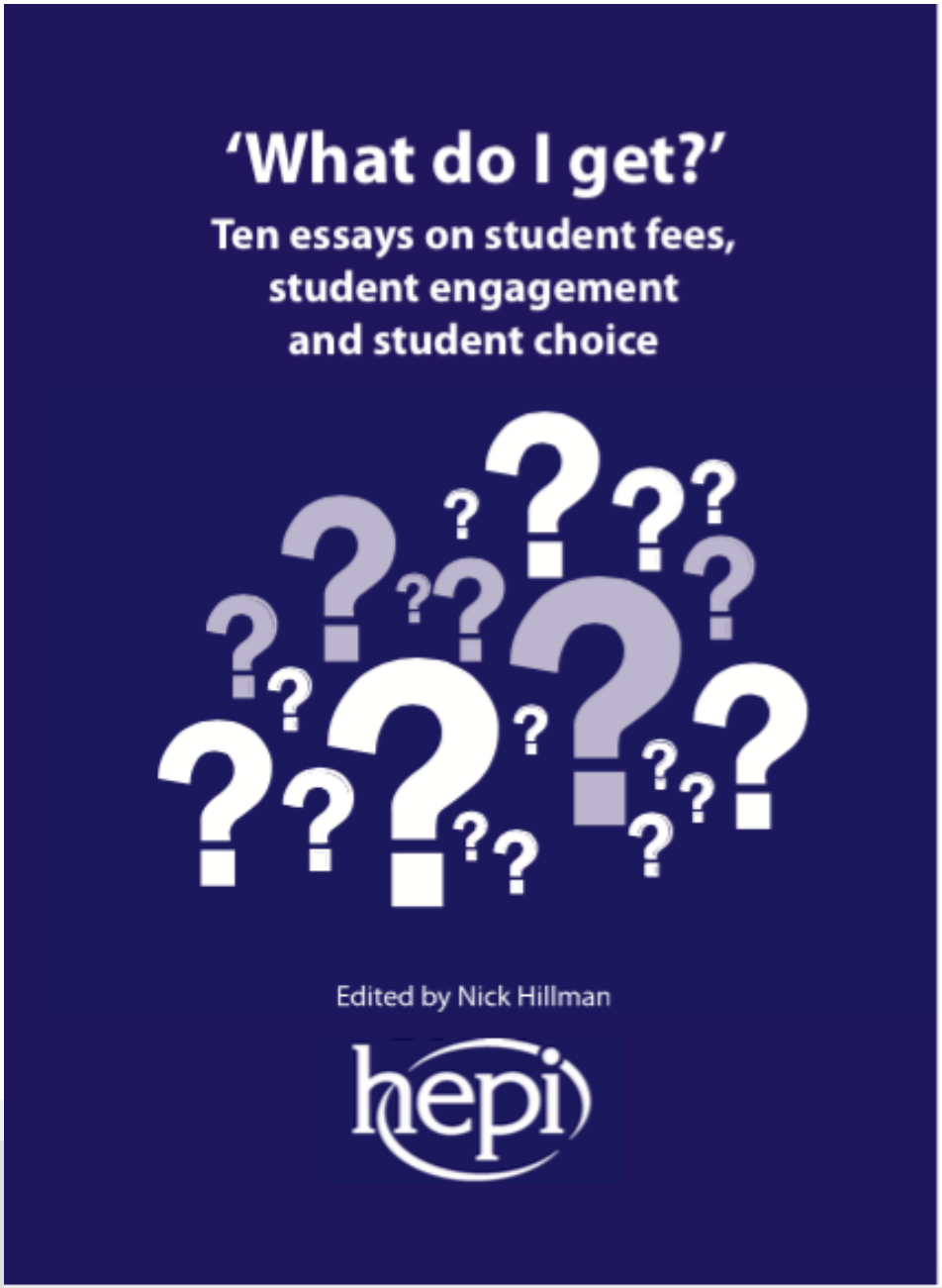
# The perspectives are different but the focus remains the same

The proportion of revenue from tuition fees will have risen from 34% to 51% between 2010 and 2014

"Inevitable emphasis on ensuring students get value for money"

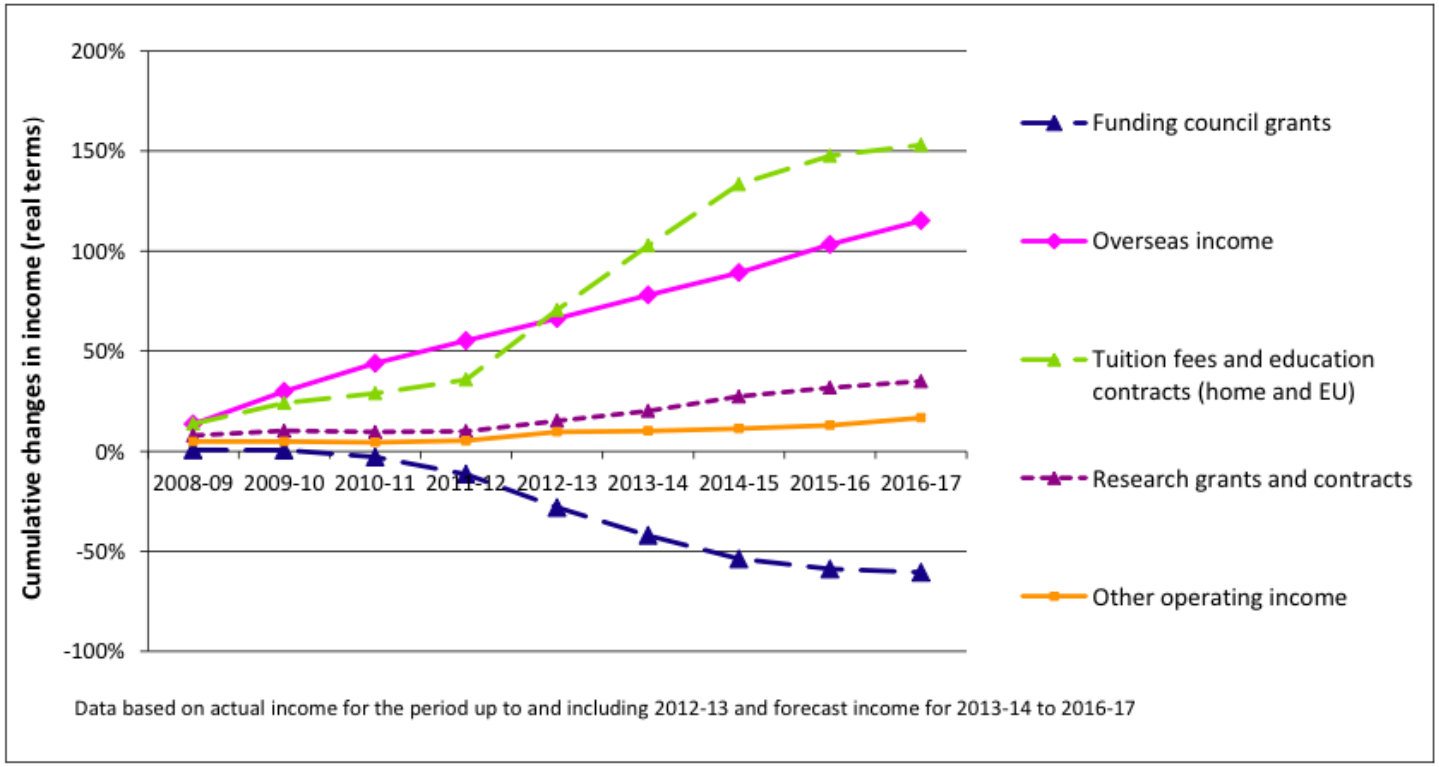
"No-one seriously doubts that costs of provision in the art and design sector challenges the fee-cap"

"I struggle to understand why the direct costs of undergraduate provision are so high"



# Some interesting assumptions in the HEFCE forecast

**Figure 1: Cumulative real-terms actual and projected changes in income 2008-09 to 2016-17**




- **Straight line growth in non-EU revenue.**
- **What if that forecast was off by 10%?**

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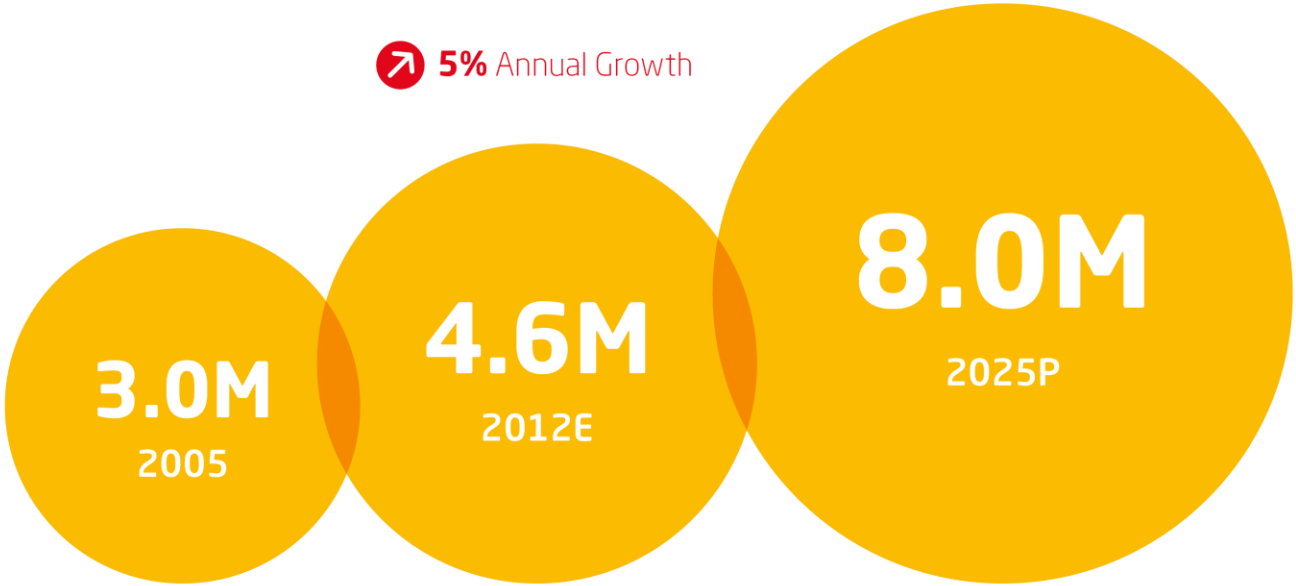
# The demand for international education continues to grow – despite the dip in the undergraduate volumes in the United Kingdom.

## GLOBAL INTERNATIONAL ENROLLMENT

INTERNATIONAL STUDENTS (MILLIONS)

**Emo of Friesland**
1190




SOURCE: OECD, OPEN DOORS, IDP FORECASTS

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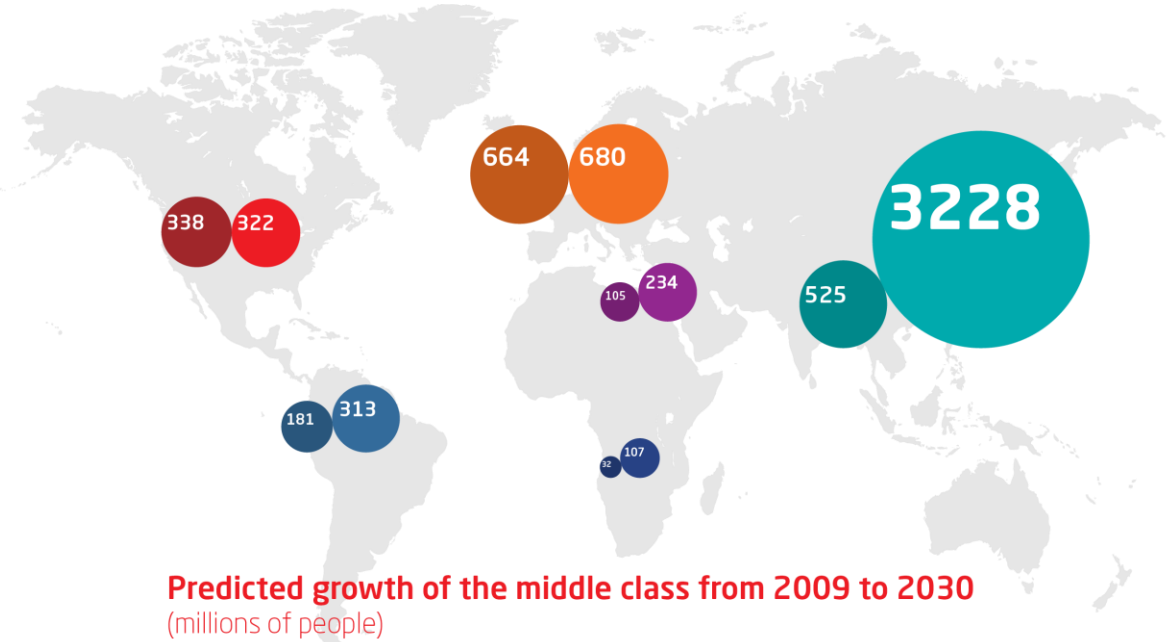
# The growth of the world's middle classes




**Predicted growth of the middle class from 2009 to 2030**
(millions of people)

**"265 million people will be enrolled in tertiary education by 2025"**

Bob Goddard

**This scale simply cannot be met through existing models, systems and locations**

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# Resurgent national competition

Canada announces that 50% of students seeking to enter Canada are looking for permanent migration - and they welcome it.

**+11% 2012-2013)**

Australia streamlines visa processes for international students

**+9.3% in new commencements (2014)**

President Obama announces immigration reform to increase OPT for STEM students

**+8% (2013)**

**-2% (First recorded drop in a decade)**

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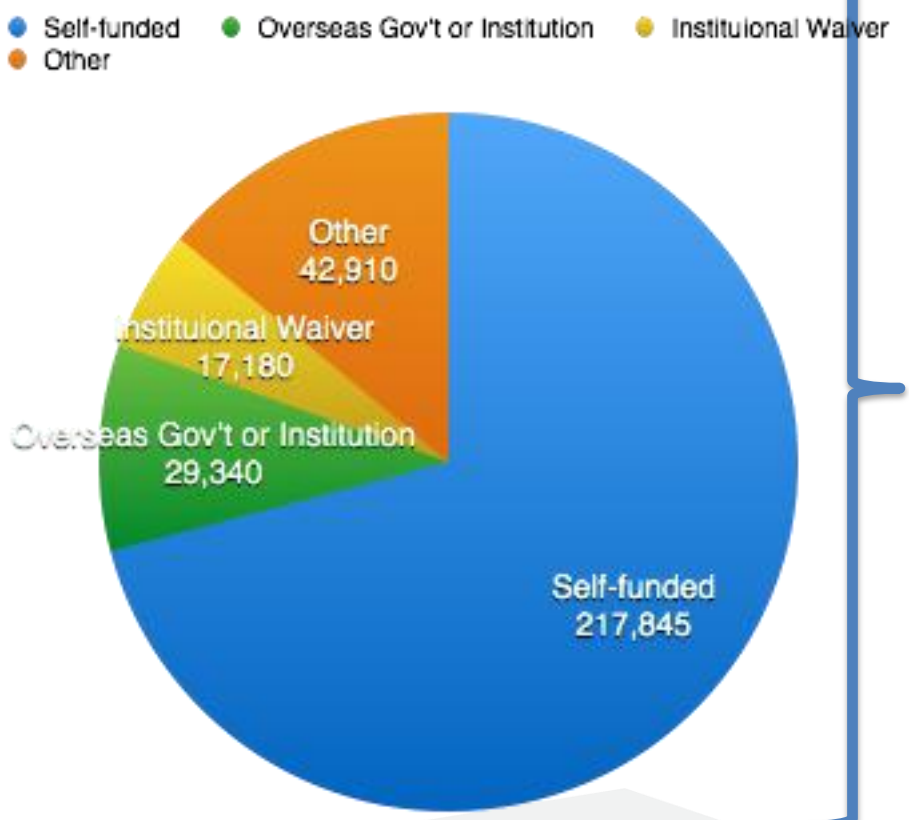
# How do international students pay for their education?




71% self-funded

10% funded by overseas government or institution

Seeking value and flexibility

Increasingly aware of choice open to them

Increasingly aware of alternative options

Source: HESA student record 2012/13

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# Universities challenged

Constrained resource

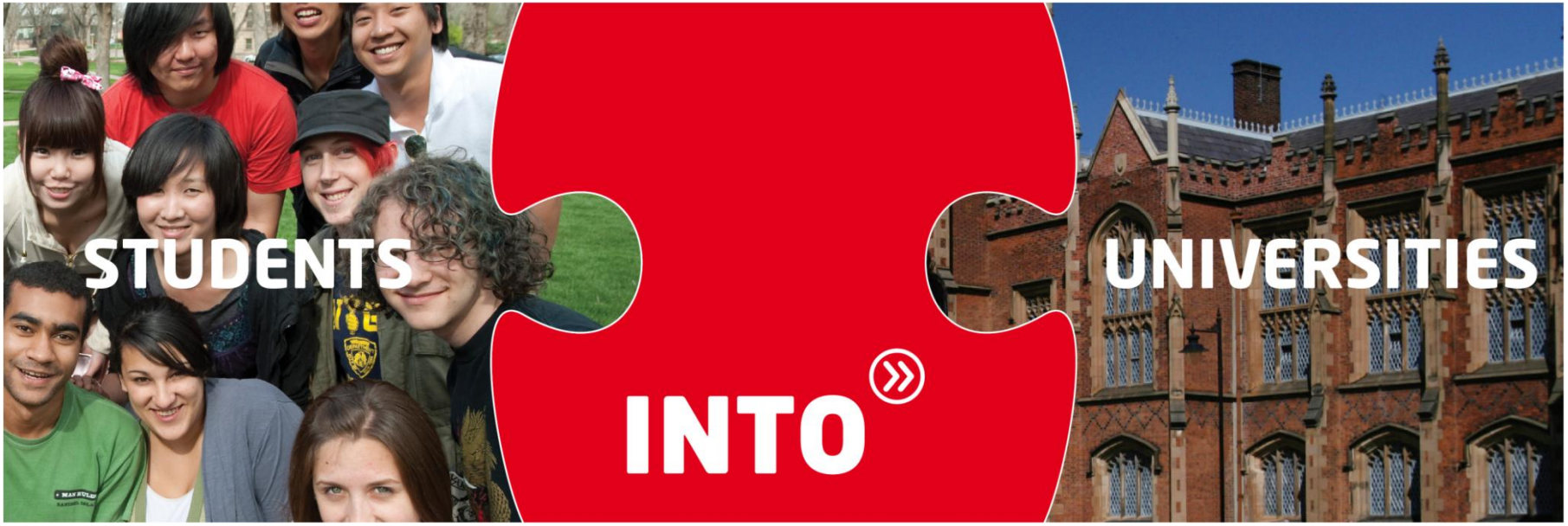
**THE CAPACITY, ACCESS AND QUALITY DEFICIT**

Lack brand cachet

**"accommodating the additional 105 million students would require more than four major universities to open every week for the next 15 years."**

**Stamenka Uvalić Trumbić, *UNESCO Global Forum*, 2011**

# Can public private partnerships offer an option?




- Access to great university brands
- In market support
- Access to courses otherwise denied
- Exceptional outcomes

- Enhanced global reputation
- Extended reach
- Private resource to invest in university mission
- Stronger academic outcomes
- Substantial and sustainable revenue streams

# Investing £45million annually in an integrated experience

**Awareness and local support**
Market planning, brochures, websites, logistics, Regional Office

**Student success**
Seamless progression
Alumni Advocacy
Enriched brand

**Living and Learing**
Taught by University faculty to University standards
Integrated with the domestic cohort
£38million on-campus international student residence

**Admissions and pre-departure**
Application processing, University CAS, Pre-departure preparation

**Arrival and orientation**
Student arrives as an Southampton student

# **CASE STUDY:** INTO UNIVERSITY OF EAST ANGLIA

# Organisational model: Traditional JV Model

**Inputs**
- Start up capital
- Recruitment & Marketing know how and channel management
- Application Processing
- Operational Management
- Partner network
- Facilities investment

**Inputs**
- Full academic control – setting entry and exit criteria and associated quality assurance mechanisms
- Provision of campus services
- CAS allocation/Tier 4
- Sports

- Preparation Programmes
- Marketing and recruitment
- English Language teaching and delivery
- Student experience
- Shared governance

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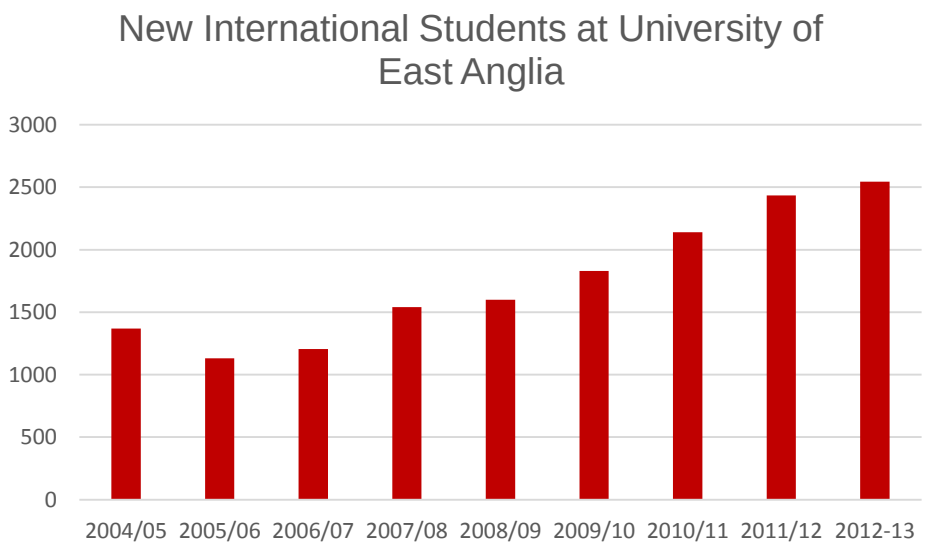
**JOINT VENTURE**

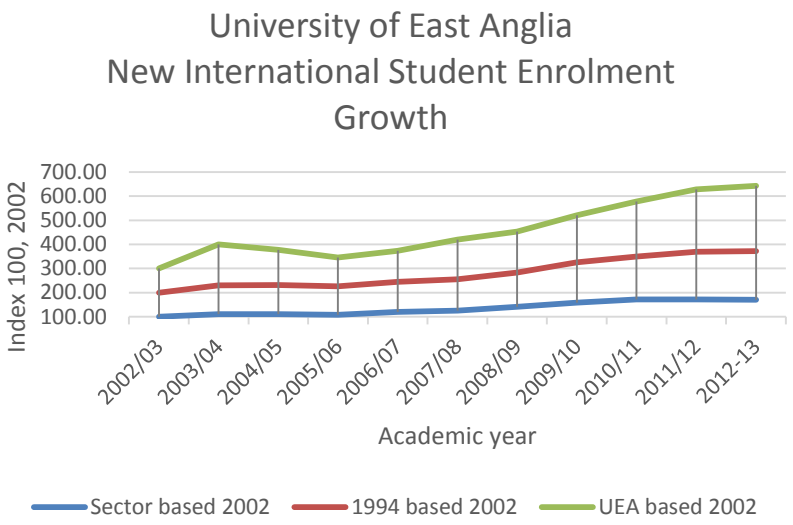
University

**Returns**
- Costs associated with inputs
- 50% net profit (loss)
- Management fee

**Returns**
- All costs associated with provision of academic services
- 50% of net profit (loss)
- Progression revenues from progressing students
- Tuition revenue from directly admitted students (minus INTO placement fee)

# Outperforming the sector in new international student growth




| | Sector | 1994 Group | UEA |
|---|---|---|---|
| CAGR pre INTO 02-03/06-07 | 4.7% | 4.7% | 5.0% |
| CAGR post INTO 07-08/11-12 | 8.2% | 11.0% | 26.1% |
| Overall growth 2006-2011 | 42.8% | 61% | 112% |

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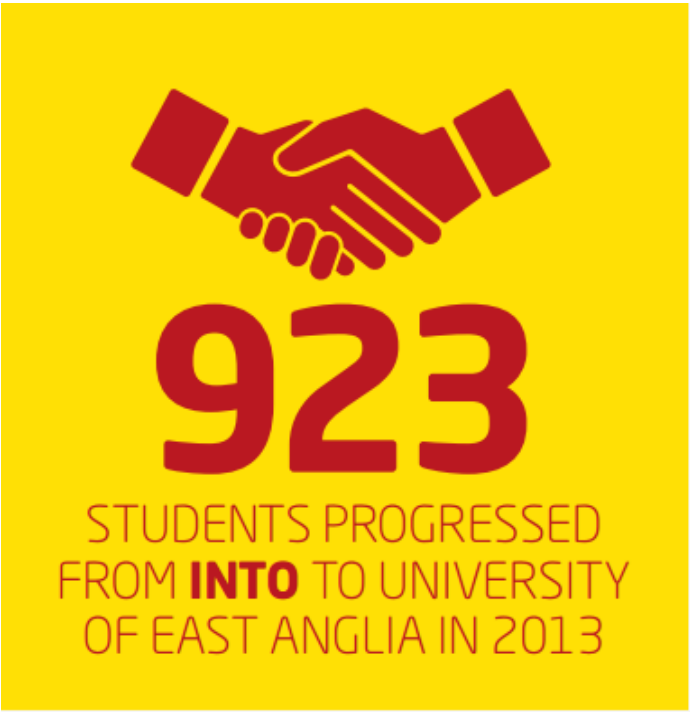
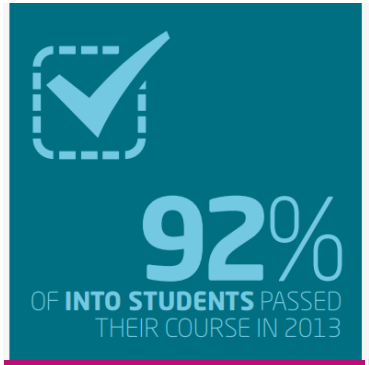
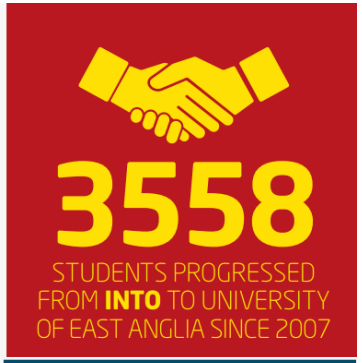
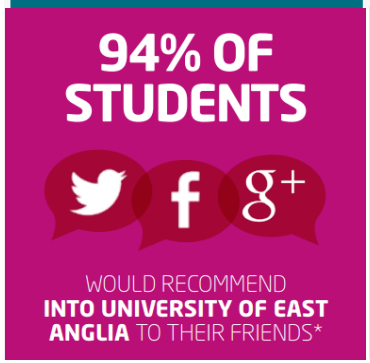
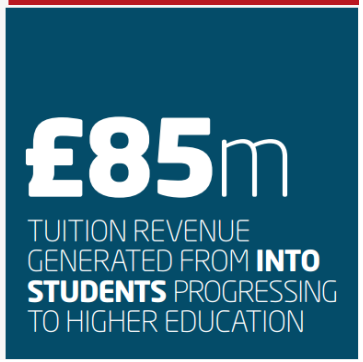
# INTO University of East Anglia performance







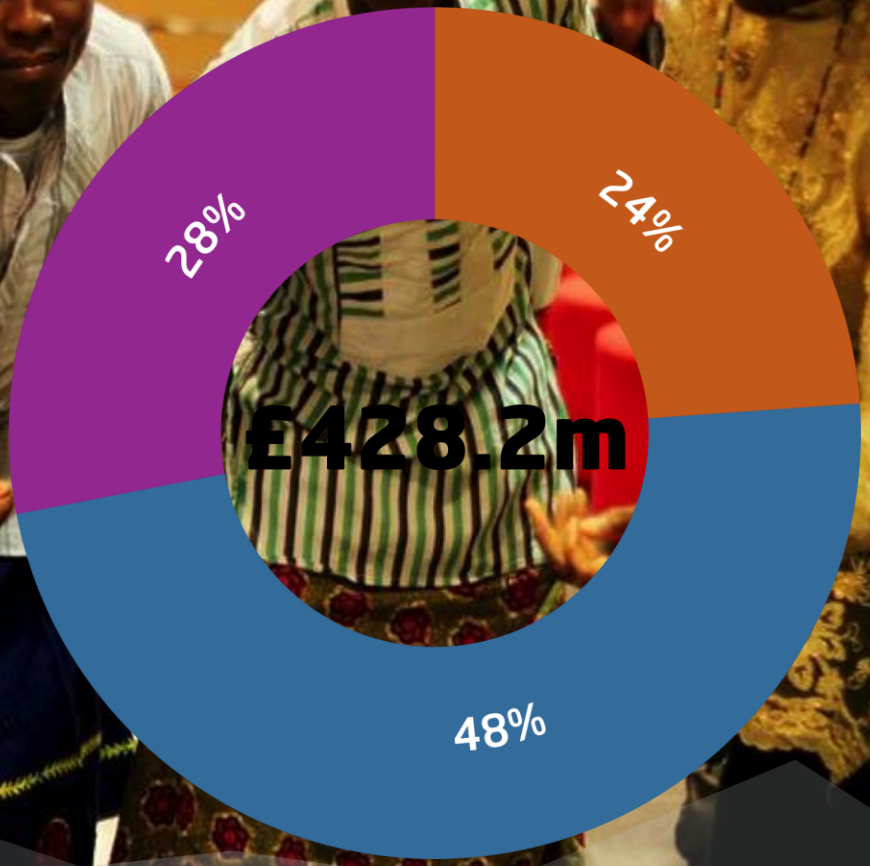
# The value of our partnerships in the UK

## 2013/14 FY

In Centre Revenues **£103.1m**

Annual Progression Tuition **£205.1m**

Accommodation and other charges **£120m**

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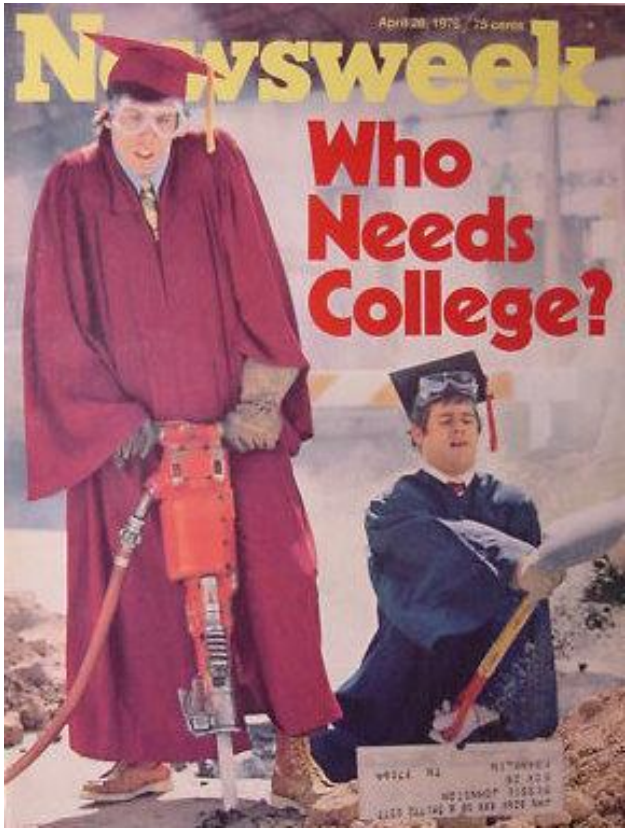
# Are we producing too many graduates?

*“There will almost surely be a surplus of college graduates on the market for at least the next decade. Such a glut will have serious effects on the economy, on national policy and on the future of higher education...”*




**1976**