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INCOME DIVERSIFICATION AND FINANCIAL SUSTAINABILITY IN ENGLISH UNIVERSITIES: THE ROLE OF INTERNATIONAL AND REMOTE METROPOLITAN BRANCH CAMPUSES

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INCOME DIVERSIFICATION AND FINANCIAL SUSTAINABILITY IN ENGLISH UNIVERSITIES: THE ROLE OF INTERNATIONAL AND REMOTE METROPOLITAN BRANCH CAMPUSES

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I am the author of this thesis, and the work described therein was carried out by myself personally.

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List of Abbreviations

Access and Participation Plan (APP)

Cross-Border Education Research Team (C-BERT)

Critical Discourse Analysis (CDA)

Defined Benefit (DB)

Defined Contribution (DC)

Destination of Leavers from Higher Education (DLHE)

Department for Business, Innovation and Skills (BIS)

Department for Education (DfE)

Doctor of Business Administration (DBA)

European University Association (EUA)

European Universities Diversifying Income Streams (EUDIS)

Financial Sustainability Strategy Group (FSSG)

Further Education (FE)

Higher Education Institution (HEI)

Higher Education Statistics Agency (HESA)

Higher Education Policy Institute (HEPI)

Higher Education (HE)

International Branch Campus (IBC)

Joint Venture (JV)

Knowledge Exchange Framework (KEF)

Local Government Pension Scheme (LGPS)

National Student Survey (NSS)

National Union of Students (NUS)

Office for National Statistics (ONS)

Office for Students (OfS)

Organisation for Economic Co-operation and Development (OECD)

Postgraduate (PG)

Quality Assurance Agency for Higher Education (QAA)

Remote Metropolitan Branch Campus (RMBC)

Research Excellence Framework (REF)

Research Question (RQ)

Resource Based View (RBV)

Resource Dependency Theory (RDT)

Scimago Journal Rank (SJR)

Student Staff Ratio (SSR)

Teachers' Pension Scheme (TPS)

Teaching Excellence Framework (TEF)

Transnational Education (TNE)

Undergraduate (UG)

Universities and Colleges Admissions Service (UCAS)

Universities and Colleges Employers Association (UCEA)

University and College Union (UCU)

Universities Superannuation Scheme (USS)

Universities UK (UUK)

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Abstract

From a financial perspective, these are worrying times for Higher Education in England. 70% of universities, as defined in this thesis, reported an annual loss in 2021/22, compared to only 18% in 2016/17. A range of factors have combined to create this existential risk, including a decade of fixed home undergraduate tuition fee caps and rapidly rising costs. Universities have responded through growth, and particularly an emphasis on recruiting more international students, but this strategy is now under threat from new visa regulations, which could impact key markets. Cost saving, organisational change and programme rationalisation have become widespread, but will inevitably create nervousness in a sector that has become ultra-competitive and driven by league tables, measurements and institutional comparisons.

Using an alternative format, and based on four original papers published (or awaiting publication) between 2022 and 2024, this thesis discusses English Higher Education's financial conundrum, outlining the responses being taken. It also examines the potential of spatial diversification as a means of reaching new markets and generating value. Both international and remote metropolitan branch campuses have become popular amongst English universities, accounting for 43 sites and over 90,000 students in 2023. I analyse the potential of these models by employing a framework based on an external perspective (Resource Dependency Theory) and an internal perspective: the Resource-Based View of organisational strategy. My findings suggest that - whilst open to imitation and competition, and substitutable for other forms of income diversification - both international and remote metropolitan branch campuses offer the opportunity to generate genuinely new sources of revenue and financial sustainability, as well as indirect value relating to reputation and other factors.

Acknowledging that branch campuses can be expensive to establish and operate, and have failed in the past, I present a new theoretical model synthesising the environmental and organisational characteristics, and project factors, necessary to devise and implement a venture of this type. These include sufficient autonomy, strong leadership, management, and communication, a strategic orientation, cultural awareness, proactive stakeholder management and effective resource planning.

Chapter One: Introduction

1.1 Higher Education: a financially unsustainable model?

The past thirty years have witnessed a seemingly permanent shift in the way Higher Education (HE) is financed across the world. Long considered a public good and funded largely via the state in most countries, a wave of financial change has swept through the sector. Globalisation and neoliberal politics have led to widespread marketisation with HE with notions of academic capitalism, the student as the consumer and new managerialism taking hold (Slaughter and Leslie, 1997; Molesworth et al, 2011). In parallel, and co-dependent, the dramatic increase in participation rates have led to the massification of HE across the world, and have made public subsidies for HE unaffordable in many countries. These are complex changes, driven to varying degrees in different nations and contexts by goals to improve access, enhance quality and promote efficient delivery (Kogan et al, 2006). In addition to a move towards performance-based state funding (Estermann et al, 2013), there is strong evidence of a shift towards cost sharing, as governments move the financial responsibility for bearing the cost of education from the state to students, often on the much-debated basis that it is the individual that benefits most (Johnston and Marcucci, 2010). Jongbloed and Vossensteyn (2016) outline that across Organisation for Economic Co-operation and Development (OECD) countries, public funding for HE dropped as a proportion of total funding from 80% to 70% between 1995 and 2012, with in many cases tuition fees being increased or introduced for the first time.

For many years this increasingly global, innovative and competitive sector has thrived, through massification fuelled by a growing global population and increased participation rates in HE. There are signs, however, that this advantageous period is coming to an end, with the co-dependent phenomena of massification and liberalisation leading to diminishing budgets per student. Many governments have permanently shifted costs to students and others have curbed their contributions. The pressures and aftereffects of, first, the global economic crisis 2007—10 and, second the covid-19 pandemic 2019-21, have further pressurised public funds and led to greater public resistance to accepting ever higher tuition fees, placing universities under additional financial stress (Estermann and Pruvot, 2014; Marshman and Larkins, 2020).

In this thesis I examine the case of the English HE sector. I will present four peer-reviewed papers to assess the financial pressures being placed on English universities, and discuss current and future responses, with a particular focus on the emergence of spatial diversification in the form of International Branch Campuses (IBCs) and Remote Metropolitan Branch Campuses (RMBCs). As well as other forms of Transnational Education (TNE), both have become increasingly popular and financially important in the first quarter of the twenty-first century. I utilise a framework that combines Resource Dependency Theory (RDT), which acknowledges that institutions are dependent on their environments and suggests revenue diversification as an approach to minimise the reliance on any single group of external actors, and the Resource Based View (RBV), which argues that organisational performance is principally a function of its unique resources and capabilities (Pfeffer and Salancik, 1978, 2003: Barney, 1991; Froelich, 1999).

1.2 An emerging challenge for English universities

By most measures, HE in England is one of the nation's great success stories. According to an independent report released in September 2023, in 2021-22 it generated £71 billion of gross economic output for the national economy, supporting 627,000 direct and indirect jobs and £59 billion in gross value added (London Economics, 2023). In 2022, it directly employed 297,000 people and was home to 2.34 million students from around the world, eager to secure a degree from one of its institutions (HESA, 2023a; 2023b). English universities have led research across a range of disciplines, including pioneering a low-cost vaccine for Covid-19, and have nurtured 136 Nobel Prize winners since 1901 (British Council, 2015). Their 'soft power' around the world remains strong, with over a quarter of the world's political leaders possessing a British education in 2023 (Hillman, 2023).

The past three decades have seen high levels of growth in the English HE sector, with both the number of students and number of universities more than doubling since 1992. Yet from a financial perspective, it could be argued that the sector has started a period of decline. Home undergraduate fees have been largely fixed for ten years, with political resistance to increasingly shifting the burden from taxpayers to students, representing a real terms fall of 29% between 2013 and 2023, which since the end of the Covid pandemic in 2021 has been accelerated by high inflation in the costs borne by institutions and their students (Fazakerley, 2023). The inflow of international students, for several years the primary source of financial security for many English universities, is now at risk, with the UK Government imposing restrictions on postgraduates' dependents from January 2024 as part of a wider set of measures to reduce overall levels of immigration (DfE, 2023a). Most recently, in July 2023, further Government announcements indicated that student number controls for some courses deemed not to provide value for money will return to English HE, whilst tuition fee caps for foundation-level programmes will be reduced from 2025. In parallel, the sector has experienced industrial unrest and an increased level of scrutiny, reporting and regulation, placing more managerial and administrative pressure on universities of all shapes and sizes. To illustrate these pressures on finances, in 2021-22, 70% of English universities, as defined in this thesis, made an annual financial deficit, compared to only 18% in 2016-17 (HESA, 2023c).

In response to these challenges, English universities continue to innovate and diversify their income streams. Student number growth has, for many years, been a favoured approach to mitigate financial risks, as have new domestic and international partnerships, tuition fee rises where that control exists and the development of online programmes, professional courses, TNE provision and a series of other measures designed to diversify income. English universities have also explored physical geographical expansion as a way of supporting their financial sustainability. As of March 2023, they were 33 English university-led IBCs in overseas territories and 10 RMBCs, all of which had been established in London, to serve new markets (C-BERT, 2023; Hickey and Healey, 2024).

1.3 Personal motivations

My personal motivations for basing this thesis around financial sustainability, income diversification and geographical innovation lie in my background and role. As the Chief Operating Officer at a medium sized English university, I have been tasked with driving growth and improving the financial sustainability of my institution so have sought to remain at the forefront of understanding, interpreting and developing responses to internal and external financial and related challenges, spanning changing student preferences and demographics, government policies, micro and macro-economic conditions and competitive forces. I have led responses including reorganising the university's resources, repositioning our academic portfolio, establishing an RMBC and most recently exploring a possible IBC and other options for sustainable TNE. I also have a longstanding interest in the role of economic geography in HE, likely driven by my degrees at undergraduate and postgraduate level and my previous career working in economic development consulting in the UK and around the world. I have chosen to focus this thesis on branch campuses as, for some time, I have considered both IBCs and RMBCs as a model that universities could adopt to tackle their financial sustainability challenges in a long term, strategic way. I acknowledge that other forms of TNE continue to be more popular, as discussed later, but discuss in Hickey and Davies (2022) [Chapter Seven] how branch campuses could be considered to represent a true positional good that offer many strategic benefits relating to institutional control, reputation, research and partnership building, in addition to sustainable financial returns.

As well as my role providing part of the inspiration for choosing the theme of this thesis, I believe it makes me ideally placed to undertake the research required. Notwithstanding the issues related to positionality discussed later in section 4.4, my professional expertise has allowed me to access knowledge and understanding not available to many others in a practitioner researcher role. This provides me with ongoing, contemporary, knowledge of many of the issues being explored. For example, it also allowed me to deploy an "insider researcher" method in Hickey and Healey (2024) [Chapter Eight], facilitating insightful question setting and the understanding of complex responses.

My choice of an alternative thesis format, incorporating four academic papers, was not planned from the start of my DBA journey, but has become attractive as I have been successful in publishing my emerging research. These have been accepted for publication by good quality journals in the disciplines across management, policy and education. With the support of faculty at the University of Bath School of Management, I have chosen the alternative thesis proposal to, first, help me successfully generate a fourth original paper which I consider highly novel and, second, to create a valuable set of consolidated findings that could be used by English HE decision makers and as a basis for further research.

1.4 Aims and research questions

In the context of considerable change involving concurrent trends of expansion, internationalisation, marketisation and commercialisation, this thesis aims to evaluate the importance of income diversification to financial sustainability, and assess the potential that branch campuses provide English universities.

Four core research questions are proposed:

RQ1: What financial challenges are facing English universities and why?

RQ2: How are universities responding, and how is this changing?

RQ3: What evidence exists to suggest that branch campuses, both at home and abroad, support institutional financial sustainability?

RQ4: Under what conditions do branch campuses appear be successful?

Utilising the alternative thesis format, I use four peer-reviewed papers written between 2021 and 2023, plus supporting literature and statistics, acknowledging that specific financial performance data on branch campuses is limited, to address these research questions.

I have decided to focus this study on England, rather than the United Kingdom, due to the different public funding arrangements in place in Wales, Northern Ireland, and particularly Scotland.

1.5 Structure of this thesis

The remainder of this introduction defines some key terms that will be used throughout the document and outlines why I wanted to pursue this line of research. Chapter Two provides some important context, drawing on contemporary statistical data and established sources to outline how HE in England has changed in recent years, the opportunities and challenges this transformation has created and the role that branch campuses have played to date. Chapter Three provides an overview of research around the neoliberalisation of English HE; the role of diversification in achieving financial sustainability; the patterns of creating both IBCs and RMBCs; and the use of RDT and the RBV in understanding change in the sector. Chapter Four focuses on my methodology, and specifically discusses my research philosophy, the use of the alternative thesis format and the approach adopted within each of the published papers. It also addresses research validity, reliability and ethical considerations.

Chapters Five, Six, Seven and Eight provide the original published versions of four papers. These have been reproduced in their entirety and accompanied each time with a statement outlining my role in their development and a synopsis of the method employed, findings reached and contribution to addressing the RQs. Each paper includes its own tabulation and figure numbering and a referencing section which has not been reproduced elsewhere in this thesis.

Chapter Nine discusses the findings and conclusions of each of my published papers - together with existing empirical data and literature as presented in Chapters Two and Three - to address the above four research questions and present a synthesised theoretical model. Finally, Chapter Ten summarises my findings, distils their theoretical and professional contributions, highlights their limitations and makes proposals for future research into the themes explored in this document. I also make some personal reflections in this concluding chapter.

1.6 Key definitions

An English university

There are several options for defining an English university. The Office for Students (OfS), which regulates the sector in England, currently classifies 421 registered 'providers' of HE which can recruit students who can access student support funding, typically in the form of student loans through the Student Loans Company (OfS, 2023a). This broad categorisation includes a wide array of organisations of different sizes, with different subject mixes, income sources and student profiles. As will be discussed later, this presents challenges in using OfS - and some HESA - reports in assessing the financial health of universities in England. In OfS (2022a), the regulator itself categorises providers by research intensity, income level, entry tariff, Further Education (FE) dominance and portfolio mix. This reveals that the majority of providers on the register are either FE or private colleges awarding third party degrees, or small and specialist institutions with a very narrow subject focus.

Therefore, instead of adopting the OfS definition of 'provider', this thesis positions an English university as an institution that has achieved university status via the Privy Council as defined by the Further and Higher Education Act (1992). As of January 2022, there are 128 universities that meet this definition, of which 122 institutions are public and six private. Four of the 128 universities offer degrees at postgraduate level only, and 101 of the 128 have research degree awarding powers, in addition to the ability to award taught degrees. As this cohort includes universities of a range of different sizes, ages and subject orientations, it does not represent a homogenous set of organisations, but does provide a reasonable basis for understanding financial challenges as these are the only organisations in England that hold full degree awarding powers at bachelors' or higher level. In that respect they draw on a similar set of sources of income and largely have similar abilities to adapt and innovate to diversify (Jenkins and Wolf, 2016). This definition of a university means that the 18 university colleges or member institutions of the University of London are classified as individual entities for the purposes of this thesis.

Financial Sustainability

There are numerous definitions for financial sustainability in the public sector in general - and in HE in particular - as discussed extensively by Lucianelli and Citro (2017). I take a definition for financial sustainability from the OfS which states that a university is sustainable if it first, has the necessary financial resources to fully deliver its advertised courses, and second, continues to comply with all conditions of its registration (OfS, 2022b). This aligns to an independent definition from the university-led Financial Sustainability Strategy Group (FSSG), which indicate that financial sustainability requires:

"institutions to generate the necessary level of cash to finance their operations and strategic needs over the medium-to-long term, including its investment in human and physical resources. Achieving a sustainable financial position is, therefore, complex. It requires medium-to-long term decision-making, backed up by strong and clear financial strategy." (FSSG, 2019: 16).

Income diversification

Some definitions of financial sustainability explicitly include a requirement for income diversification in an HE context (e.g. Di Carlo et al, 2019), whilst others, such as Ziderman and Albrecht (1995) and Hearn (2003) have attempted to define categories of potential income. In this case the authors suggested diversification could be achieved via the commercialisation of research, technology transfer, consulting, lifelong learning, customised courses, differentiated prices, franchising and partnerships, and philanthropy. However, this thesis adopts a more general definition for income diversification from the European Universities Diversifying Income Streams (EUDIS), established by the European University Association (EUA) in 2011, the first major study on financially sustainable universities. This states that diversification is:

"the generation of additional income (through new or existing funding sources) that contributes to balancing the income structure of the institution. It is a tool to achieve financial sustainability, if the conditions in which the universities operate allow and require it. In turn, financial sustainability aims to ensure a university's academic goals are reached by guaranteeing that the institution produces sufficient income to enable it to invest in its future academic activities." (Estermann and Pruvot, 2011: 8).

An International Branch Campus

Over the past two decades, several articles have been committed to discussing the difficulties of defining an IBC, include those arguing the importance or otherwise of legal structures, branding, curriculum oversight, regulatory control and other factors (Lawton and Katsomitros, 2012; Lane and Kinser, 2013; Kinser and Lane, 2012; Knight 2016; 2020). The thesis takes its definition from the Cross-Border Education Research Team (C-BERT), hosted at the State University of New York Albany and Pennsylvania State University, which provides a contemporary global data source on IBCs. It describes an IBC as:

“an entity that is owned, at least in part, by a foreign higher education provider; operated in the name of the foreign education provider; and provides an entire academic program, substantially on site, leading to a degree awarded by the foreign education provider” (C-BERT, 2023).

A Remote Metropolitan Branch Campus

Whilst the number of secondary campuses being created domestically across several countries is increasing, few attempts at a standard definition of an RMBC have been proposed. In one of the papers that form part of this thesis (Chapter Eight), Nigel Healey and I proposed a definition of an RMBC as:

“a teaching facility that is established or acquired in a strategic metropolitan location which is geographically remote from – but in the same country as – the home campus of the higher education provider; that is owned or leased, at least in part, by that provider; is operated in the name of that provider; and that offers academic programmes, substantially on site, leading to a degree awarded by that provider.” (Hickey and Healey, 2024; 8).

This working definition, which was developed using similar principles as those by C-BERT to develop the most popular IBC definition, considers branding, proximity to the primary campus and financial ownership as the key characteristics of an RMBC.

Chapter Two: Context

2.1 The growth and marketisation of English HE

Over the past three decades, English HE has changed radically and arguably as much as any other established educational system around the world. Up to the Education Act (1962) and subsequent Robbins Report (1963), it had been described as an "elitist binary system" of less than forty institutions and a similar number of polytechnics, with participation rates of less than 5% and a distinct lack of diversity (Slaughter and Leslie, 1997: 40). The 1962 Act represented a significant change, exempting home students from fees and introducing means-tested maintenance grants, which led to student number growth through to the 1980s, reaching a participation rate of 30% by 1996 (Greenaway and Haynes, 2003). In this period, the number of universities also increased, first with seven new 'plate glass' institutions in the early 1960s, twelve more by the late 1960s (Beloff, 1968) and subsequently, following the Further and Higher Education Act (1992), which scrapped the binary system, the near doubling of the number of universities with the conversion of polytechnics to full university status.

In response to evidence of underfunding of HE over the previous two decades which was impacting the international competitiveness of the sector, including significant budget cuts under the Thatcher Government (Shattock, 1999), and following Dearing (1997), undergraduate tuition fees were reintroduced into the English system in 1998. Initially set as up-front fees of £1,000 per year, and supported by loans, they were increased to £3,000 per annum from 2006, in parallel with a new financial support system where loans would only be repayable when a graduate's salary reached £15,000. Subsequently, the Browne Review in 2010 indirectly led to an increased annual fee cap of £9,000 per annum, which whilst only expected to be set by a small number of select universities in exceptional circumstances, quickly became the norm by 2013 (Browne, 2010; Sugden and Forfar, 2011). These tuition fee changes, together with relaxed and largely removed student number controls, contributed significantly to rapid growth in the scale and breadth of HE in England, with many more universities being created between 2005 and 2015, including several former colleges with teacher training foundations as well as some private sector providers (Temple, 2015). Apart from an inflation-based rise to £9,250 in 2015, and despite recommendations for reductions in Augar (2019), tuition fees have since remained fixed and will remain at this level until at least 2024/25 (DfE, 2022a). Following delays, further announcements on HE reform in England were announced in 2023, including moves to restrict overseas postgraduate students from bringing dependents with them for the duration of their study from January 2024; a reduction in the fee cap for many Foundation Years (which provide entry points to full degrees at many universities) from £9,250 to £5,570; and plans to restrict university provision which is judged to be offering poor employment prospects and long-term economic returns (DfE, 2023a; 2023b).

Massification, diversification and increased participation means that the HE sector in England in 2023 looks very different from the early 1990's. There are now more than three times as many providers with full university status, of various sizes and with different emphases and markets. Student numbers in England have increased by 47% since 2000 to 2.34m in 2021/22 (HESA, 2023b). Commercialisation has coincided with the internationalisation of the HE sector, which was home to 555,000 overseas students in 2021/22 - 43% more than five years previously - whilst over 400,000 students were studying overseas as part of a Transnational Partnership with an English university (UUK, 2023a; HESA, 2023d). Competition between universities has also increased, with more information being made available to prospective students than ever before.

Whilst the regulation of English universities could be considered liberal compared to other global systems where significant state funding remains, significant conditions of registration requirements via the OfS (2022b) exist. Under these requirements, each English university must support fair access and progression through an adequately funded Access and Participation Plan (APP), with the next plans due to be submitted in 2024, to take effect in 2025/26 (OfS, 2023b). Most recently the OfS has published minimum requirements around student continuation and completion rates, degree outcomes and consistency between students with different characteristics, and graduate employment, with a focus on progression to professional jobs and postgraduate study. These are known collectively as 'Condition B3' with severe penalties for universities that fail to maintain these (OfS, 2022b). Universities are also constantly measured and compared by the OfS and by students, with Research Excellence, Teaching Excellence and Knowledge Exchange Frameworks (REF, TEF and KEF) measuring a form of 'quality', and the annual National Student Survey publishing student feedback. League tables, at a domestic and international level, are published annually and have become important within the sector as another form of differentiation in a competitive market.

2.2 The English University sector: a financial snapshot

Publicly available analysis

The quality and depth of financial data in the English HE sector is considerable, with all universities, and other HE providers, reporting to the Higher Education Statistics Agency (HESA) on an annual basis and information becoming publicly available, and analysed, within 9-12 months. The OfS draws on this HESA data - plus direct engagement with Finance Directors across the sector - to publish an annual report on the 'Financial sustainability of higher education providers in England', with the latest version released in May 2023 (OfS, 2023c). This report states that the financial environment remains 'challenging in the medium to long-term' and that 'the risks providers face include: impact of inflation, reliance on international student recruitment, sustainability of pension schemes and the need for investment in facilities and environmental policies' (OfS, 2023c: 3). The view of the OfS in 2023 is that the sector is in 'good financial shape' but that there is an increasing level of concern for some providers in the long term (OfS, 2023c: 7). The OfS notes: an increasing number of providers in financial deficit; the ongoing importance of borrowing within HE, alongside the downward pressure on debt servicing capacity as interest rates rise; the high level of ongoing student growth expected by providers; and the continuing reliance of overseas students as a source of funding. At an aggregate level the sector reported an overall surplus of 5.8% in 2021/22 (up from 4.6% in 2020/21) but forecasted a reduction to 1.5% in 2022/23, recovering thereafter. Its overall liquidity (the number of days of average expenditure that are covered by cash holdings) stood at 168 days (up from 166 days in 2020/21), but was forecasted to reduce to 134 days in 2022/23 and 111 days by 2025/26, suggesting that cash reserves are being eroded. Borrowing was £13.6bn across the sector (33.3% of income), with a forecast for a gradual reduction over the following four years.

OfS (2023c) reported that small and medium sized providers (mean surplus 2.8%-3.2%) had returned the lowest average surplus in 2021/22, whilst specialist creative (9.4% surplus) and those specialising in Level 4 and 5 provision (22.8% surplus) had returned the strongest financial metric by this measure. The latter also stand out as those with the highest growth outlook and lowest levels of borrowing. It is because of these sectoral differences in the OfS report that I consider it to be of only limited value when assessing the financial prospects of universities as I have defined them. The OfS annual report mainly brings all providers of HE together into its aggregate analysis, which masks some of the trends specific to universities, as opposed to other providers of HE. It does, however, provide an important source of consolidated future projections for the sector, which is not available elsewhere.

Key financial metrics for English universities

In order to understand the financial position facing English universities, in more detail, it is helpful to interrogate raw HESA data. This provides important context for the papers presented in Chapters Five to Eight and for the challenges and responses discussed in Chapter Nine. HESA data indicates that total income for the 128 English universities was £37.2bn in 2021/22, 25.7% higher than in 2016/17 (£29.6bn). As shown in Figure 1, the income mix has changed. Across the sector, the level of fees generated from overseas students has almost doubled between 2016/17 and 2021/22, increasing from 16% of total income to 22%. With home undergraduate fees fixed, the increase in overall income here is likely to be a combination of student number growth and increased fees at postgraduate level.

Expenditure across English universities, including pension adjustments, was £40.6bn in 2021/22, up 42% from 2016/17 (£28.5bn). Figure 2 shows how the composition of spend has changed over this period, illustrating that staff costs - including salaries and pension costs/adjustments - have been the main driver of the increase. Staff costs have increased from 55% of total spend in 2016/17 to 61% in 2021/22.

Figure 1: English University Income (£bn)

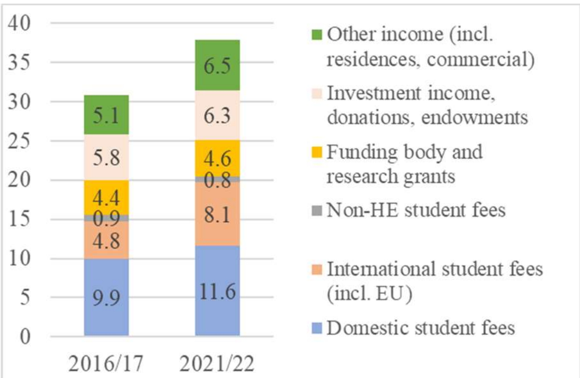
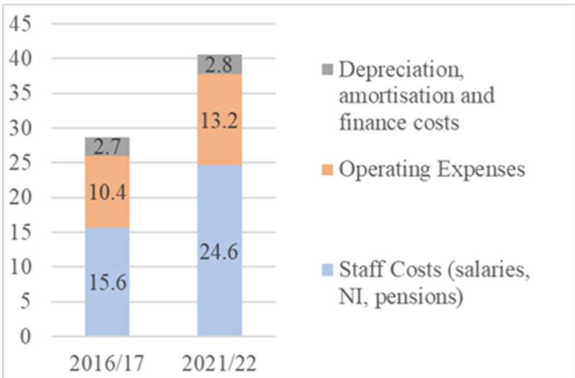


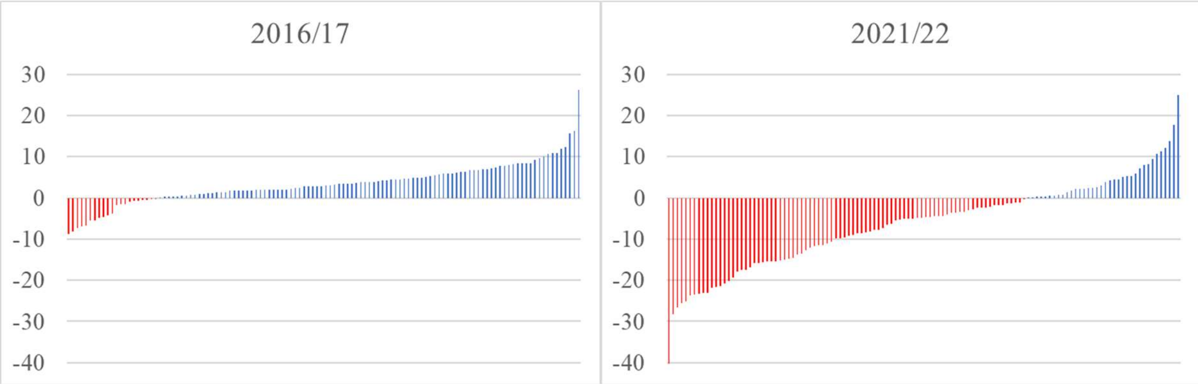
Figure 2: English University Expenditure (£bn)



Source: Author based on HESA (2023e)

In 2016/17, the cumulative position of English universities was a £1.1bn (3.7%) surplus, dropping to a £3.4bn (-9.1%) deficit in 2021/22. This masks significant variation between universities, as illustrated in Figure 3. This shows that the proportion of universities reporting an annual deficit, after pension cost adjustments, has increased from 18% in 2016/17 to 70% in 2021/22. OfS (2023c). It suggests that even more universities are expecting to return a deficit in 2022/23 and that the number reporting three consecutive years of deficit will also increase.

Figure 3: Surplus or deficit (% of income) for English universities in 2016/17 and 2021/22



Source: Author based on HESA (2023c; 2023e)

There is evidence that increasing financial pressure within this sector is being reflected in a polarisation in the level of cash reserves being held. Whilst the average liquidity across universities had increased from 142 days in 2016/17 to 163 days in 2021/22, there were 29 universities holding less than 100 days in 2021/22, and three universities holding less than 30 days (the OfS lower threshold for a material risk to its financial viability or sustainability). The overall level of borrowing held by English universities had increased significantly between 2016/17 and 2021/22, from £9.5bn to £11.3bn. Whilst this represented a fall from what was 32% of income in 2016/17 to 28% in 2021/22, the outlook for borrowing looks weak with higher interest rates than in much of the past twenty years and the prospect for reduction in short term revenue levels driven by challenges in international student recruitment.

2.3 Income diversification: the options open to universities

Income diversification is not a new concept within many English universities. Between 2016/17 and 2021/22, the proportion of total income associated with home tuition fees has reduced from 35.0% to 28.6% and the proportion associated with all tuition fees has reduced from 51.2% to 48.5% (HESA, 2023e). The diversification options open to English universities are, however, limited. Taking a traditional English university, these options can be divided into four broad categories using an Ansoff Matrix (Ansoff, 1957), as shown in Figure 4.

Figure 4: Examples of income diversification options open to English HE

Markets		Products / Services: Existing	Products / Services: New
	Existing	Market penetration • Campus based home and international UG and PG student growth • Existing academic research • Student residential income • Catering and other campus revenues	Product development • New programmes at UG and PG level • New research • Commercial investments • Part time programmes (e.g. degree apprenticeships)
	New	Market development • Domestic partnerships • International partnerships • Transnational education (franchising, validation) • New domestic campuses • New international campuses	Diversification • Online and hybrid degrees • Short courses • Executive education • Transnational education (dual and joint degrees)

Source: Author

As discussed in section 2.1, increased market penetration through massification of the domestic student sector and particularly growth in international students has been the default strategy for much of English HE in recent times, with revenues from tuition fees increasing by 34% between 2016/17 and 2021/22 (HESA, 2023e). The Universities and Colleges Admissions Service (UCAS) has suggested that growth in both markets will continue to the late 2020s - supported by a growth in the population of young people in England - but international admissions are under renewed risk from the recent announcements on dependent restrictions for overseas students (UCAS, 2023; Immis, 2023).

Whilst research income rarely generates a financial surplus when taken in isolation, and is unlikely to be a solution to diversifying and de-risking the income profile of a university, it remains significant within English HE, totalling £4.6bn in 2021/22. It has, however, fallen as a proportion of all income since 2016/17 (from 15.3% to 11.3%), partially because of the UK's withdrawal from the European Union and the funding and collaboration opportunities that this brought (Highman et al, 2023). Some of this proportional fall may be offset by the UK's return to Horizon Europe from January 2024 (European Commission, 2023).

A longstanding route for generating long-terms return is investment in commercial activities; notably the provision of student accommodation, catering and associated services on campus and facilities to third parties. There is little evidence, however, that this represents a growing revenue stream. In 2016/17 it generated 17.7% of university income (£1.83bn), falling to 16.0% in 2021/22 (£1.76bn) although this may have been impacted by cost-of-living support provided to students. Income from student residences in particular presents a challenge, with significant levels of initial investment required. Rising real terms building costs together with high costs of borrowing mean that the payback period on residential investment is now often greater than thirty years and not attractive. Also, tightening university finances means that new accommodation, where viable, is now often delivered either exclusively by the private sector or via a form of Joint Venture (JV), neither of which would provide significant additional income for a university (Valentine and Hanmer, 2023).

New products and/or markets, therefore, appear to be important for English universities. Domestically there have been movements to partner with FE and with the business sector to deliver executive education and short courses. Over the past decade the degree apprenticeship – through which students work and learn in tandem and where organisations are able to use their levy, a tax paid by larger employers to fund training costs, to pay for programmes - has been embraced by many English universities at varying levels of scale. There were 106,400 students on degree level apprenticeship programmes at English universities in 2021/22, an increase of 290% on 2016/17 (DfE, 2022b). In addition, some universities in England operate some online programmes domestically, offered either directly or with a partner. HESA (2023d) suggests that this is an area of growth, with 201,615 students studying entirely online at English universities in 2021/22, up 38.7% on 2016/17. Reliable data for hybrid learning is not available.

In addition to the surge in international students studying at English universities over the past two decades, there has also been an increase in TNE. TNE or cross-border education - including degree franchising (sometimes known as twinning), double or joint degrees, articulation agreements and distance learning - has grown significantly over the past thirty years (Knight, 2007). Some of this activity would make existing products (i.e. degree programmes) available in new markets, whilst other activities might include the development of new courses. The number of English HE TNE students increased by 42% between 2017/18 and 2021/22[1] to

[1] Excluding Oxford Brookes University, whilst has accounted for over a third of all TNE students but which changed its reporting practices in 2019/20.

431,000 with - in order of size - China, Malaysia, Sri Lanka, Singapore and Egypt being the five most dominant host countries accounting for 40% of all students (UUK, 2023a). According to UUK (2023a), 40.9% of these students were registered on collaborative provision such as franchised or dual degrees, 27.6% studied through distance learning, and 24.7% were formally registered at a partner provider, including validated programmes. Significantly, a recent study has evidenced that there is a positive correlation between TNE and successful international student mobility, suggesting that the former supports the latter (Tsiligiris, 2014; Tsiligiris and Ilieva, 2022).

2.4 Spatial diversification and the growth of IBCs and RMBCs

International branch campuses

A sub-set of TNE - a growing yet small proportion of the market as discussed above - is the establishment of IBCs. Healey (2008) suggests that their growth can be explained by five key trends: first, the ongoing commercialisation of HE; second, the shift from bringing international students to home campuses to franchising or validation models, in turn to JVs and ultimately to IBCs lowers production costs; third, IBCs offer 'ownership specific' advantages (existing research base, curriculum, faculty, technology) with the product being the course and the degree; fourth, IBCs can be the result of demand side pressures, with the population of emerging nations growing and their governments seeking to retain talent, avoid brain drain and accelerate the development of their own educational systems; and fifth, domestic polices in western countries, including the tightening of domestic tuition fees, are pushing universities towards profit maximisation overseas. Other commentary on the motivations for embarking on an IBC include: income growth and diversification through exploiting a new market; the recruitment of more students to a main campus via a new local platform; enhanced reputation and international profile; the ability to seize global research opportunities; and a desire to contribute towards capacity building in countries (Bennell and Pearce, 2003; Knight 2011; Wilkins and Huisman, 2012; Bennell 2019).

IBCs have existed since the 1930s, but not until the 1980s and 1990s were they established in any significant numbers (Verbik and Merkley, 2006). From the early 1980s onwards, and with a firm “North to South” asymmetrical bias, several English-speaking US, UK and Australian institutions began to create overseas campuses in rapidly developing economies, particularly the United Arab Emirates (UAE), China, Malaysia and Singapore (Marginson, 2006). This pattern, however, is beginning to shift, with more universities based in emerging HE systems such as Russia, China and India beginning to open IBCs outside of their home country (Wilkins and Juusola, 2018). IBC numbers continue to increase each year: from 82 globally in 2006, to 200 in 2011, 230 in 2016, 305 in 2020 and 333 as of March 2023 (Verbik and Merkley, 2006; Lawton and Katsomitros, 2012; Wilkins, 2016; C-BERT, 2020; 2023).

Of the 333 IBCs around the world in early 2023, 43 were established by UK universities, and of these 33 were attached to English institutions (detailed in Figure 5). Several English universities run multiple IBCs, including the University of Manchester (four), Universities of Lancaster, Middlesex and Central Lancashire (three each), and the Universities of Coventry, Kent and Nottingham (two each). In total there are 21 English universities that lead one or more IBC. The most popular receiving countries for an English university-led IBC are China and the United Arab Emirates (with six each) and Malaysia with five (C-BERT, 2023).

Figure 5: English university-led IBCs (2023)

University	**Location of IBC(s)**	**University**	**Location of IBC(s)**
University of Bolton	UAE	London Business School	UAE
University of Bradford	UAE	University of Manchester	Brazil, China, Singapore, UAE
University of Central Lancashire	China, Cyprus, Mauritius	Middlesex University	Malta*, Mauritius, UAE
City, University of London	UAE	Newcastle University	Malaysia
Coventry University	Egypt, Poland	University of Nottingham	China, Malaysia
University of Hertfordshire	Egypt	University of Reading	Malaysia
University of Kent	Belgium, France	University of Sheffield	Greece
Lancaster University	Germany, Ghana, Pakistan	University of Southampton	Malaysia
University of Leeds	China	University of Surrey	China
Liverpool University	China	University of Westminster	Uzbekistan
University of London	France		

*Closing in 2023

Source: Author based on C-BERT (2023)

Whilst full data on IBCs is patchy and inconsistent, UUK International estimates that across UK-led IBCs (which also includes those operated by Scottish, Welsh and Northern Irish universities like the University of Glasgow, Herriot Watt University and Queens University Belfast), there were 67,750 students and 6,700 staff members in 2022/23, studying on around 600 programmes (UUKI, 2023). The largest English IBCs by student enrolment were Xi'an Jiaotong Liverpool University in China, with over 13,000 students, University of Nottingham, with over 11,000 students across campuses in China and Malaysia and Middlesex University with over 4,000 students in Dubai, Mauritius, and Malta (Healey, 2015; Bennell, 2019).

As discussed by Verbik and Merkley (2006) and Lane and Kinser (2013), a range of operating models exist for IBCs. Historically and globally, self-funded IBCs dominated, but by 2012, 28% were wholly owned by the home institution, 22% developed in partnership with the host government, and 20% created in partnership with the private sector (Lane and Kinser, 2013). UUKI (2023) suggests that a third of the UK-led IBCs are wholly owned by the home university, with the remainder funded via some form of explicit partnership arrangement.

Remote metropolitan branch campuses

With no established definition until our first attempt in Hickey and Healey (2024) [Chapter Eight], it is more difficult to chart the history of RMBCs, whilst no central data repository akin to that provided by C-BERT yet exists. As discussed with examples in Hickey and Healey (2024), there are numerous universities in England and elsewhere that have been created by merging legacy colleges and other institutions, or that have grown incrementally within the same region, to widen access to education or for other reasons, by adding more local campuses. Many operate using federal models and have since their foundation been multi-campus. Under my definition however, none of these would qualify as being RMBCs. Instead, RMBCs are primarily the campuses of regional universities in major commercial centres.

The leading examples of RMBCs can currently be found in the same nations that led the growth of IBCs in the 1990s and 2000s; the United States, Canada and, principally, Australia and the United Kingdom. In Australia there are several regional universities with campuses in either Melbourne (with four) or Sydney (with five). Whilst some of these RMBCs originate from universities in rural Victoria and New South Wales there are others whose parent institutions are further afield, for example Charles Darwin University (based in Darwin) and Curtin University (based in Perth) (University Reviews, 2023a; 2023b).

English universities have been active in the creation of RMBCs for the past two decades. A full list of the 10 current RMBCs led by English universities, drawing on work conducted by Nigel Healey and myself, is shown in Figure 6. Of the 18 RMBCs have been created in London since 1999, 13 have been established by institutions from elsewhere in England, three of which have subsequently closed (Kleibert, 2021).

Figure 6: English university-led RMBCs (2023*)

University	Location of IBC(s)	University	Location of IBC(s)
Anglia Ruskin University	East India (London)	Staffordshire University	Stratford (London)
Coventry University	Spitalfields (London), Dagenham (London)	University of Sunderland	Canary Wharf (London)
University of Cumbria	Canary Wharf (London)	University of Warwick	London Bridge (London)
Loughborough University	Stratford (London)	York St John University	East India (London)
Northumbria University	Spitalfields (London)		

*New London RMBCs: Teesside Univ. (2023), Nottingham Trent Univ. (2023), Portsmouth Univ. (2024) and Sheffield Hallam Univ. (2025)

Source: adapted from Hickey and Healey (2024)

The eclectic mix of English institutions that have established RMBCs is striking, as they span Russell Group members, large post-92 universities, and smaller providers. The research we undertook in Hickey and Healey (2024) [Chapter Eight] suggests that in 2023 there are at least 30,000 students studying at all UK-RMBCs in London, of which approximately 25,000 are at English RMBCs. The best comparator in the literature suggests that there were around 8,500 students studying in all RMBCs in London in 2014 (QAA, 2014), indicating that despite some closures - which may have been directly or indirectly linked to international student visa policy - growth has been rapid. This trend looks set to continue with four new London RMBCs schedule to open between 2023 and 2025, led by Teesside University, Nottingham Trent University, the University of Portsmouth and Sheffield Hallam University (Here East, 2023; Sacco, 2022; BBC, 2021; BBC, 2022). The dominant disciplines of study in London's current and proposed new RMBCs are business management and computing, and whilst many focus on attracting international students, others have either a home market bias or mixed approach. Coventry University's outpost in Dagenham offers a significantly broader subject mix and an additional focus on foundation programmes. From a geographical perspective, there has been some clear clustering of London RMBCs in East London, which appears to be driven by space availability and cost as well as proximity to affordable student accommodation.

In addition to the RMBCs in London, there also exists several 'Study Centres' – private sector operations co-branded with public universities and offering franchised or validated programmes. These include Solent University's association with QA Higher Education, and the now closed Study Group Centre in association with the University of Huddersfield. These are not considered RMBCs for the purposes of this thesis but provide important context when considering the alternatives open to universities in income diversification.

Chapter Three: Literature Review

3.1 The neoliberalisation, marketisation and internationalisation of HE

The neoliberalisation, marketisation and internationalisation of HE, which have combined to drive its massification, specifically the system in England, provides the background to each of the four original papers (three published, one pending) and the thesis as a whole. The fundamental foundation of neoliberal theory is that markets are the most efficient basis for making decisions; it therefore prioritises the role of the market over the state and diminishes the importance of regulation and national borders (Harvey, 2005). In parallel, the phenomenon of globalisation promotes the movement of resources, people and goods, widens choice and enhances competition. As Harvie (2000) and Maisuria and Cole (2017) discuss, the integration of HE into this modern capitalist economy is not new, manifesting itself in the rise of managerialism within institutions and marketisation, with universities acting increasingly like businesses (Hill et al, 2015).

Stating that the internationalisation of the HE sector is purely a function of neoliberalisation and marketisation is perhaps overly simplistic, although this has been argued by Marginson (2000) and Shields (2013). As discussed in De Wit and Merkx (2012), the rationales for HE internationalisation span academic, political, economic and socio-cultural themes, including colonial motivations and the desire for soft power (e.g. Scott, 1998); humanistic drivers like global citizenship (e.g. Goren and Yemini, 2017); through to economic and commercial reasons (de Wit, 2002; Knight, 2015). In the context of this thesis, the focus is on this last rationale; specifically, that in a neoliberal market like English HE, competitive and economic rationales could lead universities to consider geographic diversification, domestically or overseas as a solution to institutional risks or threats, and particularly financial challenges. Like any business, this takes the perspective that universities produce ‘positional’ goods, providing access to increased earning potential and prestige (Hirsch, 1976; Marginson, 2006).

3.2 Financial sustainability with HE

Financing Higher Education

Johnstone (1986) and Johnstone and Shroff-Mehta (2003) argue that traditionally the costs of HE has been shared by five parties: government; the parents or extended families of students via tuition fees or other charges; students (also through tuition fees, financed through part-time earning and/or borrowing); donors (from endowments or gifts); and institutional entrepreneurship through innovation. In a European-based study, Estermann and Pruvot (2011) simplified this mix of funding sources to a) public funding via grants for teaching and research and competitively earned funding for additional research; b) private funding through tuition fees; and finally, c) other private funding including research and education-related contracts, philanthropic donations, consultancy and other activities.

Much of the literature in relation to public funding - and specifically the diminishing contribution it makes to the cost of HE - is driven by what Ziderman and Albrecht (1995) call cost-recovery and what Johnstone (2002) calls cost-sharing. This is the premise that those that benefit from HE should bear some or all its cost and that this is ultimately a combination of the state and the individual, which has - in combination with massification and competing demands on finite fiscal resources - led to the introduction of tuition fees in many countries. Whilst cost-sharing is not a focus of this thesis, it provides an important backdrop for why many universities are seeking to diversify their income streams.

Challenges: reduced public funding, rising costs and greater competition

Global literature on strains on public funding can be traced back to Albrecht and Ziderman (1992) who highlighted the risks of relying on the public sector for income and first flagged the need for universities to avoid income dependence on any one source, and to Johnstone (2002) who discusses the global pressure to increase student numbers without proportional financial support from public sources. Due to the introduction of tuition fees in many nations, and global financial pressures at the end of the first decade of the 21st century, McCaffery (2010) found that the share of total income to universities provided by the public sector as a proportion of total budget has declined ‘virtually everywhere’. Others suggest that a declining level of funding per student and as a proportion of institutional income had become almost universal (Johnstone, 2002; Liu, 2007; Webb, 2015). In a study of OECD countries, Salmi (2009) attributes the underfunding of systems to uncontrolled expansion. Jongbloed and Vossensteyn (2016) also looked at OECD countries, but identify the two most important trends negatively impacting income as: first an increased presence of cost sharing; and second a strong move towards performance-based funding. Bogt and Scapens (2012) elaborate on the latter, observing a shift to tighter budgetary control and a move to “rational” management with the aim to improve efficiency, effectiveness and accountability. Other national empirical studies in countries as diverse as Australia, Slovakia, Vietnam and Malaysia have evidenced the financial strains being created within HE due to pressures on the level of public sector support (Irvine and Ryan, 2019; Chebhen et al, 2020; Le at al, 2021; Mohd Said et al, 2023).

There is parallel discussion in the literature around the rising costs of delivery in HE (De Zilwa, 2005; Feleke, 2015). In EUDIS, Estermann and Pruvot (2011) attribute additional costs within the sector to massification and broader and tougher accountability requirements, whilst others point to a proliferation of league tables and benchmarking and growing student expectations (Alstete, 2014; Teixeira et al, 2014). Some point to a shift to cost-sharing combined with the marketisation and globalisation of the sector has led to new competitive pressures over the last 30-40 years (Besana and Esposito, 2015; Koryakina et al, 2015). The authors of the EUDIS report flag that with universities now competing globally - for international and domestic students' fees, for research funding, philanthropy and business relationships - new and rising costs are incurred (Estermann and Pruvot, 2011). The snowball effect of rising costs, with the subsequent requirement for institutions to borrow, and then finance the borrowing is discussed by Lucianelli and Citro (2017).

The recent debate in England

Much has been written over recent years on the financial challenges facing English universities, including pressures around capped tuition fees, lost collaboration opportunities post-Brexit, macro-economic conditions, student expectations and retention, industrial disputes and pressure on staff costs and increased regulatory burden (Moran and Powell, 2018; Emerge Education/JISC, 2021; Adams, 2022). Some of the recent data emerging from Brexit and collapse of European financial support, mainly for research but also for student support, is particularly stark. EU funding for UK HE rose from €38m million in 1995 to a peak of €1,026m in 2013 and was €667 million euros prior to the end of the Brexit transition period in 2020. In 2022 it had fallen to €21 million euros (Foster et al, 2023). The challenges of an uneven sector are highlighted by Scott and Callender (2017) who discuss how research funding in the UK has tended to focus on a small number of elite universities, and Baltaru et al (2022), who suggest that UK university rankings exacerbate, rather than alleviate, resource inequalities between elite and non-elite universities. Because research funding has such a low (in extremis, negative) contribution to overheads, it unlikely to create the opportunity to subsidise teaching, and indeed the reverse is often the case, one issue with the loss of European research monies is that many universities have been forced to double down on student recruitment to sustain their research base. This may be ameliorated by the UK's return to Horizon Europe from January 2024, but the contribution to overheads from research income will remain limited.

The Higher Education Policy Institute (HEPI) has commissioned and published several papers that touch on the financial sustainability of English HE. Some of the more relevant publications include an analysis of graduate perspective of the student loan system, the costs and benefits of international HE to the UK economy, the wicked challenge of sector pensions and the link between public spending and the success of universities in widening access to education (Callender and de Gayardon, 2021; Hillman, 2021; Roff, 2021; Willetts, 2021). In March 2023 it also published an insightful case study of how one institution, the University of Hull, has been placed on a more financial sustainable footing, with interesting commentary around a focus on quality, realignment of the cost base, improved processes and culture change (Lea, 2023). In addition, Universities UK, GuildHE and university mission groups such as the Russell Group, MillionPlus and University Alliance have published several papers and responses about financial sustainability, albeit through the lens of the institutions (e.g. Russell Group, 2020; UUK, 2023b).

3.3 Income diversification

Rationale for income diversification

Whilst the view that a diversified funding base enhances and protects autonomy dates back over 60 years (Babbidge and Rosenzweig, 1962), the seminal contemporary publication is Clark (1998), who proposed a diversified funding base as one of five pathways of transformation by which institutions could take a highly proactive approach to sustainability. Clark's model - later elaborated upon using case studies - suggests that universities have three main sources of income: general public funding; quasi-public research funding; and a range of other funds he combines into a third-stream including other government funding, tuition fees, income from business education and other private partnerships, commercially generated income and philanthropy (Clark, 2003). With each source, claims Clark, comes more local discretion on spending choice and hence more independence.

As the mechanisms for funding HE have changed, the focus of the post-Clark literature on financial sustainability has evolved. As discussed earlier, the theme of diminishing public funding - often to make up financial shortfalls in the face of massification - as a key driver of diversification is clear, albeit more recently focused on the European perspective (Albrecht and Ziderman, 1992; Johnstone, 2002; Shattock, 2010; Teixeira et al, 2014). In the US, there is an equivalent debate, but the focus is more on reduced dependence on tuition fees, reflecting the way that HE has historically been funded. Tuition fees have regularly risen faster than inflation, creating affordability and accessibility challenges and impacting the sector's ability to maintain student levels (Hearn, 2003; Alstete, 2014; Webb, 2015; Rivera, 2023). There is a small but growing established literature, however, suggesting that universities have a broader understanding of the importance of a varied set of income streams beyond simply filling holes in public or tuition fee funding, including a desire to secure income that can be used more flexibly (Shattock, 2010).

Recent trends

Several sources suggest that universities are actively placing an increasing emphasis on attracting new sources of income based on an executive imperative. Estermann and Nikkola (2009) suggested that, over a decade ago, as many as four in five universities across Europe were already considering financial diversification and other studies have suggested that staff development has focused on creating the skills to broaden income streams (Shattock 2008). In the largest study of European university finances to date, Estermann and Pruvot (2011) reported that most institutions expected public funding for teaching to decrease over subsequent years. They documented pressures on the public funding, globalisation and increased competition, financial risk management and the desire of autonomy and flexibility as the main drivers of income diversification.

In a survey of university Vice Chancellors in the UK (Boxall and Woodgates 2018) 94% reported that their top priority for the coming years was financial viability, and that diversifying revenue (49%) was the highest rated approach to achieving this, ahead of new academic and business partnerships and student number growth. In a study of the USA's top 100 universities, Besana and Esposito (2015) found that the highest levels of financial solvency were directly associated with explicit efforts towards revenue diversification, whilst in a similar study of the Australian sector, De Zilwa (2005) links successful international student recruitment and research with the ability to innovate and diversify for commercial gain. Other studies stress the importance of income diversification in different national contexts as diverse as Malaysia and Poland (Jaffer et al, 2023; Rozmus and Cyran, 2012).

The breadth of income diversification open to universities has been neatly summarised into three categories of initiatives in the literature (Koryakina, 2018). The first are instructional initiatives, such as international students, foreign campuses, distance education, non-degree programmes, professional postgraduate programmes. The second are research initiatives including technology transfer, commercial exploitation of knowledge, university-industry linkages, and the triple helix of university-industry-government linkages (Etzkowitz and Leidersdorf, 2000), spin off and start-up companies, and science parks (Clark, 1998). The final category links to philanthropy which includes alumni management, and funding via other individuals, corporations, and foundations (Johnstone, 2005). Much of the literature on income diversification references the concept of the entrepreneurial university, first coined in the early 1980's to refer to the role of universities in patenting and partnering with the private sector (Etzkowitz, 1983), but more recently to the notion that institutions can create opportunities and take risks (Kirby, 2002) and be ultra-competitive across diverse markets (Guerrero-Cano et al, 2012). Whilst this thesis does not focus on entrepreneurism in general, some of the literature around, for example, diversified financial base (Clark, 1998; 2004) and university adaption (Sporn, 1998; 2001) provide interesting context.

Conditions for successful diversification

The literature on the conditions for successful income diversification provides helpful models for examining branch campuses later in this thesis. It can be divided into two categories: first, those discussing the external - usually national - landscape required; and second, commentary on institutional factors such as autonomy. Important measures of autonomy have been defined as: the ability to accumulate reserves; to set and adjust fees; to borrow to invest; to invest to generate financial returns; to issue shares and bonds; and to own land and buildings (Koryakina, 2018). Externally, much of the literature focuses on the importance of autonomy from government, with many commentators suggesting that it an essential prerequisite for income diversification (Estermann and Nokkala, 2009; Estermann and Pruvot, 2014; Chirica and Puscas, 2018). In addition to the ability to decide how, where, and when to invest, Williams (2006) concludes that if a university if not able to retain the external income it generates, it possesses little or no economic incentive to seek to supplement its core public allocation. In assessing a range of universities in several European countries, Estermann and Pruvot (2011) examine organisational, financial, staffing and academic dimensions of autonomy, finding that financial autonomy - specifically the ability to allocate resources - is most highly correlated with the capacity of universities to attract income from additional funding sources. The freedom to recruit staff and set the salary levels of staff was also positively linked to the degree of income diversification.

The level and nature of central government or ‘core’ funding is a second area of discussion. The literature suggests that in this regard, there is an optimum position which encourages successful income diversification. Too much assured income, at a level considered adequate in relation to university needs and aspirations, generates little motivation to innovate and seek new sources of income (Williams, 2006). Too little central income, however, restricts the ability of a university to invest and reinvest in ventures to diversify income streams (Williams, 2006; Shattock, 2010; Estermann and Pruvot, 2014). In an extension to this debate, Estermann and Pruvot (2011) also discuss the nature and modality of public funding and how it is incentivised. Funding that is administratively burdensome, they suggest, can be detrimental for diversification activities. They also discuss the way that funding is allocated, suggesting that central funding by outcome (e.g. number of graduates or graduate jobs) leads to universities with more propensity to diversify that funding by cost (e.g. numbers of staff or cost of facilities).

At an organisational level, the literature points towards leadership, financial management, strategic planning, departmental incentivisation, academic trust and institutional culture as important conditions when examining whether a university can successfully diversify its income. The importance of a leadership team with an appetite to broaden revenue streams and encourage cross-team working is discussed by several authors (Williams, 2006; Shattock, 2010; Alstete, 2014). Their ability to communicate internally and externally, acknowledge and recognise success, and commit to developing professionalism and business literacy is also deemed important. (Estermann and Pruvot, 2011; 15).

Taylor (2013) and Shattock (2010) emphasise the importance of good financial management as a prerequisite for diversification as it provides stability, allows for considered investment as well and facilitates accountability and sound governance. In this respect, new income streams require “the kind of application and attention that would be necessary in running a business” (Taylor, 2013: 62). Management should monitor income and expenditure on a quarterly basis (Shattock, 2010) and understand its ability to cover liabilities (Sazanov et al, 2015). Linked to general financial management is the importance of strategic planning for universities seeking to diversify (Estermann and Pruvot, 2014; Chirica and Puscas, 2018), including a preparedness to deploy intellectual and physical resources for new uses (Alstete, 2014) and integrate the pursuit of new funding streams into the institutional strategy and mission (Motion and Beney, 2011). Some authors, including Teixeira et al (2014) examining the Portuguese system, suggest that there is close alignment between the fundamental mission of a university and its propensity for successful revenue diversification.

In an extensive literature review, Koryakina (2018) suggests that the ability of departments or faculties to make decisions and retain some or all the funds raised via diversification encourages success. This view is shared by others, who highlight its role in maintaining motivation, balancing risk taking and exploring new ideas openly (Williams, 2006; Shattock, 2010). Linked to this perhaps is the notion that academic trust is important, where income diversification is generally acknowledged to be seen as supporting teaching and research and is aligned to the university's character (Shattock, 2010). Only through this, claims Williams (2006) will an essential commercial culture that is acceptable to significant number of academic staff be achieved.

Less easy to define, but undoubtedly seen as essential by many scholars, is the view that a general organisational culture of flexibility, agility and entrepreneurialism is a key precursor for diversification (Clark, 1998; Shattock, 2008). This includes the extent to which a university embraces the structural changes that are often necessary, and the need to improve inadequate governance structures, which in many cases are rigid and not easily amended, and administration processes, relax financial restrictions or remedy inflexible staffing regulations (Estermann and Pruvot, 2011). Shattock (2010) also points to the importance of being bold with pricing policies when it comes to new income streams, charging the market rate and in so doing maximising revenues and incentivising better performance.

Limitations and criticisms of income diversification

The literature on HE income diversification is not universally positive, with criticism from a range of sources. Slaughter and Leslie (1997), Johnstone (2002), Namalefe (2014) and Koryakina (2018) argue that diversification risks damaging institutional cohesion, blurs priorities and can be a distraction from core business. Bok (2003: 233) is particularly disparaging on diversification and in particular "the efforts to sell the work of universities for a profit", using American college sports as an example. Some take this argument further, suggesting that the entrepreneurial paradigm is a threat to academic integrity, and that it could fundamentally alter the character of a university by shifting it towards a corporate structure (Marginson and Considine, 2000). Whilst there are no empirical results demonstrating that this is the case, equally there is little evidence to suggest that income diversification improves the quality of teaching (Zhou, 2001).

Johnstone (2002) and Liu (2007) highlight the tensions and divisions that can occur between faculties and functions in the quest for diversification. This has been attributed to a general resistance to change; perceived conflicts between income related endeavours and scholarly pursuits; or philosophical challenges around the open sharing of knowledge and debate, particularly when this may carry a commercial value (Bok, 2003; Ginsberg, 2011). There is debate in the literature concerning the genuine size and scale of the income diversification opportunity and whether it is really worth it. Anderson (1990) flags the risk that commercial ventures can lose money, divert management time and introduce difficult value judgements when universities priorities extend to profit-making. Teixiera and Koryakina (2013) and Taylor (2013) suggest that the rhetoric around funding diversification seldom lives up to the reality, arguing that universities seeking new sources of funding for the first time will see the levels raised as trivial compared to core funding. Geiger (2004) and Teixeria et al (2014) suggest that diversification can work but is normally limited to a small number of universities in each country.

According to several authors, the most significant challenge is that the conditions for income diversification are too often not present. Williams (2006) points to core funding often being either too low, restricting the ability to innovate, financial regulations being too burdensome, or the traditional academic culture dominating to the point that change is impossible. Estermann and Pruvot (2011) and Taylor (2013) flag inadequate decision-making structures; national legal barriers; fragmented internal expertise and the unevenness of income generation possibilities across faculties as common issues (Pilbeam, 2006). In some territories, the relationship between the state and the HE sector is the greatest barrier. For example, in China, Lui et al (2020) suggests that the proportion of funding derived from entrepreneurial activities and philanthropy is low because public higher education still depends largely on government funding, which reflects the national attitude towards the relationship between government and the market.

The unintended consequences of income diversification activities is another area of discussion. Johnstone (2002) highlights that successful financial innovation could lead to public funders believing that universities can obtain enough revenue to take care of themselves, thus leading to a central funding cut. Buckland (2009) suggests that it can often be difficult for universities to calculate whether diversification initiatives are contributing towards financial sustainability or drawing on it, and whether commercial opportunities offer better or inferior return on investment that traditional research.

3.4 International branch campuses

The literature on IBCs is rooted in theory related to the internationalisation of HE and broader trends of globalisation (Knight, 2003; 2004, 2005; Altbach and Knight, 2007). An early view was that IBCs - as well as other forms of TNE - could be explained via international development theory, given their potential to trigger socio-economic progress, social mobility and HE sector development within host countries. More recently, a neo-liberal framework rooted in the economic theories of firm behaviour has dominated, with the main motivations for their creation being revenue generation and commercial advantage (Marginson, 2006; Healey, 2008). As we discuss in Hickey and Davies (2022) [Chapter Seven], based on Wilkins and Huisman (2012), the three pillars of institutional theory provide a helpful way to frame the reasons why universities establish IBCs – regulative (a push factor like a reduction in home institution funding or a pull factor such as better host country conditions), normative (such as institutional autonomy and HE commercialisation) and cultural cognitive (including the perceived and unchallenged quality of Western HE) (Phillips et al, 2009). The academic literature on IBCs has grown steadily in recent years, with Knight and Liu (2019), estimating that is constituted around 35% of the mode-specific TNE publications 2000-19, or over 125 works. In a similar review, Kosmutzky and Putty (2016) also noted that the number of quantitative empirical studies was limited and that this reflected the quality of data available (Altbach, 2007; Naidoo, 2009).

Subsets of the literature are focused on a range of themes. Delivery mechanisms for achieving an IBC are discussed by Verbik and Merkley (2006), Lane and Kinser (2013) and - in the context of domestic partnerships - Education Hubs and Knowledge and Innovation Hubs by Knight (2010; 2011; 2014; 2020). Institutional motivations for establishing an IBC have been explored across other literature, be they financial (Bennell and Pearce, 2003; Marginson, 2006; Middlehurst, 2013), opportunistic in relation to regulation (Lane 2011), reputational (Naidoo, 2006; Wilkins and Huisman, 2012) or as means to support global research (Garrett and Verbik, 2004) or talent retention (Healey, 2021). The perspective of the host country is also debated, including the role that relaxed regulations and increased incentives play (Naidoo, 2006) and in many cases the preference for IBCs over other forms of TNE to avoid 'brain drain' (McBurnie and Ziguras, 2007; Healey, 2008; Lien, 2008).

IBCs have also been criticised. Some commentators express concerns around university motivations and particularly the move from capacity building to perceived profiteering, with a view from several established academics in the field that they are symptoms of the commercialisation and commodification of HE (Marginson, 2006; Knight, 2012; 2013). Altbach and Knight (2007) are critical of the power asymmetry, or neocolonialism, between the sending university, normally located in the 'global north' and the host country in the developing world, and the impact IBCs have on cultural dilution (Knight 2012; 2013). Other concerns, which are important when considering financial sustainability and diversification, relate to teaching quality and staff retention (Altbach, 2011; Chapman et al, 2014; Healey, 2020), and the level of facilities and value for money for students (Altbach 2010; 2011) although both have been challenged by others (Heffernan et al, 2010; Marginson, 2011; Wilkins and Balakrishnan, 2013; Wilkins and Juusola, 2018). Management considerations are also prominent in literature with some researchers flagging issues within IBCs of culture-clash (Neri and Wilkins, 2019), managing the stakeholder expectations (Healey 2020; Wilkins, 2020) and making decisions (Healey, 2016).

In a UK context, good quality quantitative and case-study based analysis on IBC expansion has been undertaken by Garret and Verbik (2004), Bennell (2019) and at a summary level by Wilkins (2020). Feng (2013) has developed an interesting comparison of the large IBCs developed by the Universities of Nottingham and Liverpool in China, whilst Hill and Thabet (2018) and Neri and Wilkins (2019) have explored the University of Nottingham's Malaysia campus in some detail, and Wilkins (2010) and others have explored the development of IBCs in the Middle East by UK institutions.

3.5 The growth in remote metropolitan branch campuses

The literature on RMBCs is still developing, reflecting the infancy of this concept and until recently the lack of any single definition. Altbach (2012), in discussing Northeastern University's new RMBCs in North Carolina and Washington State, draws comparisons with the IBC debate around institutional motivations, the use of home-based faculty, the value of a 'branch' degree and consistency in accreditation. He expresses concerns over institutional choices and motivations, suggesting that investment to exploit underserved markets came at the expense of the home campus. Addie et al (2015), in examining the growth of RMBCs in Canada, describe motivations including the extension of institutional brands and outreach into new communities and non-traditional students, but are equally sceptical about their long-term economic and social value.

As British universities began to establish new campuses domestically, the Quality Assurance Agency for Higher Education (QAA) published a first thematic enquiry into the London campuses of UK universities in 2014 (QAA, 2014). Based on an assessment of publicly available information drawn from university websites and a survey of RMBC providers, this report explores the models used to establish new London campuses and the robustness of their operating arrangements. It suggests that early UK RMBCs were well resourced and thoroughly planned by universities, and where a JV with the private sector was the preferred route, suitable contingency plans were in place in the event of partner failure or withdrawal. It also flagged that it was most common to see RMBCs established within existing university structures, rather than as separate entities in terms of governance and operations, and that the principal motivation for their creation was access to international students. Although largely positive, QAA (2014) highlight some potential concerns, particularly in relation to the deployment of casual and part-time staff; use of overseas agents in recruiting students; questionable student progression and achievement outcomes and the difference in campus experience between the RMBC and the home institution.

Brooks and Waters (2018), building on QAA (2014) and drawing on Madge et al (2015) (who discuss RMBCs in the context of internationalisation), provide a first in-depth academic appraisal of the RMBCs in London, with a focus on how institutions use the draw of a global capital to compensate for a lack of resources provided directly from the universities to students. With 14 London RMBCs at the time, they undertook a systematic review of secondary materials including prospectuses and online content to discuss the role that the city plays in their establishment. They conclude that 'selling' London to international students is pivotal to the success of RMBCs in the city.

Until Nigel Healey and I completed the article in Chapter Eight, the most recent piece on RMBCs came from Kleibert (2021), who provides a valuable economic geographer's perspective on their growth and a comparison with IBCs. She used interviews with senior leaders within universities to analyse the motivations for expanding spatially. She argues that both versions of a new campus present territorial fixes through access to new markets, including international students, and symbolic fixes in reputational gains, including association with the city of London. Of interest is her assertion that a London RMBC may actually be a viable alternative to, or steppingstone towards, an IBC, especially for universities located in more remote parts of the UK, which are not often considered by international students.

3.6 Theoretical framework: Resource Dependency Theory

Developed by Jeffrey Pfeffer and Gerald Salancik in 1978, and subsequently updated in 2003, RDT merges several theoretical ideas and provides what many consider to be a powerful lens to explain the behaviours of universities (Fowles, 2014; Namalefe, 2014). Fundamentally, it theorises that the availability of the external resources on which an organisation depends shape its behaviours (Pfeffer and Salancik, 1978; 2003). According to RDT, therefore, the survival and prosperity of a university is dependent on securing important external resources and maintaining good interactions with resource providers (Froelich, 1999; Hodge and Piccolo, 2005). Such resource dependencies are neatly defined by Murphy (2013), in examining the evolution of the University of Phoenix, as including accreditation, enrolment, financial sustainability, credibility and autonomy. As discussed further in Chapter Four, I believe that RDT provides a good framework within which to understand financial sustainability within HE and the potential for income diversification, in general and in relation to IBCs and RMBCs. Universities do not operate in a vacuum, and RDT explains how organisations, including universities, adapt and modify their approaches and strategies to their external environment. It argues that organizations put themselves in vulnerable positions when they rely on a small number of funding sources, and that both environmental constraints and the level of institutional interdependence, which is influence by the diversity of funding, affects internal organizational dynamics (Pfeffer and Salancik 1978; Pfeffer 2005; Webb, 2015).

There are several relevant examples of RDT being used in an HE setting. One of the first, and most cited, uses of RDT in HE was undertaken by Tolbert (1985) who identified external resource dependency amongst public and private universities in the USA. Analyses of decision-making to maximise income have also been conducted using RDT, which demonstrate that in many cases revenue diversification has trumped historic mission in terms of the criteria used to make management decisions (Jaquette, 2013; Salazar; 2019). Fowles (2014) used RDT to investigate the relationship between a reliance on tuition fees and investment in educational activities, finding a close correlation - a pattern that has also been found in other territories (e.g. Kholmuminov et al, 2019). Some studies have used RDT to explicitly explore the link between revenue diversification, autonomy and financial sustainability. Webb (2015) has perhaps undertaken the most comprehensive study to date, assessing the impact of revenue diversification on overall revenue at private universities in the states. He found that revenue-diverse institutions maintained a higher level of financial performance during the 2010s economic downturn than those reliant on tuition fees. Whatley and Castiello-Gutiérrez (2022) use RDT to suggest that the need for international student was recruitment was more likely to shift online teaching back to in-person tuition, post COVID-19, in US for-profit universities than in public institutions. In the Malaysian context, Jaafer et al (2023) found that revenue diversification has a strong relationship with financial stability, measured by return on assets. In Finland, Kohtamaki (2022) found that public university leaders seek financial autonomy, through new income streams, for financial reasons to enable investment in research and teaching.

In the UK, Greenwood and Tao (2017) found that RDT explains why the quality of financial reporting improves with resource dependence, whilst McCann et al (2022) use the framework, alongside a survey of senior staff, to identify HE's most important external stakeholders. In a different use of RDT, Pilbeam (2012) investigated the interconnectedness of 16 UK university leadership teams, finding that those focused on research, where external resource dependency is high, have closer network that those operating in learning and teaching, where it is low.

3.7 Theoretical framework: the Resource Based View

Unlike broader models such as Dunning's eclectic paradigm which considers ownership, location and internalisation advantages, the RBV of organisational strategy theorises that organisations maintain a competitive advantage principally through possessing a set of valuable resources (Dunning, 1979; Barney, 1991). This suggests that organisations compete also in so-called *factor markets*, which can be generic or specific to that organisation, and will vary in their importance and contribution to the overall competitive advantage (Barney, 1986; Peteraf, 1993). RBV identifies four characteristics of these resources – value, rareness, imitability, and substitutability - which provides a useful analytical framework from a strategic perspective, as discussed in Chapter Four. In the context of HE, the semi-permanent "bundle of resources" (or "strategic assets" as coined by Barney) on which universities attempt to outperform their competitors, is potentially vast (Barney and Arikan, 2001). Some resources, such as academic or professional services staff, may be mobile or fluid, whilst others, such and land and buildings, may be less so (Fugazzotto, 2010). Others such as culture, brand, intellectual property or reputation may be less tangible than people or premises (Galbreath, 2005). In this respect, universities, and other organisations, are competing on many fronts simultaneously, and whilst, as suggested by Williamson (1991) the RBV is internal in its focus, this competition means it also has an external orientation.

The RBV has been applied largely to the corporate sector, and its use in the context of HE was relatively limited until the early 2000s (Lynch and Baines, 2004). Since then, several studies have emerged, taking a RBV of strategic decision making and organisational choices. Lynch and Baines (2004) conclude that UK universities possess sustainable competitive advantages, relating to knowledge, reputation, innovative capacity and organisational structure. Fugazzotto (2010) uses the RBV to explore the extent to which the physical space provides a differentiating resource within universities which institutions use in several ways, depending on whether they are aiming at factor (resources) or product (student) markets. Hitt et al (2000) argue that partnerships provide an effective model for international expansion when the resources held by a university are not adequate for high-quality transnational delivery. The complexity of HE from a RBV is explored by Sahney et al (2004), who identify managerial capabilities as a success factor to retain competitive advantage. Wilkins (2016), who proposes a framework for assessing the opportunities and risks of establishing IBCs, also draws on the RBV. Other studies in the sector using the RBV have explored partnering, change management, workforce planning and organisation forms (Kong and Prior, 2008; Sanders and Wong, 2021; Patnaik et al, 2022; Zhang et al, 2022; Prodanova and Kocarev, 2023).

3.8 Gaps in the literature

This Chapter has demonstrated that there is a rich depth of academic literature exploring the financial sustainability challenges facing HE, and the role, prospects and necessary conditions for income diversification. It has also shown that there are suitable theoretical frameworks for analysing the attempts by universities to diversify and de-risk their revenue base, and that these have already been applied successfully in a range of contexts. The gaps that this thesis is seeking to address relate to the contemporary position in England, in a post-pandemic, resource constrained environment. There exists a gap in the application of RDT and RBV to the specific diversification strategies of IBCs and RMBCs, thus offering application of existing theories to new phenomena and the potential adaptation and elaboration of these theories in relation to HE research. The way that this thesis contributes to the literature is further discussed in section 4.4.

Chapter Four: Methodology

4.1 Overview and research philosophy

This thesis, consisting of the four constituent papers and the supporting narrative, is largely underpinned by relativist ontological assumptions that there are multiple constructed realities in themes being explored, depending on the perspectives of the major actors (e.g. institutions, governments, regulators, students and others) and that the knowledge gained is socially-constructed rather than objectively determined (Carson et al, 2001; Levers, 2013). It is acknowledged, however, that there are certain elements of the research within the published papers and supporting discussion that are realist in their ontological position, including the success, survival or otherwise of universities (Blaikie, 2007). Within this paradigm, a constructivist epistemological approach is adopted, which assumes that humans construct knowledge rather than it being passively received, and that they absorb and interpret it independently from one another and in different ways (Blaikie, 2007). In doing so the epistemologies of logical positivism or neopositivism - which assert that only statements verifiable via observation or logical proof are meaningful in terms of conveying truth value or providing reliable conclusions (Hanfling, 1997) - are rejected for the thesis.

The overall approach to the thesis, therefore, aligns to a relativist (or interpretive) paradigm. Interpretivism allows for multiple views and perspectives of phenomena (Greener, 2008). It allows the thesis to take into consideration social context (Orlikowski and Baroudi, 1991) and human complexity (Kaplan and Maxwell, 1994). In Hickey (2024) [Chapter Five], I adopted an approach based on critical discourse (Fairclough 1989; 1995), whilst Hickey and Davies (2022) [Chapter Seven] draws principally on literature commenting on the success or failure of IBCs partly using financial metrics, but more importantly based on the opinion and lived experiences of those planning, managing or engaging with these new ventures. In Hickey (2023) [Chapter Six], I make no attempt to objectively specify the challenges facing small English universities, but rather use a resource dependency framework, based on Pfeffer and Salancik (1978; 2003), and the experiences of ten institutions to explore multiple realities and viewpoints. In Hickey and Healey (2024) [Chapter Eight], we draw on the views, perceptions and experiences of campus Directors in London, to position the concept of an RMBC in the context of income diversification and financial sustainability, again fitting a relativist approach. As is the case for Hickey and Davies (2022), Hickey and Healey (2024) takes a largely qualitative view on financial sustainably, given the lack of reliable, transparent commercial data on the performance of branch campuses. In this article, we seek a detailed assessment of financial sustainability largely on our analysis of the reported views of senior managers interviewed, using an 'insider researcher' methodology (Healey, 2017).

In general, the logic used in this thesis is inductive, in that it uses evidence from English universities to build knowledge from the bottom up on the challenges facing and responses being taken to retain financial sustainability, and in this context the extent to which geographical diversification can be part of the solution. A deductive approach, where a set of pre-conceived hypotheses are tested, is not adopted (Ritchie et al, 2014).

4.2 Overarching methodology: the alternative format

The alternative format

The alternative format thesis is the term used at the University of Bath for what is elsewhere described as an integrated submission, an article-based thesis, or a thesis with publications. Recent literature suggests that the thesis-by-publication model is becoming increasingly popular in education-based doctorates (Anderson et al, 2022) and that four published (or publishable) papers is close to the mean for such an approach in the social sciences (Mason and Merga, 2018).

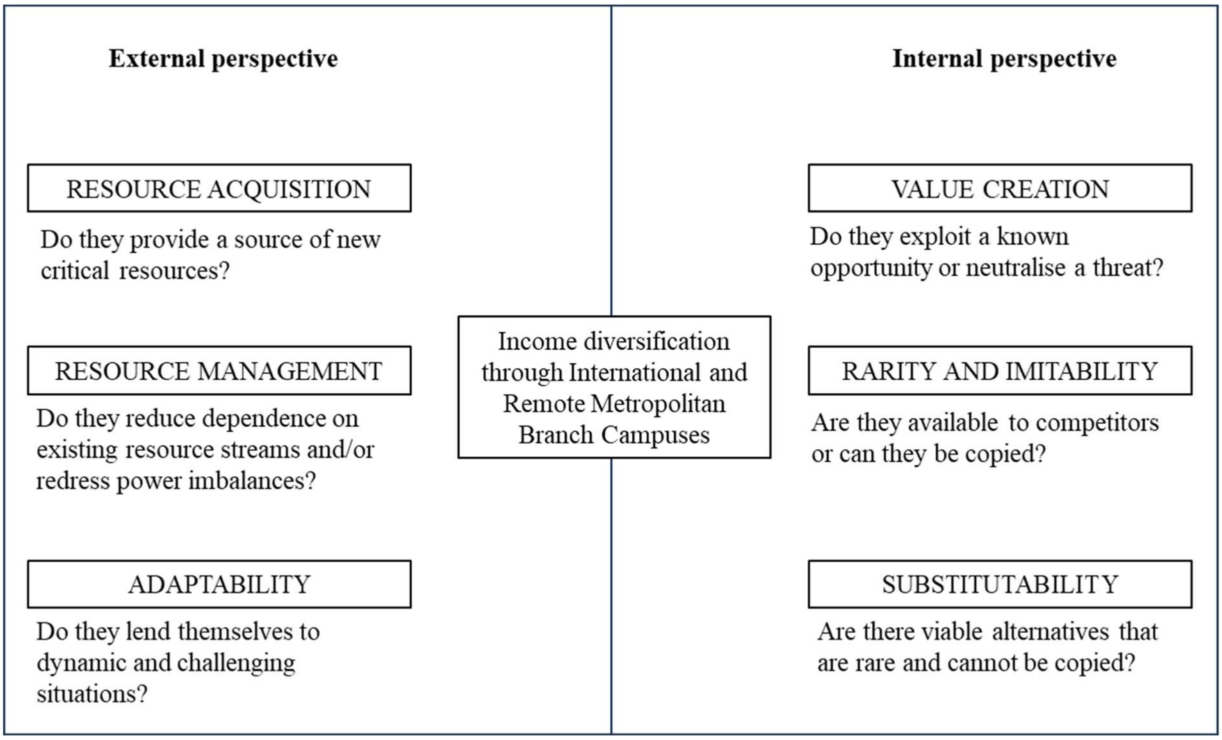
The use of RDT and the RBV: an integrated analytical framework

Stressing the importance of diversification, the RDT model outlines three main forces that determine the effectiveness of an organisation: the ability to manage resources; the ability to secure critical resources from the environment; and the ability to adapt to dynamic and challenging situations (Pfeffer and Salancik, 1978; 2003; Hodge and Piccolo, 2005). All three of these factors appear relevant to the situation facing English universities and hence this provides a suitable framework to address the research questions posed in Chapter One. To do so, I will test what "critical resources" are required by English HE and what prospects branch campuses have in helping secure them (Pfeffer and Salancik, 2003; 3).

In the RBV, Barney (1991; 106) posits that any organisational resource which provides a source of sustained competitive advantage needs to be: "valuable", in that it exploits opportunities and/or neutralises threats; "rare", in that it is not widely available to competitors; "imperfectly imitable", in that it cannot be copied; and "insubstitutable", in that alternatives cannot be found that are valuable but neither rare nor imperfectly imitable. In Chapter Nine, these tests of competitive advantage are applied to the English HE market, and specifically evaluated in the context of the strategic considerations in developing branch campuses.

Sections 9.2 and 9.3 consider the challenges and responses of English universities through external and internal lenses, drawing on RDT and the RBV. Figure 7 summarises how RDT and the RBV have been brought together into a combined analytical framework that allows for an integrated analysis of the potential of both IBCs and RMBCs (in sections 9.4 and 9.5).

Figure 7: Combined analytical framework



Source: Author based on Pfeffer and Salancik (1978, 2003) and Barney (1991)

4.3 Methodology employed within research papers

The different approaches adopted within the constituent academic papers and the nature of the alternative format thesis means that the thesis as a whole adopts a mixed-method approach. The overall aim of the thesis is to address the four research questions by combining the discussion and findings of the four published papers (one of which remains pending) with strong contextualising and commentary text. Across the four papers a range of methods have been or will be employed.

In Hickey (2024) [Chapter Five], I use Critical Discourse Analysis to examine three vast and detailed policy documents based on a method pioneered by Fairclough (1989; 1995), tied to three interrelated dimensions of discourse: the object of the analysis; the processes by which the object is produced and received; and the socio-historical conditions that govern these processes. Guided by Mullet (2018), it required a text analysis (description), a process analysis (interpretation) and a social analysis (explanation) of the policy documents under review.

In a very different approach, in Hickey (2023) [Chapter Six] I use the RDT framework developed by Pfeffer and Salancik (1978) as basis for a quantitative analysis of the financial sustainability and responses of a sample of ten small English universities. In the research for this paper, a set of parameters were established to define a small public university and factors and forces impacting financial sustainability were explored against each area of income and expenditure areas. Organisational responses were appraised, using case studies, and organisational dynamics assessed within the discussion. The main sources were quantitative data from HESA and from annual financial reports published by each of the sampled institutions.

In Hickey and Davies (2022) [Chapter Seven] we analyse existing literature - supported by the most up to date campus statistics available - to draw together a significant volume of academic work on IBCs together with supporting reports from the UK Government and the mainstream press. With commercial secrecy and confidentially blocking meaningful analysis of their financial performance, we draw heavily on the documented evolution of UK-led IBCs to identify trends and patterns and develop a theoretical success framework for their development.

In the fourth and final paper, Hickey and Healey (2024) [Chapter Eight], we aimed to define an RMBC for the first time, and sought to understand why universities establish them, discussing their future prospects. To a define an RMBC, we drew comparisons with those who have attempted to define IBCs including Lawton and Katsomitros (2012), Knight and McNamara (2015), and principally C-BERT (2023). As discussed earlier, London has become a focus for domestic university expansion over the past decade, and the single case study of London was used to understand the motivations for establishing RMBCs and their future prospects. Acknowledging that financial data on the commercial performance of RMBCs is not publicly available, this mixed-method study combines quantitative analysis to assess the growth in the number and scale of RMBCs in London with ten semi-structured interviews with RMBC Directors. We used an 'insider researcher' qualitative methodology (Healey, 2017), made possible by the seniority and knowledge of the sector of Professor Nigel Healey and myself. Interview transcriptions were transcribed and coded, and key themes identified and supplemented by content analysis from university strategies; annual reports; London RMBC websites and other publications. The use of semi-structured interviews supported the collation of a rich dataset, despite a relatively modest sample size (Braun and Clarke, 2013).

4.4 Validity, reliability and limitations

Validity and reliability

Reliability and validity are considered important in research design and execution, and in data analysis (Silverman, 2009). Validity is concerned with the accuracy of the questions asked and whether findings can be generalised (Denscombe, 2017), whilst Ritchie et al (2014) define reliability as the ability of the tools used to produce consistent results.

Taken in its entirety, there are several potential issues in relation to the validity of the findings in this thesis. The focus is on the financial sustainability challenges, and responses, associated with universities in England, which provides a unique social, economic and political environment. The conclusions drawn, therefore, are unlikely to be directly generalised to other territories where sector governance and financing is significantly different (Goksu and Goksu, 2015). It has been developed, principally, in 2023 and 2024 and takes into consideration the macro and sector specific environment today, particularly in relation to the way the HE is funded and the national narrative around sector-based policies ahead of a likely 2024 General Election in the UK. It has also been written in an unstable geopolitical climate, where the future of international student mobility remains uncertain, and the behaviours of systems and institutions in a post-coronavirus environment is still in the process of stabilising (Bista and Foster, 2016).

Steps have been taken to maximise the extent to which the papers in Chapters Five to Eight remain valid, and the conclusions drawn reliable. In Hickey (2024), policy documentation considered seminal to the development of tuition fee policy in England was selected, whilst in Hickey (2023), all universities meeting a set of pre-determined characteristics were included. The lack of financial performance data for IBCs and RMBCs has been mitigated in both Hickey and Davies (2022) and Hickey and Healey (2024). In the former, an extensive literature review was undertaken, including investigation of campus success and failure, whilst in the latter, in-depth interviews with a high proportion of campus directors were critical.

It is acknowledged that the four papers that will form the 'findings' element of this alternative format thesis are not, in isolation, sufficient to answer the research questions proposed in section 2. To address this, Chapter Nine is used to discuss the four papers against the literature presented earlier to fill some of the key gaps, referencing my analytical framework drawn from RDT and the RBV. In discussing RQ1 and RQ2, I provide an updated view on the financial performance of the sector, policy changes since the publication of my papers and latest sector discourse, to enhance the reliability of my findings. I also discuss how financial challenges and responses vary across different types of university within England. In addressing RQ3 and RQ4, I focus on analysing the establishment of IBCs and RMBCs, and consider these in the context of other forms of revenue diversification, including other forms of transnational education and domestic partnerships.

Limitations

Each of the published papers in Chapters Five to Eight include commentary on their limitations, and suggestions for how the research can be built upon. Hickey (2024) [Chapter Five] and Hickey and Davies (2022) [Chapter Seven] are largely literature based, and as such are limited to the breadth of academic works studied. In the former only four, albeit major, policies are reviewed, and in the latter commentary on campus performance is used as a proxy in the absence of published performance data. Hickey (2023) [Chapter Six] is a secondary study based principally on HESA data, which I consider a reliable and rigorous source which is driven by good quality and consistent data from English HE. It is limited to a certain portion of the sector, small new institutions, and hence are not necessarily directly transferable to all institutions, although in Chapter Nine I make a case that many of the key issues are HE-wide. Acknowledging that reliable and transparent financial performance data is not available for RMBCs at campus level, Hickey and Healey (2024) [Chapter Eight] is a primary, qualitative study based mainly on interviews with ten Directors of RMBCs in London. Appendix C provides a list of the questions posed within these interviews, The conclusions reached in this paper are inevitably a function of these consolidated views and will be prone to potential response bias and inaccuracies.

Positionality

I acknowledge that this thesis has been authored by someone working at a senior level in an English university who is trying to grapple with some of the financial challenges that will be explored, and already taking an active approach to geographical diversification. This creates an inherent bias, which is acknowledged with the use of the interpretivism paradigm within the research. I have been aware of this bias from the outset and sought to minimise its by ensuring that established literature has informed my research themes and that findings are subsequently relating back to this and supporting theory. In each of the papers (Chapters Five to Eight), findings and discussion has clearly been signposted to the data collected, be that literature, secondary statistics or interviewee responses.

4.5 Ethical considerations

Measures taken to address ethical considerations are described in the published papers that form part of the thesis. In Hickey (2023) [Chapter Six] and Hickey and Healey (2024) [Chapter Eight], for example, the names of the universities, and campuses, that formed the samples were removed prior to submission for publication. In the latter, the interview feedback was also anonymised, with no findings attributed to specific Directors. Appendix D contains the participant information sheet provided to interviewees, alongside a consent form, in advance. The research for the latter involved an RMBC Director who works for my own institution, so to retain full impartiality the paper co-author led that interview. Formal ethical approval has been secured in line with the University's regulations (University of Bath, 2016).

Chapter Five: *How and why have higher education tuition fee policies evolved in England since 1997? A critical discourse analysis of Dearing, Browne and Auger.*

5.1 Background

This paper was written mainly between August and December 2021, with subsequent refinement and updating made in early 2022. Having been received in May 2022, it was published online by *Policy Futures in Education*, a Quartile Two Sage journal with an Impact Score of 1.97 (2021) and Scimago Journal Rank (SJR) of 0.475 (2021), in October 2022. It was subsequently published in print in Volume 22 of the journal in January 2024.

5.2 Synopsis of method and findings

In this paper, I aim to understand the drivers of tuition fee policy changes in England by using a CDA of three major sector wide reviews in Dearing (1997), Browne (2010) and Augar (2019). In line with an approach outlined by Mullet (2018), it consists of three sets of analyses for each policy document: one focusing on the text, one on the development process and one on the social context. Following these nine independent analyses, the discussion section uses them to describe the link between politics and policy making, outlining how tuition fees have become a reflection of the national political narrative, be it social progress, commercial competitiveness, austerity, or value for money. I also discuss increasing discourse in successive tuition fee policy documents linked to the marketisation of HE, with trends towards competition, institutional autonomy, the student as a consumer and learner outcomes. Linked to this theme, I discuss how the policy narrative increasingly reflects changing attitudes to who benefits most from HE, and therefore the merits of cost sharing. This is reflected not only in the policy documents themselves, but also in their style, orientation and apparent audience, with the latter shifting from policy makers and sector stakeholders to students, parents and the general public. Finally, I describe how the discourse appears to suggest a close relationship between tuition fee policy and the wider economic context nationally and internationally with a changing narrative of supporting growth to reducing the burden on the public purse.

I conclude that the three policy papers analysed reflect a change in the way that tuition fees, and potentially wider HE policies are developed and communicated, with close ties to the political narrative of the day, the neoliberalisation of the sector, the cost-sharing agenda and external economic pressures. I suggest that CDA is a helpful tool in understanding the tuition fee evolution discussed in section 2.1, but that other key policy literature and their environments could be included to build on the analysis presented.

5.3 Contribution to thesis

This paper contributes to the overall argument outlined in Chapters Nine and Ten by adding to the discussion on why and how tuition fees have been introduced in England, increased, and then frozen in the English HE system. This provides essential context to the financial sustainability challenges facing the sector, first in relation to cost sharing, and second in relation to the diminishing unit cost of home undergraduate fees, which have been the core source of income for much of the sector for decades. These issues are linked directly to RQ1, and the need for innovation and possible diversification of revenue streams. For a fuller discussion of the contribution of this paper please see section 9.2.

5.4 Full paper as published

See pages 54 to 76.

Original Article

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Abstract

The last 25 years have seen a dramatic shift in tuition fee policy in England. This paper uses Critical Discourse Analysis to understand the motivations behind policy setting, comparing the pivotal reviews undertaken by Dearing, Browne and Augar. It concludes that four themes may have influenced tuition fee policy making: national politics and political narrative; the marketisation and neoliberalisation of HE; the link between the costs and benefits of education; and the pressures of the economic environment.

Keywords

Tuition fee policy, critical discourse analysis

Introduction

Nearly three years after its publication, the UK Government published its response to the Augar Review in February 2022, including freezing home undergraduate tuition fees until 2024/25 (DfE, 2022). This paper analyses the drivers of change in English undergraduate tuition fee policies over the past 25 years. It uses Critical Discourse Analysis (CDA) to interrogate the possible motivations behind policy setting, focusing on three publications: the 1997 Dearing Report, the 2010 Browne Review and the 2019 Augar Review. Each was presented in different ways, using varying language and methods amidst distinctive political, economic and social conditions. The importance of discourse is assessed, drawing on key supporting works, reports, speeches and both academic and grey literature.

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Theoretical context

Marcucci and Johnstone (2007, 26) define a tuition fee as 'a mandatory charge levied upon all students (and/or their parents) covering some portion of the general underlying costs of instruction'. In considering fee policy, Governments must balance competing economic forces: first the need to control public finances and second, the desire to increase the skills and knowledge base of the population (Miller, 2010). Having long been a feature of the US system, the massification of HE globally in the 1980s and 1990s meant that tuition fees became part of wider public policy considerations in much of Western Europe (Chevaillier and Eicher, 2002). With a seven-fold increase in global HE enrolment between 1970 and 2014 leading to a rapid fall in funding per student (Dohman, 2018), the challenge has been finding a balance between direct government support and private fees, whilst limiting any discouraging impact on participation, especially from poorer and underrepresented groups, and on the competitiveness of national systems. In parallel lies the debate on who benefits most from HE and therefore who should pay. Barr (2003) outlines that students should contribute towards the cost of their degrees because although HE creates benefits beyond the individual, such as growth, value transmission and knowledge for its own sake, students also receive private benefits through an earnings premium. As will be discussed in detail, some empirical studies have reinforced this view, including Steel and Sausman (1997), Blundell et al. (2000) and Greenaway and Haynes (2000), whilst others have challenged it, claiming that public and social returns take primacy (Barro, 1998; Bassanini and Scarparento, 2001).

Method

The attraction of using CDA here is that it reflects the complexity of the policy process in relation to tuition fees, and the concept of power and its linguistic manifestations (Wodak and Meyer 2009). The form of CDA used in this study is based on Fairclough (1989, 1995), tied to three interrelated dimensions of discourse: first, the object of the analysis (Dearing, Browne and Augar); second, the processes by which the object is produced and received; and third, the socio-historical conditions that govern these processes. These require three sets of analyses on each policy document, a text analysis (description), a process analysis (interpretation) and a social analysis (explanation). Using Fairclough's model, this paper is guided by the process discussed by Mullet (2018).

Tuition fees in England

At the time of the Education Act (1962) and associated Robbins Report (1963) there were 216,000 full time and 117,000 part time students in the UK (Bill, 1998). The Act exempted the majority of home full time students from fees, with means-testing continuing until 1977, and introduced means-tested maintenance grants and improved social security (Andrews, 2021; Callender, 2006). Aside from a period of stagnation in the 1970s, this system saw HE participation grow steadily from a starting point of 5% in the early 1960s through to the late 1980s (Andrews, 2021). Participation rates in the UK hit 30% by 1996, as the number of universities continued to grow, but despite the introduction of income-contingent student loans in the 1990s, public funding of the sector almost halved on a per student basis during the 1979–1997 Conservative Governments (Greenaway and Haynes, 2003). No major review took place until a National Committee of Inquiry into HE was established in February 1996. Led by Sir Ron Dearing, this committee reported to the new Labour Government in Summer 1997, recommending flat rate tuition fees be introduced, with means-testing for fee loans on a deferred, income-contingent repayment basis. The Teaching and Higher Education Act (1998) followed the publication of the

Dearing Report, announcing up-front fees of £1000 per year and contrary to recommendations, the abolition of the means-tested grant.

Following calls from the sector but despite a commitment not to do so in the Labour 2001 manifesto, a white paper in January 2003 led to the Higher Education Act (2004). This introduced variable annual tuition fees capped at £3,000 from 2006, increasing each year with inflation, which could be covered by income-contingent loans only repayable when a graduate's salary reached £15,000. A range of bursaries were also established, and the Office for Fair Access created to promote access to HE.

Fulfilling a 2004 commitment, Business Secretary Peter Mandelson launched a further review and funding in England, to be led by House of Lords crossbencher John Browne, in November 2009 (Carraso and Gunn, 2015). This reported to the new Conservative/Liberal Democrat Coalition Government in October 2010. Browne found that the introduction of fees had not deterred students from entering HE, rejected the concept of a graduate tax, recommended removing the existing cap on the annual fee levels, and concluded that there should be no fee upper limit but that a levy should be charged on fees over £6000. He also proposed that upfront loans should be made available to cover tuition fees and living costs, repayable on a contingent basis when income reaches £21,000, with means-tested grants available for students from lower income families (Browne, 2010). A white paper Students at the Heart of the System was published in June 2011 and subsequent bill adopted. The Coalition Government considered, however, that an unlimited fee cap was unacceptable, and a cap of £9000 per annum from October 2012 was introduced (BIS, 2011). Despite a statement by Minister for Universities, David Willetts, suggesting that only in 'exceptional circumstances' would universities charge the upper fee limit, by this time it was known that at least two thirds of English universities would charge the maximum fee (Sugden and Forfar, 2011; Willetts, 2010). Willetts, himself, has since maintained that the introduction of fees at this level has promoted real sector competitiveness, with more resources available, but has conceded that competition between institutions has rarely been founded on the fee levels set (Willetts, 2017). Organisation for Economic Co-operation and Development figures suggested that average public university fee levels in England were likely to be the highest in the developed world (Hubble and Bolton, 2019a).

2010–15 saw rapid growth in HE in England, with student numbers reaching 2.5m (Temple, 2015). The 2015 Budget removed the cap on student numbers, tuition fees increased in line with inflation to £9250 and maintenance grants were scrapped from September 2016. The tuition fee cap has remained fixed since 2017–18. Following the 2017 General Election, Prime Minister Theresa May announced a Post-18 Education and Funding Review in England, which reported in May 2019 and recommended, amongst a raft of other measures, a reduction in the fees cap to £7500 per annum, an extension in the repayment period for loans from 30 to 40 years, the reintroduction of some maintenance grants and the lowering of the post-study repayment threshold (Augar, 2019). The Government's response to Augar was finally published in February 2022, fixing fees at £9250 until 2024/25 whilst reducing loan repayment interest rates and reducing the loan repayment threshold (DfE, 2022).

Dearing, Browne and Augar: A CDA

Dearing Report

The National Committee of Inquiry into Higher Education was commissioned by Conservative Education Secretary Gillian Shepherd in 1996. By the time it reported on 23 July 1997, a new Labour Government had been elected. The report contained 93 recommendations including a series on how HE in the UK should be funded. In the context of an aim to create a 'World Class' HE system, the report concludes that the costs of such a system would exceed the level of funding for the sector, and the authors were unconvinced that this gap could be bridged via university efficiency measures alone. It placed the funding gap at £350m in 1998–99 and a further £565m in 1999–2000 (BBC, 1997). It proposed a compact between society, students and families, employers and universities whereby each plays its part and the costs of HE is more fairly allocated to those that benefit from it. For the first time, it linked participation in HE and higher employment rates, salaries and private and public rates of return of 11–14% and 7–9%, respectively. It also reinforced the view that participation in HE did not reflect the socio-economic composition of the population.

Text analysis

With 14 individual volumes, five annexes, six explanatory appendices, and dozens of tables and charts, the Dearing Report has been described as a 'monster' (Scott, 1998) and was significantly larger than its predecessor Robbins Review. In total, it weighed over 2kg in hard copy, with over 1500 pages (Birch, 2017). The main report alone measures at 369 pages and 190,000 words. Views on the length of the document are mixed. Remuzzi and Schiepatti (1999) considered that it reached the heart of the major issues of the time, was forward looking and placed HE as a top Government priority. Conversely Scott (1998) thought it lacked a 'big idea', was devoid of 'magic' and represented purely an aggregation of detailed recommendations. A linguistic review of the Report suggests a high level of words such as 'funding', 'research', 'education', 'universities', 'students', and 'participation', giving an impression as to the focus of the document. The categorisation of coded phrases in Appendix A suggests a focus on institutional considerations, direction and framing. It uses more ownership orientated language than the subsequent Browne and Augar Reviews, but fewer evidence-related phrases.

The Report is directional: there are significantly more recommendations than in either subsequent report, less dense use of the term 'how' and higher use of 'enable' than the two other reports suggesting an outcome rather than operations orientated approach. Conversely the Dearing Report uses 'manage' and 'management' far more than subsequent reviews, where 'govern' or 'governance' is used significantly more. Scott (1998) criticises the Dearing document in this respect, suggesting that many recommendations are made individually, but together place greater bureaucratic burden on universities, and that despite the mass of detail, on some subjects it is near operational (e.g. in- formation technology, course structures) and in others vague (e.g. virtual universities, institutional organisation). The term 'structure' is used 169 times in the Dearing Report but rarely in subsequent reports, whilst 'international' or 'overseas' was used over 200 times, decreasing in Browne and Augar. It is interesting to see a higher use of 'contribute' or 'contribution' but lower use of 'fees' and 'loans' than in later documents, suggesting that neoliberal economics in HE was perhaps in its infancy. The awareness of inequality in access to education is reflected in high density of 'participate' and 'participation' which then become less used in Browne and Augar. 'Research' is used over 1000 times within the Dearing Report, and this density drops dramatically in subsequent works, perhaps illustrating that Dearing had a broader focus and considered HE from a range of perspectives. 'Research' is used almost as much as 'teaching' and 'learning' combined in the Dearing Report, whilst the other reports use 'teaching' and 'learning' 4–7 times more densely. Shattock (1999) commented that the title of the document 'HE in a learning society' is rarely discussed or mentioned.

Process analysis

The Report was led by Sir Ron Dearing, a senior civil servant, and supported by a National Committee composed of six VCs of UK universities and five senior business leaders. Dearing's brief was to examine 'how the purposes, shape, structure, size and funding of higher education, including support for students, should develop to meet the needs of the United Kingdom over the next 25 years' (Dearing, 1997, 3). This included a consideration of nine principles and 17 aspects of the changing context. In effect this incorporated a review of short-term problems (e.g. funding issues) and long-term developments (e.g. the role of technology) but was expected to deliver this less than half of the time taken by previous enquiries, including Robbins which took two and a half years to complete (Parry, 1999). Indeed, the report itself includes a caveat around the measure of the enterprise, the short time available and importance of timely delivery dictated by Government.

The development process included extensive consultation and data collection, with 90 working group meetings held across the sector and with businesses, 445 papers considered, 13,000+ documents prepared, 33 visits to UK universities, eight overseas visits, and 840 people submitting written evidence (Dearing, 1997). Dearing commissioned major surveys of 1270 students studying in HE at the time, and of 809 academic staff across the country. The Committee also facilitated small focus group discussions with other staff in HE outside of academia. The Report leveraged existing studies of graduates, joining forces with them rather than duplicating their work. In total, nearly 700 texts were listed in the reference section, principally policy documents, evaluation studies and items of research. Parry (1999) noted the lack of academic scholarly works in this list.

Of the recommendations, 51 for were aimed at Government, 26 at universities, 21 at funders, ten at representative bodies, and 19 at other organisations. This, the size of the report as previously discussed and its cost in printed format or CD-ROM (£135) suggests that it was aimed at the knowledgeable reader (Scott, 1998). Whilst it was later made available online, with the internet in its infancy, it is most likely that it was consumed by the public via the printed media. The BBC at the time picked out five headlines: tuition fees; widening access to HE; the professionalisation of teaching; quality and standards; and the impact of the 'future' (BBC, 1997).

Social analysis

The social context around Dearing is dominated by politics. New Labour came to power in the UK in May 1997 with a landslide victory and an air of optimism across the country. Future Prime Minister Tony Blair had listed education as his main priority and pre-election talked about 'brain drain' under the Tories (Blair, 1995). Following the 1997 victory, Blair then proclaimed that 'universities in Britain had their funding cut by 40% per student under the Tories' and that 'all students will repay only when they can afford to' but that 'an extra 500,000 people would enter Higher and Further Education by 2002' (Blair, 1997). Although both main parties ahead of the 1997 election were evasive on their official stance on fees (Bratberg, 2011), and its delay in reporting may have been a sign that the Conservatives wanted to keep the subject of tuition fees off the election agenda, these statements paved the way for the Dearing Report to lead to changes in the way HE was funded.

The rationale for a root and branch review of HE in the UK was well documented following funding cuts within HE under the Conservative Government between 1979 and 1997, where institutional income had not kept up with operating costs and public policy had oscillated between contracting the number of students and increasing them (Crace and Shepherd, 2007). This context meant the Dearing Report had support from the sector, and the recommendations were welcomed, as acknowledged later by Dearing himself (Hattersley, 2009). There were dissenting voices, however, with concern that Dearing surrendered the principles that HE should be available to those that can benefit not those who can pay (Scott, 1998), that tuition fees would deter poorer students from going to university, and that universities were no better off because none of the fees were collected directly (Toyne, 1998).

The narrative growing in the 1990s around the private returns to be generated from HE led to some support amongst the public for some element of tuition fees (Sutherland, 2008), with figures at the time ranging from 11% to 28% depending on the source (Blundell et al., 2000; Steel and Sausman, 1997) against a social rate of return of 9–11% (Dutta et al., 1999; Layard et al., 2002). Some academics even called for a combination of higher fees, lower taxpayer input and price differentiation between universities (Barr and Crawford, 1998), and others for institution-led fee levels and more sophisticated and progressive loan finance systems (Barr, 2003; Greenaway and Haynes, 2003). It was perhaps not until the 2001 General Election that the level of public hostility to the introduction of tuition fees became fully known (Crace and Shepherd, 2007).

Browne Review

The Browne Review, or specifically the Independent Review of Higher Education and Student Finance, was commissioned by Business Secretary Lord Mandelson in November 2009. It led to a report published on 12 October 2010 entitled Securing a Sustainable Future for Higher Education, and was submitted to the Conservative/Liberal Democrat coalition Government, which had been formed following the general election earlier that year. The report contained six principles, concluding that: more investment should be made in HE; student choice should be increased; everyone with potential should access HE; fee repayments should be contingency on work; payments should be affordable; and part time students should be treated like full time students for fee purposes. These six principles led to 29 recommendations, including the removal of a cap on the fees an institution could charge for an undergraduate course, and to support this with an improved and simplified income-contingent loan system that would activate when graduate income exceeded £21,000. It also made proposals to expand the number of university places and make better quality information, advice and guidance available.

Text analysis

There is a stark contrast between the document produced by Browne and the earlier Dearing Report. At 31,000 words, 64 pages, and supported by colourful graphics, the document feels more user-friendly and digestible to a far wider audience. As in Dearing the words 'Funding', 'Education', 'Universities' and 'Students' are heavily used (Appendix A), but 'Research' is largely absent. The categorisation of coded phrases suggests a strong directing and framing tone, a focus on student and institutional considerations and increased use of financial and economic language, compared to Dearing (1997). There is linguistic evidence that Browne is more market-based and neoliberal in its tone, compared to Dearing. There is higher density of terms like 'income', 'cost' and 'fees', whilst frequent use of 'access' and 'accessibility' reflects the ongoing importance of widening engagement with HE. Thompson and Bethradnia (2011) suggest that the language used by Browne is underpinned by a philosophy of relying increasingly on competition between universities, increasing choice for students and diversifying institutions, which would then determine the level of fees and lead to greater social equity and mobility. The term 'we' is used approximately half as densely as in either the earlier Dearing and later Augar documents, but 'they' or 'them' is used more. This indicates a more directional than personal ownership narrative. In particular, the use of the term 'we believe' features only seven times in Browne, versus 149 times in Dearing. The higher density of the terms 'who', 'what' and 'when' suggests a more prescriptive and practical approach. Perhaps most interestingly, 'student' or 'students' is used over twice as densely in Browne as in the Dearing or Augar documents, and 'social' or 'society' used far less, providing good grounds to suggest that the principle focus of the document were intended or considering HE.

Process analysis

The Review was authored by Lord Browne of Madingley, a House of Lords cross bencher who was Chief Executive of the energy company BP between 1995 and 2007, and a member of the boards of Goldman Sachs, Intel and Daimler Benz. Lord Mandelson's specific brief to Browne was to consider the 'balance of the contribution between taxpayers, students, graduates and employers' with an appraisal on how much students should be charged and how participation could be enhanced, rather to examine in detail the quantum of funding required to maintain a high-quality system (BBC, 2009; Porter, 2020).

Browne was supported by a review group of six members: two existing university VCs, three private sector representatives and a former Government advisor on Education. There was some criticism at the time as to whether this panel was independent, with allegations that Browne was a favourite of the Labour party, that the VCs had vested interests in seeing fees increase, the Government adviser had been an architect of the previous fee regime and that student representation was absent (Paton, 2009).
The scale of evidence gathering for the Browne Review appears less significant than Dearing. The Review Panel assembled an Advisory Forum made up of 22 groups representing the interests of students, school leavers, graduate recruiters, institutions, academics and business. The Review received 90 submissions to a Call for Evidence and 65 submissions to a Call for Proposals (from academics, universities, colleges, student groups and businesses). It also held four days of public hearings to cross examine evidence from 36 expert witnesses about the strengths and weaknesses of the current higher education system, and visited 13 universities. A criticism of the process for the development of the review was the 'astonishingly low' sum of £68,000 spent on an opinion survey of just 80 potential students to determine what entrants would be prepared to pay for a degree (Morgan, 2011).

Of the 29 recommendations aligned to six principles, 19 were aimed at Government, eight at universities and two elsewhere. The user-friendly nature of the report, available immediately online, suggests that it would be easily accessible to a range of readers, including those within the sector but also students and their parents.

Social analysis

The economic, political, and social context within the UK was significantly different at the time of Browne compared to Dearing. Following 13 years of Labour Government, a Coalition Government was installed in 2010 to receive the Browne Review. It was embarking on a period of austerity following the 2007-08 global economic crisis, and would introduce reforms to reduce annual public spending on universities by £3bn between 2010 and 2015 (Hillman, 2016).

The politics of education policy were complex at the time of Browne with the new Coalition partners entering an administration with opposing viewpoints. The Conservative manifesto (2010, 17) was non-committal saying that they would 'consider carefully the results of Browne's review into the future of funding so that we can unlock the potential of universities and transform the economy'. Some of the accompanying narrative though, left no ambiguity, including a speech from future Education Secretary Michael Gove suggesting that 'someone who is working as a postman should not subsidise those who go on to become millionaires' (Shepherd and Stratton, 2010). The Liberal Democrats had made a commitment to 'scrap unfair tuition fees for all students taking their first degree' (Liberal Democrat Manifesto 2010, 39) with all but one of the subsequently elected MPs signing a highly visible pledge (NUS, 2010). Tuition fees became a challenging subject in the process of forming the Coalition Agreement, with difficult wording being agreed including that 'If the response of the Government to Lord Browne's report is one that Liberal Democrats cannot accept then arrangements will be made to enable Liberal Democrat MPs to abstain from any vote' (HM Government, 2010, 32). In strong contrast to the Party's starting position months earlier, new Liberal Democrat Business Secretary, Vince Cable geared up for the outcomes of Browne in his speech, A New Era for Universities, outlining that the UK is a 'tangibly a poorer country now that two years ago with a 6% loss of income', that 'we don't know much about the marginal costs and benefits of HE participation' and that a model is needed that balances 'funding for HE in England that combines less public support and more private investment from those who benefit from it most' (Cable, 2010). Even though some of the main recommendations were rejected, including the proposals for uncapped fee levels being replaced with a ceiling price, many Liberal Democrat MPs (e.g. Leech, 2010) remained unhappy (Ashton, 2010; Quinn et al., 2011). Several years later, interviews with some of the main actors suggest that Cable, and party leader Nick Clegg, did not consider tuition fees a priority, believing that most voters would think it a reasonable price to pay for stable Government (Butler, 2020).

With the Coalition set on a course towards higher fees post-Browne, it appears there was little substance from the official opposition. Not only had Labour left a weakened and inexperienced set of policy makers within the rebranded Department for Business, Innovation and Skills, which has been recast several times in three years (Hillman, 2016), but its role in introducing and then in- creasing fees, and instigating a further review, meant any opposition would be tokenistic (McGettigan, 2015). In his memoirs, Mandelson himself claimed that Labour would have doubled fees had they won the 2010 General Election (Mandelson, 2011), and as was the case with Dearing, the delay in Browne reporting in 2010 was possibly driven by the Labour Party's desire to keep tuition fees off the election agenda.

Within HE, the Higher Education Policy Institute (HEPI) (2009) report Changing Landscapes, clearly set out the expectation that increased tuition fees post-Browne would have little impact on the level of demand for HE. David Willetts referenced this and a report from the IFS on the impact of fee reform, suggesting that an increase in fees results in a 4.4% drop in university participation, but this is more than offset by the increases in participation resulting from the provision of loans and grants (3.2% up and 2.1% up respectively) (Carasso and Gunn, 2015). The academic community was not, however, united behind the reforms suggested by Browne. VCs and other senior leaders tended to be supportive, recalling memories of the underfunding pre-1997, but there were mixed levels of support elsewhere and concerns over loss of students (Smith, 2010). A Council for the Defence of British Universities comprised of current and retired academics was established to formalise these issues, but it ultimately lacked a mandate (McGettigan, 2015). There were National Union of Students and University and College Union protests after the Browne recommendations, including an invasion of the Conservative Party HQ and attack on Prince Charles' car, but some commentators at the time noted that these were seen as middle-class protesters supporting a public subsidy for better off people on the way to well-paid careers (Jones, 2010).

Press opinion on the publication of Browne (2010) did not follow the normal left-right split often seen in the UK. On its announcement, the Guardian declared that 'Labour has been seduced into sentimental, sloppy thinking that defends the interests of the affluent, not the poor' Wilby (2010). Charles Moore (2011), writing in the Daily Telegraph suggested that loans were being presented as a tax on the rich to pay for social mobility. Kate Devlin (2010), for the same newspaper, highlighted the huge debt placed on medical students, suggesting that it would become unmanageable for low income families.

Augar Review

The Augar Review of Post-18 Education and Funding was announced in February 2018 by then Conservative Prime Minister Teresa May. The final report was published on 30 May 2019, guided by eight principles relating to: the beneficiaries of HE; equality of access; breadth of provision; balance of costs; organisational accountability; Government responsibility; the role of market forces; and the future (Augar, 2019). Nine sets of proposals, and 53 specific recommendations, were made. In relation to tuition fees, proposals included a reduction in the upper cap on annual tuition fees from £9250 to £7500 (frozen for three years and then inflation-linked), adjustments to the Government teaching grant to reflect the costs of delivering subjects and their value to students and the taxpayer, the introduction of minimum entry thresholds for courses demonstrating poor retention or graduate employability and/or salary rates and the withdrawal of foundation year loans.

Text analysis

At 86,000 words over 216 pages, Augar is a larger and more detailed report than Browne. The narrative represents a shift, with coded phrases in Appendix A suggesting a strong use of evidence to support recommendations, a tone that focuses on student considerations, and an emphasis more critical of institutions. This is reinforced by commentators on the report at the time of its release, noting the depth of evidence and balance (McVitty, 2019). There is a return to the strategic language in common with Dearing, but the layout and use of clear diagrams and summaries is more akin to Browne. Overall, the document feels accessible to both a sector expert and the lay-reader, perhaps supported by the significant content focused on context and explanation of the sector and its workings, strengths and weaknesses, as well as quotes and case studies (McVitty, 2019). The word 'data' is now more common than previously, reflecting an emphasis on backing up statements with evidence. In addition to a high use of 'funding' and 'cost', the terms 'fees', 'loans' and 'repayment' are far more prevalent than in Dearing and Browne, an indication that the neoliberal view of HE is now prominent. The phrases 'skills' and 'training' are used 2.5–3 times as densely as in previous reports, perhaps indicating an emphasis on jobs and learning outcomes. To offset this there is also increased use of 'fairness', 'social mobility', 'widening participation' and 'advantages' or 'dis- advantages', and 'Government' is used three times as densely in Augar as in Dearing. These would indicate that the report extends beyond a simplistic marketised view of HE, and indeed the document retains a common theme around equality in access to education but also fairness from a funding perspective between those who do and do not access HE.

Process analysis

Philip Augar, a former equities broker, was asked by Theresa May to chair an independent panel, comprising of five experts in HE and FE, to author the report in 2018. This has been seen as contentious by some, with an expert panel having replaced committees as the main method of advising Government on policy (Parry, 2019), but supported by others, highlighting the experience of those involved (Hillman, 2019). The aim of the report was to create a 'joined up post-18 education system supported by a funding system that worked for students and taxpayers' (Hubble and Bolton, 2019b, 5). A call for evidence ran in Spring 2018 to seek student, university and public views and collect evidence. This elicited 375 responses which were summarised in parallel to the main report. In addition, 330 meetings were held with experts and sector representatives in fields relevant to the remit of the review. Superficially, this level of primary data collection appears slimmer than for Browne, and significantly less than for Dearing. It should be noted, however, that the level of data available within HE by this point was significantly larger, with, for example, the National Student Survey (NSS) and Destination of Leavers from Higher Education (DLHE) data now being used.

Of the 53 recommendations made, 51 are aimed at Government (including those related to tuition fees) and only two at universities, suggesting that whilst written in an accessible format, this was directed at the sitting Conservative administration. The way that evidence is presented as a rationale for the recommendations in the document has been criticised by some as selective (e.g. Walker, 2019a; Parry, 2019). Examples are evident to support this view. For example, a HEPI survey is referenced suggesting 38% student positivity (p86), rather than using the much larger NSS, which would have placed this measure at over 80% in 2018 (NSS, 2018). Similarly, a reference is made that '15% of all students attended universities that had either significantly negative or statistically negligible earnings returns' (Augar, 2019, 88) rather than focusing on the 85% that have a positive premium. The tuition fee narrative portrays universities that have benefited from increased resources and a sector that is in reasonable financial health, performance that varies at institutional level, costs to students that exceed the level expected by Government in 2010 and students and taxpayers that deserve better value for money. Some have described this as misleading and overly simplistic (Smith et al., 2019) and ignorant to the wider civic role of universities (Mayo, 2019).

Social analysis

The political environment had shifted by the time of the Augar Review. The UK voted to leave the European Union in 2016, and the process to execute that decision was advancing. In 2017, the Conservative Government had been voted the largest party at the general election, but had lost an overall majority. In 2019 they would change leader and then win a convincing majority, to go on and exit the UK from Europe. On the horizon was the coronavirus outbreak in early 2020 and the deviation of much political energy and financial resources to tackling that crisis. Ahead of election victory, the Conservatives pledged to consider the 'thoughtful' recommendations of Augar on English university funding, to explore ways to 'tackle the problem of low-quality courses' (Conservative Manifesto, 2019, 37). It was not until January 2021 that the Government issued its interim conclusion on the Augar Review, citing the coronavirus pandemic for the delay (DfE, 2021). This response contained no reference to the tuition fee recommendations, and gave no indication on how increasing system costs would be managed (Morgan, 2021). In February 2022, a full response was published, fixing fees at £9250 until 2024/25, reducing loan repayment interest rates and reducing the loan repayment threshold, whilst at the same time launching consultations on student number controls and minimum eligibility requirements (DfE, 2022).

The narrative around low-quality courses emerges for the first time in Augar, having been absent in Dearing and Browne, but was criticised for using earnings to define value (Ahlburg, 2019). In a significant shift from the earlier reviews, the Labour party, under Jeremy Corbyn, were now wedded to a completely different university funding model, with no fees, and treated Augar in a partisan manner (Hillman, 2019). Much of the social discourse at the time of the publication of the Review has been summarised by the author. In the House of Lords, Augar talked about giving students a fair deal after 'windfall' years and that universities in financial trouble are guilty of 'bad management' (Walker, 2019b). More recently he has said that English HE is at a 'turning point' and about to move 'from the age of 50 per cent to the age of everyone' at an event held by the Lifelong Education Commission (Morgan, 2021). These illustrate the change in narrative between Browne and Augar from a focus on higher fees payable by those who benefit, to lower fees for courses that do not provide strong outcomes, and a focus on more efficient universities. It has also been commented that the Augar Review was unduly biased by the wider political narrative around 'levelling up' (Morgan, 2021). The cost of unpaid loans also emerges significantly in the discourse around Augar, and it is clear from the announcements made in 2022 around debt arrangements that this has been a key consideration (DfE, 2022).

The external reception to the Review was mixed. HEPI ran a student poll in 2019 that showed little preference for the reduced fee, with 40% preferring the current system of £9250 paid back over 30 years, 41% Augar's approach of £7500 paid off over 40 years, and 18% having no preference between the two (Hewitt, 2019). This has been supported by a later study by Mazhari and Atherton (2021), based on focus groups with students, which established that concerns around living costs and the criteria for maintenance loans featured far higher than tuition fees in terms of areas of concern. UUK commissioned an independent assessment of the Augar Review, which highlighted that the fee cap reduction would lead to a 36% fall in fee income to universities, which would cost the UK taxpayer £1.8bn to replace (Conlon and Halterback, 2019). It also flagged concerns that the changes in repayment terms would benefit better off graduates at the expense of lower earners.

Discussion

Four interrelated themes summarising how discourse may have influenced policy evolution have been identified from the analysis outlined above. First, the inexorable link between politics and policy making in relation to HE and tuition fees. The Tony Blair-led Labour Government from 1997 had been elected on a mandate focusing on education, including highlighted long-term under- funding of HE and generating large scale support for the introduction of tuition fees for progressive reasons. By the time the Coalition Government received the Browne Review, the political narrative had changed to austerity post-recession, and increased tuition fees were therefore sold as a way of continuing sector expansion, including widening access, and further enhancing competitiveness, without increasing the costs to the public purse. Most recently the political narrative has shifted again, towards 'levelling up', considering more those that are not able or do not want to access HE, and the exploration of new forms of training and education, including the introduction of apprenticeships and a broader role for FE. This, and the value for money agenda, supports a proposal for lower fees and focus on universities to be more efficient. In each case, HE tuition fee policy has mirrored the political narrative of its time, from investment to growth to popularist ideologies. It is also of note that all three of the policy documents were received by a different administration than had commissioned it, and in the case of Dearing and Browne, by a different political party. Perhaps this has made it easier for significant changes to tuition fee arrangements to be implemented, with greater ability to demonstrate independence and potentially easier cross-party support with more than one playing a lead part in the process. The changes over the last 25 years, led by different Governments, gives support to the view of Bratberg (2011) that political ideology does not follow conventional left/right divisions around tuition fees.

Second, is the increasing discourse around the marketisation of HE and the trend towards sector neoliberalisation. The language from Dearing to Browne to Augar demonstrates a change from a focus on 'funding' and 'research' to 'fees' and 'access' to 'loans' and 'outcomes', with an increasing emphasis on competition between universities and students as consumers. Each of the three reviews have become more student orientated, in terms of the language, length, use of graphics and case studies, and overall narrative.

The introduction of fees in this context was justified by Dearing partially to boost sector competitiveness in a competitive global market. Browne recommended fee increases, supported by positivity from within HE, with a stated goal to create a marketised system (Riddell, 2016), in parallel with a widening participation agenda, using evidence that higher fees do not materially impact participation levels and diversity but does drive capacity and student earnings. These findings have since been shown to be justified by Wilkins et al. (2013), Wakeling and Jefferies (2013) and Ainsworth et al. (2016). Browne also recommended far more autonomy for fee setting from universities, to boost competition (with a view that this would improve quality) and allow institutions to differentiate their degrees through price. The latter theory has been somewhat disproven, however, with almost all universities simultaneously moving the maximum fee cap when it was increased to £3000 and then £9000 in a manner that has been compared with a cartel, and amongst a fear that a lower-than-cap cost would be associated with an inferior quality (Riddell, 2016). A proposed reduction in fees by Augar, focused on Government as the decision maker and portraying universities as actors of varying quality and efficiency, uses the value for money argument on the part of students, emphasising the employment outcomes of HE and how they differ across programmes, institutions and between genders (Britton et al., 2016). Unsurprisingly, it has been the last of the three reviews that has led to the most negative discourse within the sector.

Also linked to neoliberalisation is the third theme, the argument around who benefits most from HE and who should pay. Dearing's balanced view in 1997, which incorporated the principles of moral and political sustainability, which was supported by the political and public narrative at the time, was that society and students both benefit and therefore the burden on payment should be shared (Rothstein, 1998). Its language suggests that Dearing was also aimed at a range of actors in the sector. This had shifted by Browne, which as discussed by Greenaway and Haynes (2000), Barr (2003) and others earlier, emphasised that private returns exceeded public returns, and therefore tuition fees should rise accordingly. By now the document appears to be aimed at students. The tone by Augar, with targeted language, explicit use of extended narrative and evidence on the need for efficient universities, new ways of learning and better value for money for students, led to proposals for lower fees. This appears to have Government as a new clear audience.

Fourth, the economic context, within the sector and the country, has clearly been a key driver for tuition fees in England, particularly since Browne. Whilst Dearing was commissioned to undertake a holistic review, this was not the case for Browne and Augar, who were asked to focus pre- dominantly on fees and sustainable funding and set out more concise documents. Underfunding of the HE sector was a concern within the Dearing Report and is supported with dozens of pages of evidence and appendices, whilst the language used in Browne and, to an extent, Augar suggests that reducing the weight of public expenditure was a key consideration, including in relation to the impact of unpaid loans. The economic impact of the global economic crisis of 2007-8, and the austerity that followed, may well have played to the discourse around Browne, whilst the UK's departure of Europe, and subsequently the coronavirus pandemic, has almost certainly impacted the most recent announcement post-Augar. It is interesting, though, that the economic narrative, and the text discourse, between Browne and Augar, has certainly been one that has moved from a focus on private student investment in the shape of fees, to the role of Government and universities in improving educational outcomes and value for money.

There are other trends worth noting. Over the period of the three reviews, it there has been a reduction in the size of the overseeing committee or panel, the level of consultation undertaken, and the scale and breadth of materials collected to inform their production. Whilst this has been criticised by some as noted above, it is difficult to make any firm conclusions as to why this has been the case, other than perhaps the general move towards thinking about the student as a consumer and the need to simplify policy and broaden its reach. This merits further research.

Conclusions

This paper has charted tuition fee change in England and reviewed three important policy documents, illustrating significant shifts in the way that policy is documented, communicated and synthesised within society. It has identified four themes emerging from the discourse that may have influenced tuition fee policy making: national politics and political narrative; the marketisation and neoliberalisation of HE; the link between the costs and benefits of education; and the pressures of the economic environment.

The approach used has been limited to only three documents, and associated academic literature, media and dialogue. It is acknowledged that other policies and discourses, including for example the 2003 White Paper on the future of HE which introduced income-contingent loans for the first time, will have influenced the evolution of tuition fees in England. It is also the case that the target audiences of the three documents have shifted, as has the regulatory regime for HE. Furthermore, this document has focused on the drivers and motivations for tuition fee policies, and not specifically on their success measures, or the extent to which they have been implemented and what the result has been. Clearly these will have influenced policy evolution, as in many ways each policy document has built on its predecessor. Whilst the use of loans to fund tuition fees are explored in summary, more work is required in this respect.

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Appendix A
Document coding

Segment Text/Phrase	Category	Dearing (1997)		Browne (2010)		Augar (2019)	
		Frequency	Frequency per 1000 words	Frequency	Frequency per 1000 words	Frequency	Frequency per 1000 words
We	C1	1843	9.7	149	4.9	701	8.1
They, them	C4	714	3.8	206	6.7	328	3.8
We recommend	C1, C4	220	1.2	9	0.3	26	0.3
We believe	C1	149	0.8	7	0.2	67	0.8
We consider	C1	66	0.3	—	0.0	19	0.2
We expect	C1	19	0.1	3	0.1	11	0.1
We recognise	C1, C2, C3	31	0.2	5	0.2	17	0.2
We understand	C1, C2, C3	11	0.1	—	0.0	7	0.1
We argue	C1	5	0.0	—	0.0	—	0.0
Who	C4	284	1.5	102	3.3	199	2.3
Why	C4, C12	15	0.1	2	0.1	14	0.2
What	C4	116	0.6	36	1.2	73	0.8
When	C4	100	0.5	32	1.0	52	0.6
How	C4, C11	165	0.9	69	2.3	244	2.8
Evidence	C3	206	1.1	42	1.4	109	1.3
Data	C3	48	0.3	11	0.4	268	3.1
Trend(s)	C3	31	0.2	6	0.2	12	0.1
Resource(s)	C6, C8, C10	148	0.8	13	0.4	51	0.6
Fund(ing)	C6, C8, C10	1390	7.3	212	6.9	512	5.9
Income	C6, C8, C10	256	1.4	123	4.0	179	2.1
Spend(ing), expenditure	C6, C8, C10	208	1.1	34	1.1	81	0.9
Cost(s)	C6, C8, C10	477	2.5	188	6.2	287	3.3

(continued)

(continued)

Segment Text/Phrase	Category	Dearing (1997)		Browne (2010)		Augar (2019)	
		Frequency	Frequency per 1000 words	Frequency	Frequency per 1000 words	Frequency	Frequency per 1000 words
Fee(s)	C6, C7	186	1.0	95	3.1	280	3.2
Contribute/contribution	C6, C7	611	3.2	66	2.2	169	2.0
Loan(s)	C6, C7	92	0.5	88	2.9	382	4.4
Repay(ment)	C6, C7	65	0.3	13	0.4	142	1.6
Grant(s)	C6, C7	192	1.0	56	1.8	173	2.0
Value	C6, C7	136	0.7	23	0.8	98	1.1
Value for money	C6, C7	29	0.2	7	0.2	16	0.2
Benefit(s)	C6	163	0.9	88	2.9	65	0.8
Fair(ness)	C7, C9	29	0.2	22	0.7	64	0.7
Equity/equality	C7, C9	33	0.2	9	0.3	21	0.2
Potential	C7	113	0.6	17	0.6	35	0.4
Participate(ion)	C7, C9	551	2.9	53	1.7	89	1.0
Wellbeing	C7, C9	19	0.1	—	0.0	2	0.0
Advantage(s)	C9	89	0.5	35	1.1	138	1.6
Disadvantage(s)	C9	23	0.1	20	0.7	116	1.3
Access(ability)	C9	196	1.0	112	3.7	121	1.4
Research	C8	1048	5.5	17	0.6	106	1.2
Teach(ing)	C8	614	3.2	57	1.9	137	1.6
Learn(ing)	C8	663	3.5	70	2.3	321	3.7
Education(al)	C8	3017	15.9	395	12.9	805	9.3
Skills	C7	213	1.1	42	1.4	308	3.6
Training	C7	237	1.3	9	0.3	179	2.1
Recent	C3, C4	110	0.6	6	0.2	85	1.0
Future	C3, C4	212	1.1	29	1.0	56	0.6

(continued)

Segment Text/Phrase	Category	Dearing (1997) Frequency	Dearing (1997) Frequency per 1000 words	Browne (2010) Frequency	Browne (2010) Frequency per 1000 words	Augar (2019) Frequency	Augar (2019) Frequency per 1000 words
Past	C3, C4	31	0.2	5	0.2	17	0.2
Government	C4, C5	345	1.8	106	3.5	456	5.3
Institution(s), University(ies), Provider(s), HEI	C4, C5, C8	2048	10.8	345	11.3	781	9.0
Student(s)	C4, C5, C7	1615	8.5	662	21.7	950	11.0
Employer(s), Firm(s), Business(es)	C4, C5, C6, C110	357	1.9	43	1.4	169	2.0
Compete, Competitive(ness), Competition	C6, C10	123	0.6	48	1.6	51	0.6
Distinctive	C6	64	0.3	—	0.0	27	0.3
Sustainable	C6, C9	9	0.0	18	0.6	7	0.1
Economy/economic	C6, C10	376	2.0	54	1.8	211	2.4
Social, Society	C9	294	1.6	10	0.3	119	1.4
Cultural/culture	C9	80	0.4	6	0.2	25	0.3
Demand	C6, C10	158	0.8	40	1.3	44	0.5
Supply	C6, C10	23	0.1	3	0.1	14	0.2
Start	C4, C13	32	0.2	13	0.4	75	0.9
Encourage(s)	C4, C13	98	0.5	2	0.1	39	0.5
Enable	C4, C13	89	0.5	3	0.1	1	0.0
Support	C4, C13	554	2.9	97	3.2	242	2.8
Protect	C4, C13	18	0.1	11	0.4	35	0.4
Stop	C4, C14	13	0.1	11	0.4	3	0.0
Discourage(s)	C4, C14	35	0.2	1	0.0	2	0.0
Reform	C4, C14	9	0.0	13	0.4	18	0.2
Prevent	C4, C14	11	0.1	7	0.2	4	0.0
Cease	C4, C14	4	0.0	—	0.0	2	0.0
Manage(ment)	C11	226	1.2	7	0.2	25	0.3
Govern(ance)	C12	535	2.8	112	3.7	472	5.5
Structure	C12	169	0.9	1	0.0	37	0.4
Control	C4, C11	32	0.2	10	0.3	18	0.2

(continued)

Segment Text/Phrase	Category	Dearing (1997)		Browne (2010)		Augar (2019)	
		Frequency	Frequency per 1000 words	Frequency	Frequency per 1000 words	Frequency	Frequency per 1000 words
International, overseas	C5	209	1.1	26	0.9	39	0.5
United Kingdom, UK, Britain, GB	C5	444	2.3	62	2.0	515	6.0
England, English	C5	185	1.0	22	0.7	283	3.3
Scotland, Scottish	C5	338	1.8	—	0.0	11	0.1
Wales, Welsh	C5	175	0.9	1	0.0	13	0.2
Northern Ireland	C5	193	1.0	—	0.0	4	0.0

Category labels

Category	Category Label
C1	Author is taking ownership
C2	Author is showing empathy
C3	Author is justifying with evidence
C4	Author is directing
C5	Author is framing
C6	Financial, marketisation language
C7	Student considerations
C8	Institutional considerations
C9	Societal/social considerations
C10	Economic considerations
C11	Operational language
C12	Strategic language
C13	Positive, proactive
C14	Negative, reactive

Chapter Six: *Financial sustainability in a marketised and partially autonomous environment: the case of small new public universities in England*

6.1 Background

This paper was mainly written between March and July 2022. Having been received in January 2023, it was published by the *Oxford Review of Education*, a Quartile One Taylor and Francis journal with an Impact Score of 3.16 (2021) and SJR of 0.810 (2021), in July 2023.

6.2 Synopsis of method and findings

In this paper, I critically analyse the financial sustainability challenges being faced by small new public universities in England, and the responses these institutions are taking. I do so by defining what a small new public university is, sampling ten such institutions and using a RDT framework to analyse the interplay between external factors, internal responses and organisational dynamics (Pfeffer and Salancik, 1978). I draw on established secondary data, from HESA and other sources, to highlight weak and deteriorating financial performance within the sampled institutions. I highlight undergraduate tuition fee stagnation, increased staff salaries and growing pension costs as some of the key cost pressures facing universities (highlighting that these are also elements of cost where little institutional autonomy exists), before evidencing how sampled universities are attempting adapt their organisations to respond to these pressures and in parallel attempting to alter their environments to align to their organisational strengths. Some of the most common responses discussed include moves to change pension and employment terms, reduce headcount, grow the student base, diversify the academic portfolio and student reach and create new domestic and international partnerships.

In bringing evidence together, I discuss the vulnerabilities within small institutions and the risks around continued resource rationalisation and new employment models. I also explore the dynamics between programme and partner proliferation and financial benefits in a fixed home undergraduate environment, where more courses and students may not necessarily mean increased income or larger surpluses. In discussing income diversification, I highlight the opportunities being grasped by the sampled universities, particularly orientated towards increases in international students and the formation of new partnerships, but also describe some of the challenges this presents in a competitive market where other institutions possess more resources.

I conclude that the RDT perspective is useful in exploring financial sustainability amongst universities, and that further innovation and diversification will be necessary in the future, given financial trends across the sector.

6.3 Contribution to thesis

This paper contributes to the overall argument outlined in Chapters Nine and Ten by discussing the challenges faced by a section of the English HE sector, and evidencing the responses being taken to influence the market and adapt to move into new areas. This, together with the data presented in Chapter Two and literature discussed in Chapter Three allows me to address RQ1 and RQ2. It also supports my discussion of the prospects of IBCs and RMBCs (RQ3), providing context on other revenue diversification options. For a fuller discussion of the contribution of this paper please see section 9.3.

6.4 Full paper as published

See pages 79 to 96.

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Financial sustainability in a marketised and partially autonomous environment: the case of small new public universities in England

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ABSTRACT

In the context of threats to their financial sustainability, this paper uses Resource Dependency Theory to explore the challenges being faced by a sample of 10 small new public universities in England. It discusses the responses being taken and prospects for the future in this segment of the sector. It concludes that some of the most important elements of income and expenditure are also areas where institutions have amongst the lowest levels of autonomy, including tuition fees, staff salaries and pension costs. It suggests that institutions are proactively seeking ways to both adapt their strategy and influence the environment in which they operate, including the introduction of new organisational forms, models for employing staff, the diversification into new programmes and markets, and greater use of domestic and international partnerships.

KEYWORDS
University financial sustainability; Resource Dependency Theory; Institutional autonomy; Income diversification

Introduction and context

The liberalisation of the higher education (HE) market in England has led universities to focus increasingly on their financial sustainability. However, legacy expenditure liabilities reminiscent of a pre-marketised sector remain. Given the importance of the 'environment' in the story of sector marketisation, this paper uses a resource dependency framework to examine the extent to which a portion of the sector can be financially sustainable, exploring institutional responses and prospects for the future (Pfeffer & Salancik, 1978). It focuses on smaller new public universities, providing a narrow but illuminating insight into financial dependency, sustainability and institutional autonomy.

Definitions

Financial sustainability, marketisation and autonomy are frequently used terms, with numerous definitions and discussions of their relative strengths and weaknesses in the HE context (e.g. Boliver, 2015; Brown & Carasso, 2013). This paper borrows a definition of financial sustainability from the Financial Sustainability Strategy Group (FSSG),

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a university-led high-level forum considering strategic, political, cultural and technical issues, which suggests it requires institutions to generate the necessary level of cash to finance their operations and strategic needs over the medium-to-long term, including its investment in human and physical resources. Achieving a sustainable financial position is, therefore, complex. It requires medium-to-long term decision-making, backed up by strong and clear financial strategy (FSSG, 2019, p. 16).

The marketisation of HE is defined as the increasing influence of market competition on academic life (Williams, 1995). Whilst noting that no developed system meets all the criteria, Brown (2011) suggests that a 'pure' HE market would include six features: legally autonomous universities; little or no regulation of market entry; no limits on fees; teaching costs covered entirely; fee costs met entirely by students and their families; and study choices informed by valid and accessible information.

In 2007, the European University Association (EUA) set out a four-dimensional definition of university autonomy (Estermann & Nikkola, 2009). This defines autonomy as the ability of universities to determine organisational structure and governance; oversee financial issues (to acquire and allocate funding, charge tuition fees, accumulate surplus, and borrow money); control staffing matters (to recruit staff and define terms of employment); and make academic decisions (defining programmes of study, quality assurance and student admissions).

The marketisation of English HE

HE marketisation in England has been widely discussed (Brown & Carasso, 2013; Molesworth et al., 2009), although most criteria set out by Brown (2011) remain only part fulfilled. Driven by sets of policy recommendations in Robbins (1963), Dearing (1997), Browne (2010) and Augar (2019), HE in England has been characterised by expansion, and increased participation and choice. As portrayed by Foskett (2011, p. 25), the system has morphed from 'a small collegium of medium sized, research- and education- focused organisations to a knowledge-based service industry'. At the start of the 2020/21 academic year, 1.76 million domestic students were studying at English universities, an 11% increase on 2016/17 (Higher Education Statistics Agency [HESA], 2022f). A further manifestation of marketisation has been the international-fees driven growth of overseas student recruitment. English universities grew their overseas student cohort to 501,000 in 2020 (a 35% increase in five years), whilst a further 431,000 studied overseas as part of transnational education ventures (HESA, 2022e; Universities UK [UUK], 2022).

An enabler of the increase in participation in English HE has been the changes made to sector funding. Annual tuition fees of £1,000 per year were introduced in 1998, rising to £3,000 per annum from 2006, £9,000 from October 2012 and £9,250 in 2015, where it remains.

Theoretical framework

The extent of change in the HE environment means its analysis requires a strong framework recognising significant roles played, and influence generated, by external policy makers on universities (Slaughter & Leslie, 1997). Whilst political theories help us understand national education policy changes, and organisational theories can frame internal management strategies, Resource Dependency Theory (RDT) provides a framework for understanding the interplay between external factors, internal decisions and organisational dynamics. The main RDT themes used in this paper to shape the analysis are: first, the effect of environment on universities; second, the extent of autonomy held and ways these organisations manage environmental constraints; and third, the impact of constraints on institutional dynamics and the existence of alternatives (Pfeffer & Salancik, 1978). Looking ahead, RDT sets out two adaptive strategies to build resource capacity and support financial sustainability. First, universities can adapt and change to fit their environmental conditions, and second, they can seek to alter the environment to fit their own institutional capabilities. Again, this framework provides a sound model for assessing contemporary financial challenges.

RDT continues to be an influential framework across many business disciplines in the development of organisational strategies (Hillman et al., 2009). Its use in HE management is more limited. Tolbert (1985) used RDT in a sample of US universities to establish a direct relationship between funding sources and resources allocated to pursue such funding. In developing the theory of *Academic Capitalism*, Slaughter and Leslie (1997) used RDT to look at how national policies across four countries, including the UK, translate into HE finances, and how and why institutions change their attitudes to adapt to different income conditions. More country-specific studies using RDT in HE contexts include Huisman (1991) examining the system in the Netherlands, Machado (2005) on Brazil, Kholmuminov et al. (2018) on Uzbekistan, McAllister-Spooner and Kent (2009) focusing on community colleges in the U.S.A, and subsequently Fowles (2013) and Powell and Rey (2015) broadening this perspective across US HE.

Approach and financial typology

Method

First, a financial typology for a ‘small public university’ is established and major elements of income and expenditure are identified. Second, factors and forces impacting financial sustainability are explored against each income and expenditure area, drawing on financial data for the institutional sample. Third, organisational responses are appraised, using case studies within the sample. Fourth, future impacts on organisational dynamics are assessed, including a discussion on the outlook for small public universities in England and the extent to which issues identified may be transferable across the sector. The main sources for this paper are quantitative data from the Higher Education Statistics Agency (HESA), including the release of sector data in July 2022, and qualitative case study material from the universities sampled.

Defining a small new English university

Commentators have discussed the stratification and classification of English HE, and the roles played by each type of institution, be that into quality tiers, through league tables, via mission groups or another means (Boliver, 2015). Rather than adopt an existing cluster, this paper uses three criteria to define a 'small new public university' in England:

- It achieved full university status, via the Privy Council, between 2000 and 2015;
- It was home to between 4,000 and 10,000 students, as at the end of the 2020/21 academic year; and
- As holder of a Teaching Excellence Framework (TEF) award, it is eligible to charge home undergraduate tuition fees of £9,250 per annum.

Ten universities meet these criteria. This tight definition enables the development of a reliable financial typology, acknowledging that larger, smaller, newer, older or private universities could have a dramatically different income and expenditure mix. Whilst the identity of these institutions is anonymised, four are based in the north of England, three in the southwest, three in the southeast. Their annual income in 2020–21 ranged from £46 m to £84 m. The homogeneity of this sample is not limited to their size and age. These universities all attract a high proportion of students from areas of educational disadvantage, eight are located in small cities or towns rather than large metropolitan areas and nine have their origins in teacher training. An examination of their subject mix reveals that all 10 institutions have an arts and social science bias to their academic offering, although most have started to diversify.

A financial typology

Table 1 shows that in terms of financial health, as defined by Pagano and Moore (1985) and Woelful (1987), these small institutions have a consistently weaker performance than the sector. Over the past five years, financial surpluses have been lower than the wider sector average, and two of the universities reported a financial loss every year since 2016/17. Liquidity, which in this case is a measure of the number of days from the financial year end a university could operate based on its cash reserves and short-term investments, aligned closely with the sector until 2019/20, and varies significantly between the individual institutions. However, it was nearly 20 days below the sector average in 2020/21 at a time when all universities sought to protect their sustainability, through prudent financial planning, during the pandemic (Office for Students [OfS], 2022a). The days ratio of total net assets to total expenditure averaged 401 in the sample in 2020/21 (with a range of 193 to 810) against a sector mean of 419. This suggests that there is no discernible difference in the proportional level of assets held by the sampled universities versus the sector in general.

Table 1. Current financial health of sampled universities.

		2016/17	2017/18	2018/19	2019/20	2020/21
Reported surplus (% of income)	Minimum	−8.8%	−12.0%	−8.1%	−12.4%	−12.1%
	Maximum	11.4%	9.9%	4.8%	7.4%	10.9%
	Mean	**2.9%**	**1.2%**	**-0.6%**	**0.1%**	**1.2%**
	Sector	*3.7%*	*3.1%*	*3.9%*	*2.0%*	*4.7%*
Liquidity (days)	Minimum	44	32	36	72	98
	Maximum	228	208	200	231	293
	Mean	**116**	**130**	**115**	**139**	**149**
	Sector	*143*	*144*	*125*	*137*	*168*

Source: Author, based on HESA (2022a), OfS (2022a) and institutional Financial Reports.

Table 2. Sample universities income and expenditure (2020/21).

INCOME	Home tuition fees	International fees	Funding body grants	Research and other grants	Accommodation and catering	Other income	
Minimum	68.7%	0.2%	4.2%	0.2%	0.5%	1.1%	
Maximum	88.4%	10.2%	10.0%	2.5%	10.9%	9.5%	
Mean	**76.5%**	**4.6%**	**6.8%**	**1.0%**	**6.2%**	**4.9%**	
Sector	*38.8%*	*16.3%*	*11.0%*	*15.4%*		*18.5%*	
EXPENDITURE	**Staff salaries**	**Social security costs**	**Staff pensions**	**Other operating costs**	**Depreciation**	**Interest and financing costs**	**Other costs**
Minimum	35.8%	6.8%	9.3%	20.8%	5.6%	0.8%	0.0%
Maximum	53.7%	10.9%	15.6%	44.2%	8.6%	4.0%	2.0%
Mean	**43.6%**	**9.6%**	**12.8%**	**29.3%**	**7.2%**	**2.3%**	**0.6%**
Sector	*41.4%*	*5.9%*	*8.0%*	*36.2%*	*6.7%*	*1.8%*	

Source: Author, based on HESA (2022c, 2022d) and institutional Financial Reports.

Table 2 summarises the income and expenditure profile of sampled smaller English universities. It demonstrates that, compared to the sector, these institutions are twice as dependent on home tuition fees (they represent 77% of income on average) as the sector norm. This has risen from 70% of the sample's income in 2016/17. Areas where more autonomy exists, including international fees, funding body grants, research grants and other income, are all significantly less important for these smaller institutions. Further inspection suggests that this is the case for all 10 of the universities in the sample, and that, with undergraduates representing 82.7% of their overall domestic student cohort, it is first-degree students that are the principal income unit (HESA, 2022d). Staff salaries, social security (National Insurance) and pension costs together account for 66% of expenditure at smaller new universities (up from 60% in 2016/17), significantly exceeding, and increasing faster than, the sector average of 55% (which is unchanged from 2016/17). Again, as will be discussed later, limitations on organisational autonomy exist in relation to staff and pension costs.

Environmental effects: factors and forces impacting financial sustainability

Undergraduate tuition fees

Home undergraduate tuition fees are the largest source of income for the sampled universities, but arguably they are also the income unit where least autonomy is held. It was announced in February 2022 that fees would remain capped at £9,250 until the 2024/25 academic year (Department for Education [DfE], 2022a). Using 2012/13 as a base and the Consumer Price Index (CPI) as the measure of inflation, tuition fees will have reduced by 23% in real terms over 2012–25, to the equivalent of £6,959 (Bank of England, 2022; ONS, 2022). Whilst fixed fees provide certainty for universities, diminishing fee levels in real terms for at least three more years has the potential to jeopardise financial sustainability if core markets cannot be diversified.

While outlining the tuition fee freeze, the government also announced consultations on the introduction of Student Number Controls, Minimum Eligibility Requirements, and reduced fee cap levels for Access to Higher Education courses such as Foundation Years (DfE, 2022a). This may indicate intent by the government to reduce the numbers going to university, further threatening the core market of smaller institutions.

Other external factors impacting home undergraduate tuition fee income include the potential for expansion in numbers of HE providers in England, further increasing competition, and the behaviours of larger, resource hungry universities. Ahlburg (2020) suggests that larger, stronger institutions may move into smaller university markets post the Covid-19 pandemic and Brexit, serving regional markets through applied courses, replacing lost foreign students with domestic entrants. Whilst this has not borne out in 2022, with international student recruitment remaining buoyant, an ongoing risk remains.

Staff salaries

Staff salaries dominate spending in the sampled universities (for the past five years accounting for, on average, 43% of expenditure), while institutions enjoy little autonomy or flexibility in this regard. Sector marketisation has not been accompanied by the liberalisation on how most staff are remunerated. Most public universities continue to use a nationally agreed single 51-point pay spine agreed, initially, as a result of a pay modernisation programme led by the Joint Negotiating Committee for HE Staff (JNCHES) in 2003, and are subject to an annual collective bargaining process between the Universities and Colleges Employers Association (UCEA), the University and College Union (UCU) and other unions (UCEA, 2003, 2021). Most staff, excluding those already at the top of pay bands or at the highest levels within university hierarchies, are appointed on this pay scale and are subject to two kinds of pay adjustment per year: first, pay progression within the scale, where staff members move to a higher pay increment within a grade for doing the same job; and second, a pay award, an increase in pay resulting from the collective bargaining process. Whilst the latter, varying annually, lasts as long as the staff member is employed, the first is limited to the width of the pay band. According to UCEA (2022), 51% of academic staff and 46% of non-academic staff were eligible for increments in 2021, worth on average 3% of salary.

For staff, the JNCHES framework provides transparency, comparability and fairness, and has supported work towards equal pay (UCEA, 2003). For smaller universities, how- ever, whilst a single national pay scale helps avoid equal pay cases; simplifies pay administration; improves retention; harmonises working hours; and if managed correctly, supports good employee relations, it also limits the extent to which individual institutions can differentiate themselves. For example, limited autonomy exists to retain their best resources, attract higher performers (especially in a competitive market) and respond to income challenges. In financial terms, it means smaller universities in England pay a similar level of salaries as larger sector peers, despite not necessarily being able to sustainably afford this. In some institutions, a response may be to employ fewer staff. Headcount across the 10 sampled institutions decreased by 480 between 2016 and 2021, but the cost of staff salaries during this period grew by £18.4 m.

Staff pensions

The two main forms of occupational pension scheme in England are defined benefit (DB), with the pension typically based on salary level and years served, and defined contribution (DC), with a pension based on the size of investment made by employees and employers. In the economy in general, there has been a move from DB to DC schemes for mainly financial reasons (de Thierry et al., 2013). Since their time as quasi-public bodies, English HE institutions have generally operated DB pension schemes. Three major schemes are in operation within English HE: the Universities Superannuation Scheme (USS) with over 400,000 members principally located in older and larger pre-1992 universities but also some newer institutions; the Teachers' Pension Scheme (TPS) which operates across HE, Further Education and schools with over 700,000 members; and the Local Government Pension Scheme (LGPS) which transcends a range of public sector organisations, with over 4.6 million members divided into regional funds. All three of these operate on a career average basis and in 2021 had employer contribution rates of 21.6% (USS), between 14% and 18% (LGPS) and 23.7% (TPS) (DfE, 2022b; Unison, 2022; USS, 2022). By comparison, the minimum employer contribution rate for a DC pension in the UK in 2021 was 3% (Pensions Regulator, 2021).

The 10 sampled universities are, together, members of all three schemes, but in general, academic staff enter the TPS and non-academic staff enrol in the LGPS. Table 3 shows how the costs of these schemes rose between 2016 and 2021. As discussed by the Economist (2017), DB pension costs are likely to continue to rise with an ageing population and declining returns on investments.

A major issue here is the extent to which universities can influence pension costs as both the TPS and LGPS are operated by bodies distant from member organisations. In both funds, contribution rates are set by these external bodies, with minor reviews annually and major reviews triennially that historically have resulted in increased costs for employers. This has led to the sampled universities spending on average £3.1 m more on pensions in 2020/21 versus 2016/17 (HESA, 2022d).

Other operating costs

There are several other external factors impacting financial sustainability in HE, although not necessarily unique to the institutions in the sample. Of the five financial pressures outlined by Dickmeyer and Hughes (1982), two are particularly pertinent at present: inflation and increasing regulatory requirements.

The Consumer Price Index has increased dramatically in the UK. It reached 10.7% in November 2022 on the back of Brexit, the Covid-19 pandemic and conflict in Ukraine. This places short-term financial pressure on university operating costs, particularly spending

Table 3. Pension costs as a proportion of income, for sampled universities.

	2016/17	2017/18	2018/19	2019/20	2020/21
Minimum	6.7%	7.0%	6.9%	8.6%	9.4%
Maximum	10.8%	11.2%	12.2%	14.9%	15.1%
Mean	**8.2%**	**8.8%**	**10.2%**	**11.6%**	**12.6%**

Source: Author, based on HESA (2022c, 2022d) and institutional Financial Reports.

on energy, services and consumables and potentially leads to increased borrowing costs. This also leads to inflated pay expectations in the job market, perhaps reducing universities' ability to compete for increasingly scarce resources. The macro-economic situation has also led to a 1.25% increase in employer National Insurance contributions, subsequently proposed for reversal, calculated to cost the sector £131 m in 2022/23 (UCEA, 2022), accompanied by a 6.6% National Living Wage increase in 2022. Seven of the 10 sampled smaller universities also pay the (higher) Voluntary Living Wage, which rose by 10.1% in late 2022. Inflation and cost of living increases have a particularly significant impact within English HE, with fixed domestic undergraduate tuition fees, and for the sampled universities such fees represent a large proportion of income.

A longer-term financial pressure relates to the cost of meeting the conditions of registration, both in relation to administration and expenditure on activities over and above teaching and research. The OfS sets out seven such conditions that all universities must meet, regardless of their size, including specific requirements around: access and participation; quality; student interests; financial sustainability; good governance; information for students; and accountability (OfS, 2022b). Whilst quantifying these costs is difficult, a review of the Access and Participation Plans for the 10 universities in scope reveals that they spent on average £1.8 m (2.7% of income) on these activities alone in 2020/21. In addition, universities are constantly measured and compared, by regulators and by students, with Research, Teaching and Knowledge Exchange frameworks being used as measures of 'quality'. There are signs that this regulatory burden could increase, with the OfS publishing a consultation on its minimum acceptable outcomes for students that could see universities investigated and fined should they dip below targets for student retention, completion and graduate outcomes (Adams, 2022). Requirements for reporting, governance, central planning and student support will require teams of dedicated people at each university, costs which cannot be balanced with income. Whilst this is a cross-sector issue, these costs are likely to be proportionally higher for smaller universities.

Organisational responses

The RDT model proposes two sets of adaptive and strategic organisational responses to build resource capacity: adaptation to fit with environmental requirements; and the alteration of the environment to fit existing capabilities (Pfeffer & Salancik, 1978). In the context of HE and acknowledging that they may not be equally weighted, both approaches require an understanding of the role a university plays, and its relative strengths and weaknesses (Keller, 1983).

Adaptation to fit with the environment

The first response in RDT relates to the adaptation of universities to serve traditional markets in a more efficient and effective way, hence preserving or increasing financial sustainability. The activities undertaken by smaller English universities, in this respect, can be split into two categories: first, actions to employ resources on different terms; and second, measures to change the form of the organisation to remain competitive.

Three of the 10 sampled universities have launched DC pension schemes independent of the USS, TPS and LGPS, following the lead of larger institutions and the private sector over recent decades (Hillman, 2021). These DC schemes serve new professional support staff, with the LGPS closed to new entrants, and contribution rates, at around 3%, are significantly lower. At present, however, there are no signs of withdrawal from the TPS by any of the universities in the sample, although a process to do so, outside of HE, for independent schools, is now in place. Interestingly, pension costs at the three sampled universities that have launched DC schemes are not yet lower than the sample in general (at 12–13% of total costs in 2020/21; HESA (2022c, 2022d). This suggests that they may take several years to make any financial impact.

In one case, a DC pension scheme in the sample was facilitated by the creation of a separate wholly owned subsidiary company which now employs all new non-academic staff, on different terms and conditions of employment. Whilst this approach has been largely criticised by the Trade Unions, which see it as 'gaming' the employment system, it appears to be becoming more commonplace across the sector in England, albeit not yet amongst the rest of our focus universities (UCU, 2018).

Even where new subsidiaries have not yet been created, smaller English universities continue to employ staff on non-standard contracts, to retain flexibility but also to counter some of the structural issues in the system. Data from HESA (2022b) suggests that the sampled institutions employed 26% of their academic staff on fixed-term contracts in 2020/21 (versus 31% in 2016/17), compared to a national average of 33% (33% in 2016/17), and 15% on zero-hours contracts, against 14% across the UK. Whilst the proportion of staff employed on a fixed-term basis in the sample is, on average, lower than the national benchmark, this masks significant variation. One sampled university employed 40% of its academic staff in this way in 2020/21, and at another the level was 38%. Only 5 of the 10 institutions employed academic staff on zero-hours contracts, but at one, 47% of staff were engaged in this way and at three others the level was greater than 28%. UCU (2021) now considers the casualisation of the sector 'endemic' with concerns over fairness, workload and student experience, but these are tactics employed by many institutions, including several in the sample.

There have also been changes to workforce size in the sampled universities. In 2016/17, the 10 universities employed a total of 9,845 members of staff, and by 2019/20 this had reduced to 9,365 (down 5%), despite the number of students attending these institutions rising by 4% during that period. This has led to the ratio between students and academic staff at these institutions rising from 12.3 to 14.1, even taking into consideration varying interpretation of HESA data requirements, significantly higher than the sector, which has remained stable between 8 and 9 HESA (2022g). The data suggest significant reductions in staffing levels have taken place at four of the 10 sampled institutions. Whilst initial staff cuts may be related to efficiency gains, their continuation may be hard to maintain, and could negatively impact the student experience.

The way that external resources are employed is also an area of consideration. All 10 universities in focus are members of university purchasing consortia, which claims to have made £76 m cashable and £104 m non-cashable savings for UK universities, in general, in 2020/21 (UKUPC, 2022). Perhaps the most innovative shared services example, however, is one sampled university's collaboration with a local Russell Group university. This is a jointly owned and operated shared service model launched in 2012 that manages a shared campus on behalf of both institutions, covering campus services, IT, estates management, retail, libraries and study support, and is often held up as the first, and still the best, example of this kind of collaboration (Herbert & Rothwell, 2015). At present, there are no further examples of significant outsourcing, offshoring or asset sharing amongst the sample.

Attempting to alter the environment

The second response discussed by Pfeffer and Salancik (1978) in the context of HE largely relates to the selection of new markets, leading to a reduced dependency on traditional forms of income. For smaller English universities, this can be summarised in three overlapping sets of responses to grow the offer and reach new sets of students and other customers: first, growth and diversification including the introduction of new programmes; second, internationalisation; and third, partnership building.

Smaller universities in England have, in general, experienced a period of growth (Table 4). Eight of the 10 institutions have seen higher student numbers over this time, on average by 12.2%, albeit slightly slower than the overall sector growth of 15.7% as the sector seeks to take advantage of demographic changes to counter the impact of fixed tuition fees. Three sampled universities have grown by over 35%. Growth to date, across the sample, has largely been driven by diversification activities. A comparison of the academic programmes on offer across the sample suggests a gradual move away from their roots in the arts, teacher education and social sciences, including towards disciplines where more public financial support is available, such as science and health-related courses, or where there is a greater demand for places. Three of the sample have established nursing programmes (taking the total to five), and four have started delivering law (taking the total to nine). One university has recently moved into engineering via a dedicated campus, and another has become the first in the sample to open a London branch campus; a third created four new academic schools in 2021, and all except two of the 10 institutions have developed provision within the Degree Apprenticeship market.

So far, this growth trajectory has not yet driven a proportional increase in income, nor as previously shown in Table 1, financial surplus. Income across the sample has increased by an average of 7% in the period 2016–21, suggesting that income per student has fallen. Despite this, growth aspiration continues, with Corporate or University Strategies in five of the 10 institutions including quantified student growth targets for the next decade. Some of these are modest, with one targeting 9,300 students by 2030, and another 10,000 by 2026. Others though, are more ambitious: one university is seeking to grow by 65% in 10 years, and another is aiming to reach 15,000 by 2030.

Table 4. Student population growth amongst sampled universities.

	Student Headcount (FTE)					
University	2016/17	2017/18	2018/19	2019/20	2020/21	2016–21 change
Minimum	3,625	3,365	3,415	4,985	4,693	
Maximum	8,635	8,490	8,255	8,450	9,821	
Mean	6,393	6,329	6,350	6,659	7,092	12.2%
Sector	*1,951,075*	*1,983,480*	*2,015,110*	*2,076,465*	*2,257,580*	*15.7%*

Source: HESA (2022f).

Part of the growth agenda has been an increased international presence, where there is institutional freedom to set tuition fee levels in both undergraduate and postgraduate markets. Although none of the samples was amongst the 25 English HEIs to have established 37 overseas campuses by the end of 2020 (Cross-Border Education Research Team [C-BERT], 2020), all were actively recruiting international students, and five have active transnational education partnerships. Between 2016/17 and 2020/21, the total number of international students studying in person at the 10 universities rose from 3,715 to 5,025. They represented 5.8% of the student body in 2016/17 and 6.8% in 2020/21 (HESA, 2022f). Looking at England overall, 19.2% of students were from overseas in 2016/17, rising to 22.2% by 2020/21, with the OfS claiming that they underpin the financial health of the whole sector (OfS, 2022a). These students will bring higher fees, offsetting some of the challenges around fixed fees and domestic competition, but smaller institutions are home to disproportionally fewer international students, and are growing their cohorts at a slower rate. Only two smaller universities bucked this trend with higher growth than the national average, one of which is based in London, and the other which has attracted a large proportion of its new international students to its London Campus. In addition, transnational activity (where institutional data are limited) shows interesting differences between the institutions in focus. One currently works with 11 partners in eight countries in Africa and Asia, whilst two others engage four partners, but boast an impressive 26 and 27 programmes internationally, respectively. Two more have modest international partnerships, with no evidence of any at the remaining institutions. Further inspection of these agreements suggests that they are prominently based around business and management courses, with arrangements a mixture of franchising, validation, articulation and progression, dual and double degrees, and flying faculty.

There are signs that smaller universities are beginning to innovate in terms of domestic partnerships, opening new markets segments. In 2022, one of the in-scope institutions announced a partnership with a large Russell Group university to open a new graduate entry medical school in 2025, especially designed to meet the needs of the local region. Elsewhere, one university accredits all research degrees delivered by a smaller HE provider and, since 2018, one of the sample has delivered a Foundation Coaching and Development degree with a Premier League football club. All 10 sampled universities work with both further education and independent domestic HE providers to some extent. As a leader in creative subjects, one university has over the past decade created 12 domestic partners offering 38 courses, whilst three others are all particularly active in this space with each having more than 20 live partnerships in place across the country.

Discussion: the impact on organisational dynamics, a future outlook

The responses that small universities are taking to remain financially sustainable are likely to change the nature of these organisations. Fixed fees, pressures on the costs of employing resources, and the need to comply with ongoing regulatory requirements, are already leading to changes in their shape and orientation. Their relatively modest financial performance suggests that small, new universities may be disproportionately impacted by these challenges, although an argument could also be made that their size makes responding potentially easier to manage.

The impact of organisational adaptation may mean universities in the sample increasingly adopting the model pioneered by one, with different employment structures across academic and non-academic staff. Similarly, strategies to improve control and de-risk future spending may mean more reliance on staff on fixed-term or zero- hours contracts, outsourced services or, as has already been seen across the sector, the specialisation of employment terms, such as the introduction of research-only or teaching-only contracts (Baker, 2019). The extent to which universities can continue to freeze or reduce resource levels, leading to the increased student-staff ratios discussed earlier, may depend on the impact that this has on regulatory compliance, quality and student experience, but certainly this appears inevitable unless the universities in the sample find a way to reduce their reliance on income sources where they have little control. Together, all these measures may lead to greater friction between the universities and staff, and lead to continued industrial relations challenges.

In terms of environment alteration, the efforts of sampled institutions to exploit scale economies through growth has to date led to an increased number of academic programmes on offer and a gentle move away from their roots in arts and social sciences. This has had the short-term impact of a modest increase in student numbers, but there may be concerns at individual institutions that the range of new courses that can be introduced and delivered efficiently, within a fixed undergraduate fee environment, is being diminished. As discussed earlier, the evidence so far suggests that student number growth has not been accompanied by a proportional increase in income levels, raising concerns around the ability of institutions to grow efficiently. The time needed to bring new programmes to market – with design, approval and marketing periods – is also a challenge in this context, as is the teach-out period for those deemed unviable. Diversifying course offerings towards segments and markets where more institutional autonomy exists, and with it higher margins, mean that these universities may look very different in the future. Historically, the sample universities have largely served local markets at undergraduate level, becoming key local anchors visibly at the forefront of widening access to HE. As financial tensions increase, there is a risk that this expensive and resource-intensive activity becomes no longer affordable. Furthermore, future financial sustainability challenges may mean institutions seek to recruit from further afield domestically, where at present demographics are favourable with more people of student age in the system through to 2025 (UCAS, 2021), and with a far greater focus on international students, and on postgraduate programmes. This has implications for the courses they provide, with national and international demand potentially different to the programmes traditionally delivered to local students. In addition to ongoing investment to support degree apprenticeships, the introduction in 2025 of the Lifelong Learning Entitlement, which will provide citizens with access to a loan for the equivalent of four years of post-18 education to use over their lifetime, may also mean that universities diversify towards short course and modular provision. The extent to which the sampled universities will move towards greater blended or online learning provision in the post-Covid-19 world is at present unclear, but provides an opportunity for further diversification and market expansion depending on student preferences and potential funding incentives (Beatty, 2019; Rapanta et al., 2020). Diverse types of resources will need to be employed, including managers able to innovate and design new processes, staff with different skillsets; campuses and digital infrastructure orientated towards different learning styles; and timetables and working patterns with more flexibility. These potential changes will alter organisational dynamics, from one perspective creating organisations that are more responsive to student needs, but from the other creating larger and more complex universities that could be, in a way, less cohesive and nimble. Most of the diversification activities discussed will also require institutions to take a risk on investing in some form of new resource and/or associated processes and administration, on the prediction that this investment will be rewarded in the future. This represents an existential threat to universities where resources are already stretched.

Sector level dynamics are also likely to impact individual institutions. Whilst many of the sample are seeking to grow and diversify, create new partnerships and exploit new markets, so are other players including larger and more established universities moving into some of the lower-tariff markets typically occupied by the sampled institutions. Whilst more collaboration and partnership building may support overall financial sustain- ability, it could be argued that this could lead to a different form of dependency and in a sense reduce institutional autonomy. Sector-wide financial performance was deemed 'reasonable' by the OfS for 2020/21, but in the same report, the regulator expects the rise in costs to exceed the rise in income in the short-term (OfS, 2022a). These external environmental changes may accelerate some of the responses already discussed, such as shared service models and the medical facility collaboration discussed earlier. They could also, however, lead to more fundamental changes in the sector such as asset refinancing or stripping, institutional failure, or vertical or horizontal integration. Whilst Hunt and Boliver (2020) comment that the closure of public HE institutions in the UK is almost unknown in comparison to more recently founded for-profit organisations, the National Audit Office (2022) stated the proportion of HE providers with an in-year deficit increased from 5% in 2015/16, to 32% in 2019/20. Perhaps more likely than failure is consolidation, with more universities merging vertically with FE, as has been seen at several locations over the past two decades, or horizontally with each other, akin to Victoria University of Manchester and UMIST forming the University of Manchester in 2004. Another potential interesting future scenario would be the development of new public-private hybrid models resulting from mergers or acquisitions between not-for-profit and for-profit institutions, which have the potential of bringing a new form of HE to the UK market. Further variants could involve, for example, technology companies, social enterprises, large philanthropic foundations and others (Ferlie & Trenholm, 2019).

Conclusions

Pfeffer & Salancik's resource dependency perspective proves a useful framework to analyse the financial sustainability issues facing smaller public universities. It demonstrates that three of the most important income and expenditure factors: home undergraduate tuition fees, staff salaries and pension costs, are also areas where institutions have amongst the lowest levels of autonomy. Indeed, two of the four 2007 EUA dimensions of university autonomy (financial issues and staffing matters) have not been met (Estermann & Nikkola, 2009). Furthermore, other operational costs are being inflated externally due to the macro-economic climate and the regulatory regime imposed by the OfS. The RDT framework enables categorisation of universities' adaptation responses to these challenges including the introduction of new pension arrangements, new models for employing staff, and new organisational forms such as subsidiaries, increased collaboration and outsourcing. Measures focused on altering the environment primarily relate to growth, aiming to exploit economies of scale, and diversification into new programmes and markets both domestically and overseas, which in many cases will see the academic offering within the sample continue to move into disciplines that sit outside of their arts, teacher training and social science foundation. The use of partnerships to achieve these is another common theme, but one where one form of financial dependency in a reliance on tuition fees is potentially traded for another in commercial relation- ships with third parties.

Whilst the outlook for the future is unclear, with ongoing turbulence in national policy making, it appears likely that steps being taken by small universities to remain financially sustainable will continue, but they will be operating in an environment becoming ever more competitive, and where there is general pessimism across the whole sector as to the short- and medium-term financial outlook (OfS, 2022a). Whether it is possible for these smaller institutions to grow and diversify whilst still improving their allocative and productive efficiency remains to be seen, especially when so many key elements of income and expenditure are determined externally. At sector level, with many universities of different shapes and sizes pursuing the same goals around scale and autonomy, it may be that there will be more structural changes than have been seen in recent years.

This paper has examined, in detail, just a small proportion of English HE, in a post-Brexit, post-Covid-19 environment, largely based on secondary data. The income and expenditure profile of older and larger institutions will differ from those sampled, meaning their exposure to external environmental factors also varies, creating new financial sustainability challenges. The conclusions of this paper are, therefore, limited to the profile of the institutions sampled, but the methodology employed could be applied to other typologies. Indeed, it would be interesting to examine what is common to all universities and what is due to being smaller and newer. A further question to consider is whether financial pressures on the sector in England are now such that there is a minimum viable size for a university in this market. Given the importance of the environment in English HE, further research is welcome to appreciate the extent to which institutions use frameworks such as RDT to understand their resource challenges and plan for the future.

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Chapter Seven: *What are the common factors underlying successful international branch campuses? Toward a conceptual decision-making framework for UK universities.*

7.1 Background

This paper was written between December 2020 and April 2021. It was developed into a paper suitable for publication - a step that involved a co-author, Dr Daniel Davies. My role was the sole development of the initial paper and first stage editing and refinement, to comply with the journal requirements. Dr Davies' role was as a reviewer, which included challenging elements of the underlying theoretical framework, and further editing. A letter from Dr Davies confirming his role is provided in Appendix A.

Having been received in September 2021, it was published by *Globalisation, Societies and Education*, a Quartile One Taylor and Francis journal with an Impact Score of 3.11 (2021) and SJR of 0.982 (2021), in February 2022.

7.2 Synopsis of method and findings

In this paper, we systematically review literature and data compiled and published in the academic and grey literature over the past twenty years to define the factors that underpin successful IBCs. Having defined what success means in the context of IBCs, we analyse and synthesise the motivations and benefits for both the home institution and host country and their students before a review - using examples from UK institution-led campuses - of the factors contributing to their success or failure. The discussion section of the paper leads to a draft decision-making framework for universities contemplating the creation of an IBC, with strategic, leadership, academic, financial and operational factors considered.

We suggest that whilst there are several reasons why universities establish IBCs - including international profile, reputation, curriculum enhancement and research opportunities - the dominant rationale is financial profit via a diversified income stream, either directly through students overseas or by boosting the interest in the home campus. Drawing on evidence in the literature and through case studies, we discuss the trend towards a power rebalance between sending and host countries, as the latter develop. We note that many IBC failures in recent times have been caused by poor business planning, little host market knowledge and unrealistic financial returns and time horizons.

Some of the main factors influencing IBC success are identified to be strategic alignment with the home campus; an understanding of, and support from, the host government and its regulator; and comprehensive, thorough evidence-based decision-making on the part of the university. We highlight the importance of leadership; the significance of in-country stakeholders in local decision making; and why both pedagogy and curriculum should be influenced by both the sending and host country contexts. Similarly, we suggest there should be a plan to source at least some academic staff locally in long term; and that supporting services should be provided by a combination of the home campus, to retain a level of integration and - locally - to empower the IBC and remain agile. Finally, the importance of long-term financial planning is stressed, alongside the importance of seeking and realising non-financial benefits. We conclude by stressing the importance of more empirical analysis around the viability of IBCs.

7.3 Contribution to thesis

This paper contributes to the overall argument outlined in Chapters Nine and Ten by describing the use of IBCs, the experiences of English institutions to date and what existing evidence suggests are the conditions required for their success. This, with the use of the analytical framework shown in Figure 7, and some of the wider literature explored in Chapter Three, helps me address RQ3 and RQ4. For a fuller discussion of the contribution of this paper, please see section 9.4.

7.4 Full paper as published

See pages 99 to 115.

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The common factors underlying successful international branch campuses: towards a conceptual decision-making framework

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ABSTRACT

The last 25 years have witnessed the emergence of the International Branch Campus (IBC) as a means of providing Transnational Higher Education (TNE). The growth in the number of IBCs has not been without examples of failure and in some cases controversy, necessitating informed decision-making on the part of university leaders contemplating such a venture. Based on a systematic review of literature concerning the motivations for establishing IBCs; the drivers of sustainability and longevity; and case studies of successful and unsuccessful ventures by UK universities, this paper identifies key characteristics of successful IBCs. It proposes a framework – combining strategic, leadership, academic, financial and operational factors – for use by decision-makers in determining whether to establish and how to manage an IBC.

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Introduction

The founding of International Branch Campuses (IBCs) can be regarded as a tool for socio-economic progress and social mobility within 'host' countries by 'home' universities, which claim to use them for capacity building and to develop local higher education systems (Knight 2004). However, a neoliberal perspective would suggest that the primary motivation for setting up IBCs is to gain direct or indirect utility, commercial advantage and generate income. In the UK, US and Australia, the approach often taken by a home university to move into the international market – including the decision to create an IBC – is perhaps best explained by transaction cost analysis theory, which suggests that the entry strategy depends on both the capability of the organisation and market dynamics (Dunning 1980; Williamson 1985). Where the home university is based in other markets, this model may vary, for example, some are associated with donor funding, as is typical in Germany, and others with soft power, as is often the case in China. The variety of forms of IBC and proliferation of terms (Altbach 2011; Healey 2015; Knight 2016; Knight and Liu 2017) may have arisen because universities are frequently repositioning their activities in light of changing regulatory and organisational demands (Lawton and Katsomitros 2012), or because of variations in financial or legal structures (Lane and Kinser 2013). Some forms place importance on the name of the home institution being included in the IBC brand (Kinser and Lane 2012), whilst most specify the need for on-the-ground presence, a curriculum and quality assurance specified by the home institution, and the awarding of a home university degree (Knight 2016, 2020).

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Defining success for IBCs is challenging, given their diversity and the range of motivations for their creation on the part of home institutions and host countries (Wilkins and Huisman 2012; Lawton and Katsomitros 2012) and the range of forms they can take, with different funding and partnership models, and physical and virtual accommodation arrangements (Verbik and Merkley 2006). Wilkins and Huisman (2012) draw upon the 'three pillars' of institutional theory (Scott 1995) – regulative, normative and cultural-cognitive – to frame an analysis of motives for establishing IBCs. The regulative environment has both 'push' (reduction in public funding from home institution's governments) and 'pull' (host country regulations favouring IBC establishment) aspects, whilst the 'normative' dimension concerns institutional autonomy and attitudes towards commercialisation of higher education in both home and host countries. This may help explain why the majority of IBCs derive from USA-based universities. Cultural-cognitive understandings concerning the 'taken-for-grantedness' of the quality of Western HE complete this framework, to which the authors add the concept of 'institutional distance'– the difference between regulative, normative and cultural-cognitive environments in home and host countries (Phillips, Tracey, and Karra 2009) – to predict the likelihood of success. From a neoliberal perspective, underpinning Wilkins and Huisman's framework and accounting for half of the ten motivations for IBC creation identified by Lawton and Katsomitros (2012), the clearest definition of success is the ability to generate revenue and profit, but as noted by Kosmutzky and Putty (2016), publicly-available data related to the financial performance of IBCs is limited. As a proxy, this article will define success in relation to three factors: the longevity of operation; the growth in student enrolment (on the basis that in most cases student numbers are the principle source of income); and the perceptions of performance by stakeholders including students, staff, managers, local businesses, the home institution, and the host government, since much of the literature on IBCs is perception based. It is acknowledged, however, that defining success in this way is potentially limited given the diversity of motivations referred to above, which however are rarely made public (Wilkins 2020).

Method

This paper aims to identify key characteristics of successful IBCs and establish the foundations of a conceptual decision-making framework based on a systematic review of the academic literature on IBCs and grey literature including reports from the UK Government and mainstream press articles. The size of the IBC literature is growing, and according to Knight and Liu (2019), constituted around 35% of the peer-reviewed mode-specific Transnational (TNE) publications since 2000, equivalent to 128 works. Common themes including management and development (36% of publications), student issues (19%) and faculty perspectives (14%), but with a limited focus on financial and commercial matters (Knight and Liu 2019; Bennell 2020). It is skewed towards the perspective of the home institution or country.

This review draws upon the findings of Kosmutzky and Putty (2016) who undertook an earlier systematic review of the TNE literature. They noted a shortage in quantitative empirical studies to that point, which reflects the quality of data available (Altbach 2007; Naidoo 2009). Whilst data in relation to the size and performance of IBCs is limited at a global level, it is a compulsory com- ponent of Higher Education Statistics Agency (HESA) information gathering in the UK. These data, together with published case studies of UK university IBCs have been included in the review, but it should be noted that the depth of analysis in such articles tends to be stronger for successful examples than for notable failures.

Literature review

Motivations and benefits: the home institution

Whilst the diversity of reasons for establishing an IBC are as broad as for embarking on any form of TNE (Middlehurst 2013), there is a consistent aim to generate revenue, in some cases to re-invest in the home campus or in other cases (for private HEIs) to make a profit (Bennell and Pearce 2003). Revenue is typically a function of student numbers, and there is an underlying principle and motivation across most home institutions that an IBC represents an opportunity to grow the student base, often in untapped markets where the demand for HE outstrips supply (Altbach 2010). The relationship between IBC creation and revenue is consistent across most IBCs, but the financial model, be that with the aim of maximising revenue or profit, or to operate as a loss leader focusing on increasing the attractiveness of the home campus, varies by institution type (Marginson 2006; Bennell 2019a). IBCs created by elite universities produce the highest-level positional goods and limit their supply to maximise status, whilst less prestigious universities focus on the mass market; place filling where demand is greater than supply and growing until the point where marginal cost exceeds marginal revenue (Marginson 2006).

Bennell (2019a) suggests that IBCs can also be a platform to recruit additional international students to the home campus, who can be more financially valuable than offshore learners, although this link is disputed by Levantino (2017). Others argue that the main motivation is income diversification, rather than just growth, especially from universities in markets such as the UK where there has been a squeeze in domestic funding, growing competition, increase in for-profit HE and in parallel a liberalisation of the regulatory environment (Knight 2007a; Becker 2009; Lane 2011a). Favourable operating conditions have been created, regulations relaxed and monetary incentives made available to attract foreign providers (Naidoo 2006; Wilkins and Huisman 2012). In some cases, international education policies have been created in sending countries, such as the significant government backing to establish German IBCs in the 1990s (Middlehurst 2013).

In addition to the direct financial incentives, the literature discusses a range of sources of indirect utility. Some suggest that IBCs have been developed on the belief that they improve the international profile and brand of a university (Naidoo 2006; Wilkins and Huisman 2012), helping to attract the top scholars and other talent (Knight 2007a; Healey 2021) and that international engagements will improve the quality of the home campus and its teaching curriculum (Becker 2009; Lane 2011a; Healey 2021). Others point to student and faculty research opportunities and in particular, the opportunity that IBCs provide in tackling global challenges that cannot be addressed purely from a single location (Garrett and Verbik 2004; Knight 2007a). In an empirical study on university motivations for creating IBCs, Knight (2007a) found that wider student and staff development, including enhanced intercultural skills and knowledge capacity, were significant drivers. Outside of a neo-liberal framework, reasons cited for IBCs include the desire to contribute towards capacity building in countries and less developed HE sectors (Verbik and Merkley 2006; Knight 2011).

A common reason cited by authors for the choice of an IBC over alternative TNE is control. In creating an IBC, a university internalises many of the risks, including opportunistic partner behaviour, information asymmetry, and contingency claims (Verbik and Merkley 2006; Bennell 2019a). It also maximises its ownership advantages in relation to its own teaching curriculum, people and research base, and removes the conflict of interest possible when using a partner in relation to the scale versus quality debate (Healey 2008). From a purely financial perspective, it could be argued that IBCs reduce the international transaction costs that occur in other forms of TNE, and allow a home institution to set fee levels and manage the operation to maximise return on investment (Bennell 2019a). Whilst often the most expensive and high-risk model, IBCs are, however, potentially the lowest risk in terms of quality control and brand protection. In addition, IBCs can gain a competitive advantage over rival TNE (e.g. franchising, validation or twinning) as potentially they can more reflect the home campus (Mazzarol 2003).

Motivations and benefits: the host country and students

The increased appetite from sending institutions has been matched by a desire to attract IBCs in receiving nations. In many countries, such as the UAE, Malaysia and Singapore, IBCs have been proactively targeted to enhance the domestic HE system, especially where high-quality public and/ or private universities are absent (Becker 2009). Lane and Kinser (2011) provide a summary as to why IBCs are important to host countries, suggesting that they: first, provide programmes from prestigious systems; second, offer new ways of teaching and wider choice for students; and third, add to the country's HE capacity, absorbing and creating new demand. Together these can rapidly expand HE provision, especially where demand has significantly outstripped domestic supply, whilst saving governments the expense of building systems solely from the ground up.

The earlier phases of the HE internationalisation – including the increased mobility of students in the 1990s and 2000s – have also created a renewed desire for IBCs to avoid 'brain drain' where talented students travel overseas (Healey 2008). TNE in general – and IBCs in particular – are now seen as a crucial component in economic development, with foreign-owned universities and research centres driving direct and indirect employment, industrial and commercial growth and modernisation, and talent retention (Verbik and Merkley 2006; McBurnie and Ziguras 2007; Becker 2009). In the UAE, and to a lesser extent Malaysia and Singapore, this has led to countries moving beyond the attraction of single IBCs to the creation of education hubs as significant drivers of work- force development, economic diversification and transformation, knowledge and technology trans- fer, regional profile and wealth creation (Knight 2011; Knight and McNamara 2015; Healey 2021). Healey (2021, 11) discusses Qatar's Education City as a good example of where an education hub has underpinned a 'knowledge megaproject' to legitimise the country and project soft power.

Numerous country-specific multidimensional examples of the benefits of single or clustered IBCs can be found in Lane (2010) on Dubai, Lane (2011b) covering Malaysia and Dubai, and Timol (2020), discussing Mauritius. Common across these are the host country motivations to retain talent, create choice, capacity build within the local system and drive new demand, including attracting international students of their own.

Across studies undertaken to examine the motivation of students to attend IBCs (Wilkins 2012; Knight and McNamara 2015; Sin et al, 2019), many of the core reasons are common with other TNE options, including the desire to improve their relative economic status and develop their careers using a degree from a 'better' HE system. The 'pull' factors of studying within the home country include the ability to continue working, stay at home with family, avoid the time and cost of travel, take advantage of sometimes less strict entry requirements and lower fee levels, and a range of country-specific reasons (often related to culture, religion, safety or lifestyle) (Mazzarol 2003; Wilk- ins, Balakrishnan, and Huisman 2012; Wilkins and Balakrishnan 2013; Wilkins and Huisman 2015; Healey 2015). Conversely, the main 'push' factors are around capacity constraints, limited choice and high entry tariffs (Wilkins, Balakrishnan, and Huisman 2012). The relative attractiveness of IBCs in relation to other forms of TNE would be worthy of more empirical research.

Attitudes towards IBCs contributing to their failure or success

Despite a strong growth in the number of IBCs since the 1990s, there has been debate around this model of TNE and concern over its prospects. Some are critical of university motivations, suggesting that they have been dominated by profiteering and have switched from a focus on capacity building to the goal of building institutional status and profile (Altbach and Knight 2007; Knight 2012). Marginson (2006, 2007) and Knight (2007b; 2013) suggest that IBCs are further symptoms of the commercialisation and commodification of HE and signal a fundamental shift in its purpose, role and values, from the sharing of ideas, culture and values to trade, economic and political factors. This is linked to the perception by many that there is a neocolonial power imbalance inherent in the IBC model and a 'North-South' asymmetrical movement of knowledge (Altbach and Knight 2007). However, Wilkins and Juusola (2018) argue that TNE – including IBCs – can act as a foil to neocolonialism and that the emergence of Russia, India and China as key providers of IBCs means that knowledge flow is no longer unidirectional. There is also a question over where the 'power' really lies in the modern IBC landscape. It could be argued that it rests more with increasingly organised and outcome-orientated host country governments and students than with utility-seeking universities from western systems. The impact of IBCs on the cultural dilution versus harmonisation debate discussed by Knight (2007b, 2012, 2013) is more difficult to challenge or justify, but may depend on the extent which each IBC takes local conditions and context into consideration in curriculum, staffing and research.

Also prominent in the literature are concerns over the quality of teaching and ability to retain faculty (Altbach 2011; Chapman et al. 2014; Healey 2020) or willingness to adapt the curricula to different learning styles and cultures (Hoare 2013). Altbach (2010, 2011) is critical of the facilities provided by IBCs, suggesting that they rarely resemble the home campus and are not comparable in the quality or range of academic or social facilities. Several authors have challenged this viewpoint, with both Heffernan and Poole (2005) and Marginson (2011) reporting that many IBCs in East Asia and Singapore have established learning styles that balance local cultures and the values of the home university. Wilkins and Balakrishnan (2013) found that levels of student satisfaction at UAE IBCs were generally high, with key factors determining satisfaction being the quality of lecturers, avail- ability of resources and effective use of technology, and Wilkins and Juusola (2018) claim that most IBCs are of acceptable quality due to increasing competition and regulatory demands.

The quality debate extends to students and academic standards. Altbach (2010, 2011) suggests that multiple IBCs alongside growing domestic provision in countries such as China and India create more competition but suppress entry standards. This may mean that IBCs are unable to attract students of the same quality as home campuses. The growth in IBC development has coincided with an increase in the number of commercial and self-appointed accreditation providers, together with so-called degree mills and rogue for-profit operators (Becker 2009; Knight 2012, 2013; Healey 2018). An argument could be made, however, that IBCs are the form of TNE with the lowest level of opportunity for fake degrees and poor accreditation standards, as the host institution retains a strong stake and control of quality. More pertinent, perhaps, are concerns by Altbach and Knight (2007) and Knight (2007a) on the extent to which the academic and professional qualifications gained at an IBC are relevant to the host country, and whether pressures to localise programmes, staff and research strike the right balance between maintaining an equivalence with degrees studied at the home campus and appreciating local context (Healey 2016).

Concerns exist around the quality of the management and associated decision-making in IBCs. Aside from the universal business challenges of working across cultures and learning styles (Neri and Wilkins 2019) and managing the different expectations of stakeholders (Wilkins 2020) there are concerns that IBCs managers typically have little previous senior management or international experience. In a study involving several IBC leaders, Healey (2016) notes that decision-making is perceived as 'amateurish' and that professional services are not equipped to support an IBC. Emery and Worton (2014), and Caruana and Montgomery (2015), extend this to claim that the HE sector is less equipped to manage IBCs over time than at the 'exporting' stage which simply involves the recruitment of overseas students.

Factors contributing to IBC failure

Healey (2020) identifies challenges for IBC operators in relation to working with organisations with different motivations – including partners where profit maximising is the main goal – and in adapting to an unfamiliar environment, with different host nation country legislation, business practices, political systems, social culture, region and language. IBCs are expensive to establish (Ziguras and McBurnie 2011), susceptible to population and demographic changes and sensitive to host government policy and licencing (Healey 2020). Lane and Kinser (2014) suggest that there were 27 IBC closures between the mid-1990s and early 2010s, at a time when hundreds were being established, and more recently Wilkins (2016) and Wilkins and Juusola (2018) highlighted that around 10% of modern IBCs had ceased operations by 2014. Perhaps the highest profile UK-led IBC case was the closure of the University College London (UCL) campus in Qatar in 2020. UCL has previously closed campuses in Adelaide in 2017 and in Kazakhstan in 2015, and reports claimed that when the Qatar decision was made in 2017, it was home to only 140 students across its five programmes (Bothwell 2019).

The level of financial returns generated by UK IBCs is undoubtedly a cause for failure and instability. Bennell (2019b) reports that of the 11 UK Institutions that provided financial data in a 2015/16 HESA survey, the median revenue/student was £5378 and the profit/student ranged from −£400 to £1200. This suggests mixed levels of business planning. An example of this and much criticised approach to IBC development is the model adopted by the University of Central Lancashire (UCLan), which has included activities in Cyprus, Sri Lanka and Thailand. The University and Colleges Union (UCU) characterised this strategy 'a series of great speculative gambles, risking assets and revenue built up with public contributions', referring to the significant resource allocated to create IBCs in controversial locations (UCU, 2014, 1). The Cyprus campus has received public criticism by the United Nations due to its locations in the buffer zone between the Greek and Turkish sides of the island (Marginson 2020), whilst the IBC in Sri Lanka was openly condemned by Amnesty International due to the treatment of the Tamil minority by the ruling national Government (Morgan 2014). UCLan's attempt to create an IBC in Thailand failed before opening. Having acquired a plot of land for a new campus, reports suggest that a second, enabling acquisition being handled by a third-party agent, then collapsed, leaving the University £3.2 m in abortive costs (Marginson 2020).

Factors contributing to IBC success

Of the 45 UK-led IBCs that were open at the end of 2020, the largest and most established were Xi- an Jiaotong Liverpool University (XJLU), the University of Nottingham in China (Ningbo) and Malaysia (UNM), Heriot Watt University (HWU) in Dubai and Malaysia, and Middlesex University in Dubai, Mauritius, and Malta (Bennell 2019a, C-BERT 2020). Together these accounted for around 75% of all students at UK IBCs. On first inspection, the two large campuses in China are very similar, but as discussed in detail by Feng (2013), they employ two different models in relation to governance, management and strategy. Nottingham Ningbo has adopted the 'convergence/globalisation' model, an unequal marriage with what Feng considers to be a weak Chinese partner. Nottingham controls curriculum, based on a traditional UK offer, dominates the Board and awards one UK degree to students. XJLU, conversely, is built on a 'localisation' model, jointly led by two equal partners of comparably high academic standing. They have developed and have co-control over a shared curriculum which is specifically reflective of local employment needs and future requirements. Governance is balanced, with a Board structure that is slightly constructed in favour of local actors, and two degrees are awarded to students, one from each institution. The Liverpool and Nottingham ventures do, however, share a joint focus on enhancing research intensity and local relevance, on developing the student experience, on quality and on recruiting staff domestically (Altbach 2010; Feng 2013). Both home institutions clearly have close and financially relevant relationships with their Chinese partners and governments at municipal, regional and national levels [Verbik and Merkley (2006) report that the University of Nottingham received US$18.7 m from the Zhejiang provincial and Ningbo municipal governments, on launching] and appear invested in these IBCs for the long term. Indeed, in 2018 Liverpool University announced a second China campus, in Taicang, to double student numbers in China to 24,000 by 2028. This will be focused on developing graduates in science and technology, in line with local industrial needs (Grove 2018).

Many of the recent successes at Nottingham Ningbo may well have been informed by institutional experience learned at UNM. Launched in 2000, only two years after Monash University created the first ever IBC in Malaysia, UMN is the oldest UK-led IBC (Mok 2008). In its early years, UMN faced quality and retention issues around staffing with many seconded from the UK, and, according to Hill and Thabet (2018), it has taken time to create a campus experience that is comparable to the home institution. Twenty years later the faculty is stable and increasingly local, and there is a strong focus on student life activities, English language training and clubs and societies (Neri and Wilkins 2019). Locally relevant research is also seen as being a crucial com- ponent of success and the campus culture (Bothwell 2019; Lane and Kinser 2011).

In the Middle East, arguably the most successful UK-led IBCs are the Dubai campuses of HWU and Middlesex University. Like those led by Liverpool and Nottingham Universities, they both offer a full suite of courses across all levels including research degrees. HWU has recently announced a move to a new modern campus, committing to a further ten-year lease (Mok 2008; Symon 2019). Wilkins (2010) and Garrett (2018) attribute HWU's success to an excellent working relationship with the educational quality assurance and regulatory authority of the government of the UAE, and to the commitment to offer good education at competitive prices. It is also evident that this IBC has been able to achieve a balance between domestic and expatriate students in the UAE, some- thing that others have struggled with (Wilkins 2010; Lane 2011b). Above all, perhaps the most critical component to HWU's success in Dubai is that it is a core component on the overall institutional strategy, alongside the home campus in Scotland, its campus in Malaysia, and its online offering. It is now marketing itself based on its ability to operate globally (Rogmans 2019).

The choice of host country may be important to the success of an IBC. Mauritius presents an interesting example, with Aberystwyth, Greenwich and Middlesex Universities, and the University of Wolverhampton – in addition to Curtin University from Australia – all establishing IBCs in this country of 1.2 m inhabitants since 2009. Whilst Middlesex University had reached over 1000 students by 2019, others have not performed so well (Marginson 2020). In 2017, two years after opening, Aberystwyth University announced that it would close its IBC, having enrolled only 106 students against a capacity of 2000, with claimed losses of £1 m since opening (Knight and Timol 2020). The University of Wolverhampton closed its Mauritius campus in 2015, having been open four years, with claims that it had only 140 students (Bothwell 2018). At the time, the University claimed that it has no 'fixed' investments in either buildings or people, which opens up the debate as to whether full institutional commitment was in place (Morgan 2015). Little has been documented as to the detail behind these failures, but it is likely that unrealistic student enrolment estimates led to non-existent or poor business cases, and fewer local students were willing to pay western University fees than anticipated. Changes to regulatory requirements, market saturation, the failure to adapt the curricula to local conditions, issues around staff recruitment and a lack of student English proficiency may also have played roles (Bothwell 2017).

Towards a decision-making framework for universities contemplating IBC creation

A decision to establish an IBC is typically taken in a UK university by its Vice-Chancellor (VC) and Executive Team, with endorsement from the Governing Body and/or Senate. Some decisions may form part of a wider university/internationalisation strategy, whilst others may be based on the per- sonal bias or belief of the leader, and sometimes ventures may be opportunistic or led by a host country invitation. Figure 1 proposes a framework of key success factors based on the above literature review, that could be used to help make an informed and balanced decision. This includes 15 dimensions along which an IBC can be formed, broadly grouped in strategic, leadership, academic, financial, and operational themes, which incorporate both host country and home institution fac- tors. A higher chance of IBC success is associated with those that sit to the right of these continuum.

Strategic factors

Case studies of UK-based home universities suggest a link between the success of an IBC and its integration with the institutional strategy of the sending university. The presence of IBCs has been a prominent feature of both the University of Nottingham and HWU's strategies, indicating that the mission and vision of the branch and the home campus are aligned, and supported by

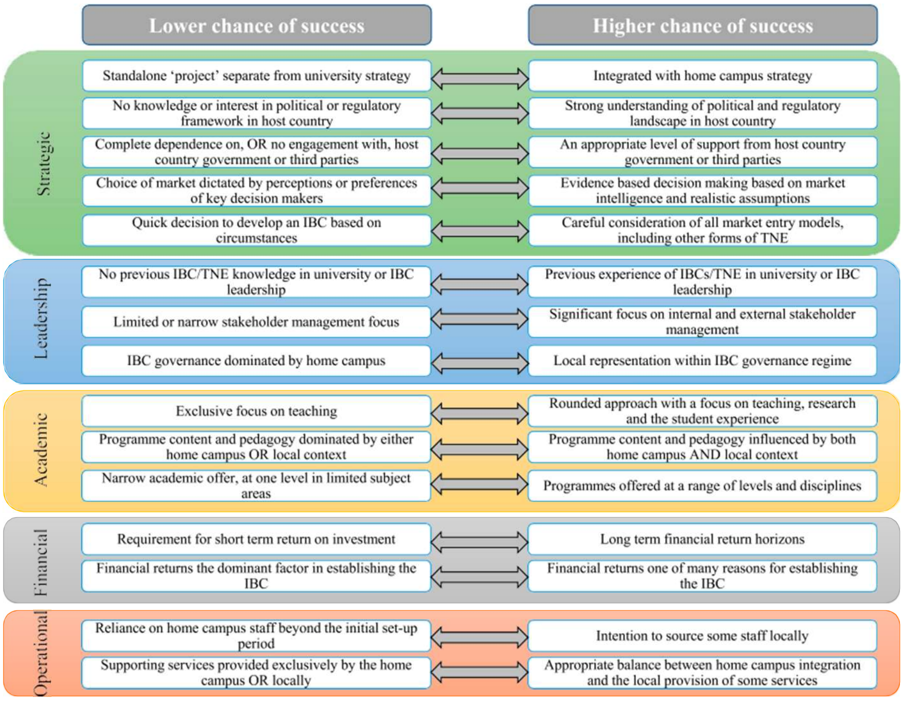

Figure 1. A success framework for establishing an IBC.
Source: Author.

senior leaders. These IBCs are not perceived as different, at the organisational periphery or of lesser importance than the home campus (Lane 2011a). It also helps to eliminate the possible friction identified by Lim (2008) between the home campus and IBC.

The literature indicates that the stronger a sending university's understanding of the political and regulatory environment of IBC host countries, the less susceptible the venture is to risk and failure (Healey 2018). IBC leaders need to be aware of the fragility of the local environment and of any political fluidity within the HE sector. They should also appreciate that different countries have radically different trade and quality assurance regulations (Lane 2010; Shams and Huisman 2012). This variation in conditions suggests that a university embarking on an IBC project needs to reject a one-size-fits-all approach and adopt a case-by-case analysis of the receiving market, and be clear when there is a divergence between home and host system regulations. Connections, cooperation, and the ability to create positive working relationships with local regulators are important (Garrett 2018).

As discussed by Wilkins and Juusola (2018), much of the IBC growth in recent years has been driven by host governments and they increasingly dictate the mix and form this flavour of TNE (including the growth of education hubs and the policy in China to mandate the joint venture model). From a home university perspective, it would seem logical that some funding or structural support would be advantageous, and would support a strong working relationship. It may be that opportunism alone, however, does not necessarily lead to strong outcomes. The failure of UCL's venture in Qatar, which was entirely funded by the national government, is in stark contrast to the successful campuses in China established by the Universities of Nottingham and Liverpool which were funded jointly with host partners.

From a strategic perspective, an important factor in deciding to launch an IBC is the presence of a strong evidence base. Healey (2016) advocates an externally verified business plan, which should include an appraisal of market size, competition and likely institutional competitive advantage. This should be accompanied by a due diligence process and vetting of potential partners and campus locations (Lane 2011a), together with a comprehensive risk assessment (Heffernan and Poole 2004). Once established, a process to track, monitor and support progress should be implemented. Another part of the decision to approve is the consideration of alternative entry modes into TNE and the various organisational and ownership options for the IBC, which vary in terms of the risk and reward (Lane 2010; Wilkins and Juusola 2018). One of the factors why relatively few UK universities have thus far established an IBC may include a lack of appetite or ability to create a clear business plan, or the relative attractiveness of low cost – low return alternatives (Bennell 2019b).

Leadership factors

Universities with IBC aspirations need senior leaders who can balance home and host country requirements and can deal with cultural distances, societal differences and the business challenges of working across borders (Eldridge and Cranston 2009; Lane 2011a). Stafford and Taylor (2016) highlight the importance of having a VC who can think strategically, network effectively, communicate internally and externally, operate well politically and delegate effectively, in relation to an IBC. A strong and mature relationship between the home campus leadership team and the, often relatively inexperienced, IBC manager is also critical, with ideally key decisions made collaboratively and with a level of international competence evident (McBurnie and Ziguras 2009).

University leaders also need to take a positive approach to managing the stakeholders associated with an IBC. Sustainable relationships with the host government, regulators, local businesses, students, staff, parents and other universities have been evident in the successful examples discussed in this paper. Neri and Wilkins (2019) discuss the difficulties of striking a balance between the some- times-divergent needs of various stakeholder groups whilst Acquaah (2007) outlines the importance of networking and social relationships in emerging economies. Heffernan and Poole (2004) discuss some effective tactics, including the development of communication plans, strategies to develop trust and openness, and the acknowledgement that accepted business practices are likely to vary between the sending and host country. As has been seen at XJLU, this engagement can become formalised, with representation from local stakeholders in the IBC governance regime. Borgos (2016) suggests that a Board comprised of members with local connections, knowledge of the environment and a vested interest in success can be beneficial.

Academic factors

The academic factors impacting the success of an IBC link to the 'Integration–Local Responsive- ness' trade-off discussed at length by Healey (2018) and others. From one perspective, it appears critical that IBCs maintain a high level of similarity with the home campus in terms of programmes and teaching styles. Demonstrable equivalence would be demanded by students and would align with marketing and branding (Altbach 2010; Shams 2016). From another viewpoint, there are several motivations for modifying programme offerings and pedagogy to the cater for the local context, job market, economic requirements and culture (Miliszewska and Horwood 2006; Dunn and Wal- lace 2006). This model would also take into consideration cultural distances and different learning styles (Heffernan et al, 2010). Perhaps the most pragmatic and optimum solution to this conundrum is a balanced approach, where the curriculum is localised whilst trying to offer equivalent courses and quality as at the home campus. Shams and Huisman (2012) emphasise the hazards of polarisation between global integration and local responsiveness and – alongside Dunn and Wal- lace (2004), Healey (2018) and others – advocate such a balanced approach. The same principles apply to what is taught at an IBC. The literature suggests that many institutions that have created IBCs have been tempted to focus on 'profitable' programmes such as Business and Information Technology (IT) that are inexpensive to teach and require few bespoke facilities, whilst rejecting other courses that might be critical to the host country (McBurnie and Ziguras 2007). It appears that many of the most successful IBCs deliver across many levels (from foundation to research degrees) and across a significant number of disciplines, including those where the host government believes there is economic demand, those which match the home campus identity, and those that in-country students want to study (Lane 2011a; Garrett 2018).

There is emerging evidence to suggest that teaching and learning should not be the exclusive focus of IBCs, and that there should be parallel focus on research and the overall student experience. UNM is a good example of where an IBC has developed major resource capacity, benefited both in terms of access to local financial support, and in the ability to recruit and retain good quality, aspirational staff (Lane 2011a). Several authors have stressed the importance of the wider student experience as a key element of success within an IBC, whether that be the nurturing of student activities, co-curricular experiences and residential hall settings that both acknowledge different cultural expectations and norms, but also reflect the culture of the home campus (Pyvis and Chapman 2007; Tierney and Lanford 2014; Garrett 2018). It seems an integration–local responsiveness balance is also required when it comes to these factors.

Financial factors

Common in the literature is the view that IBCs offer no guarantees of an income windfall for the home institution and – even where success has been identified – require significant financial and organisational investment. Some UK-led IBCs have closed only a couple of years after opening, suggesting that realistic financial return horizons were not established from the outset, and were not tracked or monitored proactively (Healey 2015; Garrett

2018). There appears to be a relation- ship between the wider focus on societal, environmental and people factors discussed by Shams (2016) and the ability to secure strong local stakeholder relationships and a sustainable business model. Nottingham Ningbo perhaps provides the best example of a growing and financially vibrant IBC that has an outwardly visible focus on developing the local workforce and providing – through attractive scholarships – broad access to its courses.

Operational factors

From one perspective, the use of home campus staff gives the best chance of a comparable academic experience for students, but inflates costs, creates staff retention issues and means modifying teaching styles to suit the host environment (Shams and Huisman 2012). The alternative view is that staff should be sourced locally, as this is the most financially and culturally sustainable approach. It does, however, bring the risk of divergence between home and overseas campuses, and it can be difficult to source strong academics in some of popular IBC territories (Ziguras 2008). Healey (2018), neatly concludes that the optimal degree of staff localisation occurs when the proportion of seconded faculty is driven down to the lowest point that still satisfies students at an IBC. The literature suggests that it can take many months or years to reach this point, but it seems to now be the case in many UK-led IBCs set up in the early 2000s such as HWU and Middlesex University in Dubai, and XJLU. Whilst the overall trend amongst successful IBCs appears to be a local approach, the literature suggests that staff development remains important (Neri and Wilkins 2019), and that rights and status between campuses should be equivalent (Tierney and Lanford 2014).

The balance between a reliance on a home campus to provide administration and supporting activities, and their provision locally at an IBC is another area of potential tension. Due to their scale, IBCs often do not have the same level of support teams that would be available at home. Providing these locally would mean that services are fully tailored to IBC demands, but could lead to divisions and inconsistencies between campuses and may be inefficient and costly. Full integration with the home campus might be most efficient and promote cross-border working and buy-in from home campus leaders (Garrett 2018), but could suffer from practical issues in relation to time zones and cultural differences, restricting or delaying decision making. This could make local time working and the job of the IBC manager more difficult (Lane 2011a). Eldridge and Cranston (2009), examining Australian IBCs in Thailand, suggest that the most successfully-balanced IBCs typically operate with services where institutional consistency is critical – such as academic standards, quality assurance and risk management – provided by the home campus, and other services provided locally. This would suggest that services where local agility and responsiveness are critical, such as IT, estates management and human resources, could be provided effectively within an IBC structure. This would merit further research.

Conclusion

The number of IBCs around the world continues to grow, reaching new territories and markets. Evidence from the last twenty years of IBC creation, success – and in some cases closure – suggests that university leaders need to be certain that an IBC fits with their institutional strategy and that they have the experience and knowledge of host markets needed to make the right decisions. IBCs need to be established in such a way that they balance the needs of the local society and economy and its students, with the culture and ethos of the home institution; a consideration that extends to staffing, programme offering, pedagogy, student experience, and governance and operational arrangements. Comprehensive stakeholder mapping and management are vital in this process. Above all, universities need to be realistic in the assumptions that drive their business case for an IBC, and the timescales over which they can expect a positive financial return. This paper has drawn upon secondary evidence from published sources; many of the themes identified in relation to IBC creation and sustainability warrant significant empirical research, including a more thorough investigation of Institution level data, where it exists, and potentially interviews with representatives from those universities that have established or considered an IBC. Discussion has been restricted to examining UK-led case studies, and has been written from the perspective of authors based in the UK, introducing inevitable 'home campus' bias. Little empirical analysis has yet been undertaken on the relationship between the viability of IBCs and many of the success factors identified in this paper, which would serve to test the validity and utility of the proposed decision-making framework.

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Chapter Eight: ***The rise of the Remote Metropolitan Branch Campus – definitions, motivations and models***

8.1 Background

This paper was developed during the thesis phase of the DBA, with a particular focus on collecting primary data. The research was undertaken by - and the paper developed with - a co-author: Professor Nigel Healey of the University of Limerick. My role was the development of the idea and concept; the planning and leading of the primary data collection; the development of a full first draft of the paper and leading the finalisation, submission and refinement of the paper. Professor Healey's role including accompanying me in undertaking many of the interviews, providing critical challenge to my analysis and editing the draft paper. A letter from Professor Healey confirming his role is provided in Appendix A.

The paper was written between March and June 2023. Having been received in July 2023 by *Higher Education Quarterly,* a Quartile One Wiley journal with an Impact Score of 2.18 (2021) and SJR of 0.768 (2021), comments were provided in December 2023. Final changes were made and the paper has been resubmitted for final decision. As at the end of January 2024, this final decision remains outstanding.

8.2 Synopsis of method and findings

In this paper we tackle the relatively immature subject of RMBCs. We initially draw on definitions of IBCs to establish a first definition for an RMBC and, second, use an 'insider researcher' qualitative approach (Healey, 2017) - supported by semi-structured interviews with ten RMBC Directors in London - to understand the motivations for creating, and models for operationalising, these ventures. We discuss the ways that RMBCs are distinct from additional campuses serving the same student groups, and geographically proximate to a main campus, or domestic partnerships. We develop the definition used in this thesis (see section 1.5). The paper then describes the growth of RMBCs, particularly in London, where they are now home to at least 30,000 students, with new universities entering this market each year.

Feedback from RMBC Directors suggests that commercial revenues - whilst important and linked to reaching new markets and exploiting London's draw - are one of several rationales for establishing RMBCs, which also include legacy happenstance and overseas profile raising.

The data also reveals that there are several operating models, including wholly-integrated and controlled RMBCs; those operating as subsidiary companies; and JVs with private sector partners. The last two of these offer flexibility around the terms on which staff are employed by comparison with those in the 'home' campus, which is being utilised by several RMBCs. The international student market is clearly important to many RMBCs, whilst others mix overseas and domestic students and some focus on the latter - albeit with student cohorts including large numbers of UK residents of non-UK origin, mature students, those with family responsibilities and students with other characteristics considered atypical in the wider HE market. There is evidence that the teaching models in operation have been tailored to the students' need to work whilst studying: compressed timetabling, block teaching and flexible entry points are common across RMBCs. The course portfolios are similar between institutions, being focused towards the market demand for employability, entrepreneurship and immersive experiences, with business management and computing the dominant disciplines.

We conclude by suggesting that whilst there are commonalities between the students attracted to RMBCs, the courses on offer and their physical locations, there remains a level of distinctiveness and diversity in their formation and operation. They clearly appeal to certain segments of the domestic and international student market, drawn perhaps by studying in London or by the tailored approach to teaching and learning that these campuses offer. We note in the conclusion that the academic literature on RMBCs is modest and that this research has focused purely on London, and has not explored success or sustainability is any depth.

8.3 Contribution to thesis

This paper contributes to the overall argument outlined in Chapters Nine and Ten by establishing a first definition of an RMBC and discussing their increasing popularity, particularly in London which is the focus of the study. This, with the use of the analytical framework shown in Figure 7, will help me to address RQ3 and RQ4. This paper is an important input to the arguments presented in this thesis, given the lack of established research into RMBCs. For a fuller discussion of the contribution of this paper, see section 9.5.

8.4 Full paper as revised and resubmitted

See pages 118 to 147.

The rise of the Remote Metropolitan Branch Campus – definitions, motivations and models

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The rise of the Remote Metropolitan Branch Campus – definitions, motivations and models

Abstract

This paper explores the concept of the university Remote Metropolitan Branch Campus (RMBC). Drawing on approaches used to frame International Branch Campuses, it proposes a first definition for an RMBC, distinguishing it from a wider group of domestic 'Satellite Campuses' that includes multi-campus universities within regions. Using interviews with ten RMBC directors in London, it explores motivations for their creation and approaches used to organise and resource these ventures, as well as to attract and teach students. It concludes that the dominant reasons for creating RMBCs relate to financial diversification, reputation, reach and business engagement, but that in some cases the repositioning of an RMBC has been strategically reactive in response to external changes in its operating environment. Whilst there is evidence for a range of organisational models amongst London-based RMBCs, there are key commonalities around the students attracted, the programmes offered and approaches to teaching and learning. RMBCs in London are growing and thriving, but face challenges from market entrants and uncertain future UK Government policy.

Keywords: domestic branch campus, satellite campus, international branch campus, UK universities, university finances, international students, market entry

Introduction

This paper explores the emergence of the remote metropolitan branch campus (RMBC) within the growth and commercialisation of higher education (HE). It builds on a definition for international branch campuses (IBCs) to define an RMBC, and drawing upon interviews with the Directors of ten RMBCs in the London, which accommodates over 30,000 undergraduate and postgraduate students at these sites, investigates why and how they have been established and considers their future potential.

Context

The emergence of RMBCs over the past 25 years has coincided with the latter stages of the neoliberalisation and marketisation of HE. A founding pillar of neoliberalism is that markets are the most efficient basis for making decisions, promoting the role of the market over the state and diminishing the importance of regulation and national borders (Harvey, 2005). In parallel, globalisation has accelerated the movement of resources, people and goods, whilst the rise of managerialism within UK universities increases the willingness to extend beyond traditional geographical boundaries in search of additional revenues (Healey, 2008; Hill et al, 2015; Maisuria and Cole, 2017).

These forces, together with a reduction in the level of public funding for universities in countries such as the UK, has coincided with a sequence of geographical diversifications in HE. The first of these, prominent in the 1990s, was the trend for universities to recruit students from overseas. Whilst internationally-mobile students continue to be hugely important to UK higher education institutions (HEIs), the second trend - acknowledging that many are unable or unwilling to travel long distances to learn for financial or cultural reasons - has been the rise of transnational education (TNE) (Healey, 2015).

TNE has taken many forms, including offering courses by distance learning and universities subcontracting the delivery of their qualifications to local partners via franchising or validation models (McBurnie and Ziguras, 2007; Burgess and Berquist, 2012; Knight, 2016). It has also included the creation of IBCs: ‘bricks and mortar’ premises partly or wholly owned by a ‘home’ university in an overseas territory, serving a local or regional market using a myriad of models (Verbik and Merkley, 2006; Lane and Kinser, 2013). The Cross-Border Education Research Team (C-BERT) estimated that 333 IBCs were operating in March 2023 (C-BERT, 2023).

It could now be argued that a third, more recent, manifestation of neoliberalisation and globalisation is emerging in the form of RMBCs.

Method

In seeking to arrive at a working definition of an RMBC, this paper distinguishes them from generic domestic satellite campuses and draws comparisons with previous definitions of IBCs. To understand the motivations behind the creation of an RMBC and explore the models employed and challenges encountered, the authors selected London as a geographical case study owing to the high number of RMBCs that have been created there in recent years. An ‘insider researcher’ qualitative methodology (Healey, 2017) was adopted, based on the seniority and knowledge of the sector of the two researchers and the strength of their networks. Semi-structured interviews were held with ten of London’s 13 RMBC Directors (Interviewees A-J). The interviews were transcribed and coded, to identify key themes in relation to institutional rationale and aims; operating models; programme offerings; target markets; pedagogical approaches; and wider opportunities and risks. This dataset was supplemented by content analysis of university strategies; annual reports; London RMBC websites and other publications such as staffing adverts and job descriptions to gain further insights.

This paper explores what our analysis reveals about why RMBCs are becoming more common and under what conditions they appear to prosper. In seeking to look towards the future, the paper discusses the influencing factors behind RMBC development and how these divide between internal factors, such as financial imperatives, reputational ambitions or home-campus limitations, and external factors, such as international student mobility and preference, educational agglomeration and system autonomy.

Existing literature

There is a significant depth of literature on IBCs, estimated by Hickey & Davies (2022) to be over 120 peer reviewed works since 2000, with prominent authors including Phillip Altbach, Nigel Healey, Kevin Kinser, Jane Knight, Jason Lane, Stephen Wilkins and many others. Compared to the scale and breadth of research into IBCs, the literature on RMBCs is limited. Amongst the earliest to discuss what we will define RMBCs was Altbach (2012) who examined Northeastern University's RMBCs in North Carolina and Washington State, drawing comparisons with the IBC debate around institutional motivations; the use of home-based faculty; the value of a 'branch' degree and consistency in accreditation. Lane et al (2013) observed growth across the United States, suggesting how fifty independent regulatory systems have adapted to universities increasingly out of their home state. Addie et al (2015) investigated the growth of RMBCs in Canada, suggesting that the extension of institutional brands and outreach into new communities to recruit non-traditional students are key motivations, but questioning their long-term value.

In the UK, the Quality Assurance Agency for Higher Education (QAA) published a first thematic enquiry into the London campuses of UK universities in 2014 (QAA, 2014). Based on an assessment of public information and a survey of recently emerging RMBCs, but without using a clear and consistent definition, this report paints a mainly positive picture of the RMBC trend. It suggests that RMBCs appeared to be generally well planned by universities, and where a joint venture with the private sector was the preferred route, suitable contingency plans were in place.

The QAA report also found that RMBCs were mostly established within existing university structures, rather than as separate legal or operational entities, and that the principal motivation for their creation was access to international students. QAA (2014) highlighted some potential concerns, particularly in relation to the deployment of casual and part-time staff; the use of overseas agents in recruiting students; questionable student progression and achievement outcomes and the differential campus experience between the RMBC and the home location.

Brooks and Waters (2018), building on QAA (2014) and drawing on Madge et al (2015) (who discuss RMBCs in the context of internationalisation), provided a first in-depth academic appraisal of the RMBCs in London, with a focus on the way institutions exploit the attractiveness of London as a global capital city to compensate for a lack of resources provided directly by the universities to students. Taking the 14 RMBCs then in existence as their population, they undertook a systematic review of secondary materials, including prospectuses and online content to discuss the role that London plays in their establishment. They concluded that 'selling' London as a global city to international students is pivotal to the success of RMBCs in the UK capital.

Most recently, Kleibert (2021) has provided a valuable economic geographer's perspective on the growth of both IBCs and RMBCs, with a specific focus on the latter in London. She used interviews with senior leaders within universities to analyse the motivations for expanding spatially, arguing that both IBCs and RMBCs present 'territorial fixes' through access to new markets – predominantly international students – and 'symbolic fixes' in reputational gains, including association with London. Another interesting observation is her assertion that a

London RMBC may actually be a viable alternative to – or steppingstone towards – an IBC, especially for universities located in more remote parts of the UK, which are not often considered by international students.

Defining a RMBC

Whilst the generic term Satellite Campus has been used to encompass new physical sites established by universities at home, and sometimes overseas, no attempt has been made to define what we are terming an RMBC, which is located in the same country as, but not geographically near, to the home campus. In contrast, entire articles have been committed to discussing the difficulties of accurately defining an IBC, as skilfully summarised in Wilkins and Rumbley (2018). In this respect some have emphasised the importance of legal structures, branding, curriculum oversight, regulatory control and other factors (Lawton and Katsomitros, 2012; Lane and Kinser, 2013; Kinser and Lane, 2012; Knight 2016; 2020). Whilst some, including Wilkins and Rumbley (2018) and others, have proposed improvements and enhancements, and others exist including the TRANSEDU definition of 'Offshore Campuses' (Kleibert et al, 2018), the most widely cited definition of an IBC comes from C-BERT, which provides a contemporary global data source on IBCs. It describes an IBC as 'an entity that is owned, at least in part, by a foreign higher education provider; operated in the name of the foreign education provider; and provides an entire academic program, substantially on site, leading to a degree awarded by the foreign education provider' (C-BERT, 2023).

Using similar logic to arrive at a definition of an RMBC requires the consideration of four key factors: geography; ownership; brand; and function. It is also important to differentiate an RMBC from a general domestic 'satellite campus', of which it is a subset. There are many universities that have been created by merging legacy colleges and institutions – each with their own campus – with examples in the UK including the University of the Highlands and Islands, University for the Creative Arts and University of South Wales. Others have grown by establishing or acquiring campuses in the same region as their home campus, such as Nottingham Trent University's branch campus in Brackenhurst, Exeter University's outposts in Truro and Penryn or the joint campus opened in Medway between Canterbury Christ Church University, the Universities of Kent and Greenwich. We have not considered to these examples to be congruent with the RMBC concept; they are satellite campuses, but are geographically proximate serving the same local or regional markets.

An RMBC must be geographically distant from the main campus or campuses of an institution in an urban setting, most likely in a different region of a country or state. 'Home' institutional ownership is important, to distinguish RMBCs from the myriad of domestic partnerships that universities have developed, with, for example, further education providers, student 'pathway' providers or other private institutions. This distinction is particularly important, considering the large number of domestic collaborations that many universities have with branded 'centres' providing progression and pathway providers such as Study Group, INTO or Kaplan. University-specific branding or, as a minimum, co-branding is an important element in the designation of an IBC and – given the link to reputation and quality – this branding equally applies in the domestic context. Finally, and most fundamentally, an RMBC must have a core purpose of delivering undergraduate and/or postgraduate level HE, otherwise it could not be considered a true university campus.

Our proposed definition of an RMBC is, therefore:

> a teaching facility that is established or acquired in a strategic metropolitan location which is geographically remote from – but in the same country as – the home campus of the higher education provider; that is owned or leased, at least in part, by that provider;

is operated in the name of that provider; and that offers academic programmes, substantially on site, leading to a degree awarded by that provider.

This working definition provides a tractable framework for analysing RMBCs, without specifying precisely the minimum geographical distance required from the main campus, nor the minimum percentage ownership required or the minimum number or range of academic programmes needed. Equally, it does not stipulate the minimum scale of the campus, nor the required facilities, or the presence of other activities such as business engagement or research.

This definition of an RMBC means that they are primarily campuses of regional universities in major commercial centres, with the majority of examples to be found in the same countries that have traditionally led the growth of the IBCs. In the United States, established literature suggests that many universities are increasingly establishing branch campuses out-of-state, in major population centres, which we would consider RMBCs (Lane et al, 2013). For example, the University of Southern California has recently established a campus in Washington DC, reportedly to enhance the student experience and access policy makers and grants (Knox, 2023). In Australia a desk-based review suggests that there are five RMBCs based in Sydney and four in Melbourne. Some of these RMBCs originate from afar within New South Wales and Victoria respectively but others – for example Charles Darwin University (based in Darwin) and Curtin University (based in Perth) – have established RMBCs in Australia's financial and cultural hubs (University Reviews, 2023a; 2023b).

London as a focus for RMBCs

London, which has been a hub of RMBC activity in recent years, is the geographical focus of this study. London hosted 507,000 HE students in 2021/22, who were registered at over 20 public universities (including RMBCs and constituent institutions of the University of

London), a similar number of specialist publicly-funded institutes and colleges, and dozens of alternative – and in many cases small – providers (HESA, 2023).

Growth and focus

The longest-established RMBC in London is the University of Cumbria's outpost in Tower Hamlets, which has been providing teacher training – and more recently business-related programmes – under various guises for the past 50 years. 17 further RMBCs have been created in the 21st Century, of which five have subsequently closed, including three high ranking institutions (Kleibert, 2021). Whilst there is no firm evidence for this, it is possible that more restrictive international student visa policy in the 2010s, and an inability or refusal by some RMBCs to adapt to this development, may have played a key role in these closures.

As shown in Tables 1 and 2, an eclectic mix of English institutions have established RMBCs in London, including Russell Group members (e.g., the Universities of Warwick, Liverpool, and Newcastle), large post-92 universities (e.g., Northumbria, Staffordshire University and Coventry Universities), and smaller providers including York St John University. Several of the universities that have established a London RMBC – including Anglia Ruskin, Coventry, Cumbria, Glasgow Caledonian, Staffordshire and the University of the West of Scotland – were already multi-campus operations within their own regions.

Whilst no recent publicly-available data exist, interviews conducted for this paper suggests that there were at least 30,000 students attending RMBCs in London as of spring 2023. This represents around 6% of London's HE student population (HESA, 2023) and is a large increase compared with the 8,500 RMBC students in the city in 2014 (QAA, 2014). In addition to the 18 RMBCs that have existed at some stage since 2007, several additional 'London Centres' –

co-branded with UK universities, offering franchised or validated programmes and sometimes branding themselves as 'branch campuses' – have also operated. These include Ulster University and Solent University ventures in association with QA Higher Education, and the now closed Study Group centre in association with the University of Huddersfield. That these are sometimes referred to as branch campuses by researchers, students and the organisations themselves can be misleading.

There is a pattern in the range of programmes being offered by London RMBCs, with a strong focus on business and computing courses, at both undergraduate and postgraduate level. More detailed examination reveals many courses in business management and related disciplines, including accounting and finance, healthcare management, cyber security, project management, and tourism and events.

There are some patterns of geographical agglomeration of London RMBCs. Most noticeable is the clustering in East London, perhaps reflecting the availability of space that benefits from the appropriate educational planning classification; more competitive pricing than other parts of the city; and proximity to affordable student accommodation. Of the 13 current RMBCs, three are co-located at East India Docks, two are sited in the Queen Elizabeth Olympic Park in Stratford (and will soon be joined by a third) and three are on the eastern fringe of the City of London, which was also the location of three of the closed RMBCs.

Based on trends concerning space being rented by regional universities in London, the pace of RMBC establishment is increasing (Prynn, 2023). Table 3 summarises the four new London RMBCs that have been announced but are yet to open. In late 2023, Teesside University will open a London campus offering undergraduate and postgraduate programmes in digital technologies and enterprise at the Olympic Park, close to the RMBCs of Loughborough University and Staffordshire University (Here East, 2023). Also in late 2023, Nottingham Trent

University is planning to open a campus in Whitechapel focused on creative education aligned to eSports (Sacco, 2022). Looking further ahead two universities plan to open campuses in parts of London some distance from current clusters. The University of Portsmouth is planning to open an RMBC in Waltham Forest, northeast London, in 2024 (BBC, 2021), and Sheffield Hallam will establish a campus in Brent Cross, northwest London, in 2025, with an aim to reach 5,000 students there by 2030 (SHU, 2023).

Table 1: London RMBCs in 2023

University[1]	Current Location	Established	Approx. students	UG	PG	Dominant disciplines
Anglia Ruskin University	Farringdon, EC1N, East India, E14	2007	8,500	YES	YES	Business, Law, Health
Coventry University	Spitalfields, E1	2009	5,000	YES	YES	Business
Coventry University	Dagenham, IG11	2017	Unknown	YES	NO	Business, Law, Health, Computing
University of Cumbria	Canary Wharf, E14	2007[2]	500	YES	YES	Education, Business, Health
Glasgow Caledonian University	Shoreditch, E1	2010	1,500	NO	YES	Business, Health
Loughborough University	Stratford, E15	2015	800	NO	YES	Business, Design, Computing
Northumbria University	Spitalfields, E1	2014	6,000	YES	YES	Business, Computing
Staffordshire University	Stratford, E15	2019	430	YES	YES	Computing
University of Sunderland	Canary Wharf, E14	2012	4,700	YES	YES	Business, Health
University of Wales, Trinity St David	Kennington, SW9	2012	Unknown	YES	YES	Business, Computing
University of Warwick	London Bridge, SE1	2015	<250	NO	YES	Business
University of West of Scotland	East India, E14	2016	4,000	YES	YES	Business, Computing
York St John University	East India, E14	2018	2,200	NO	YES	Business, Computing

[1]In addition, some HEIs, such as Ulster University, Solent University and the University of Northampton operate London Centres with third parties.
[2]The University of Cumbria gained university status in 2007, but its campus in London has been in operation, led by legacy institutions, since 1973.
Sources: Authors, based on interviews and university websites

Table 2: Closed London RMBCs

University[3]	Opened	Closed
University of East Anglia	2010	2014
University of Liverpool	2013	2020
Newcastle University	2015	2022
University of South Wales	2014	2015
Wrexham Glyndŵr University	2011	2018

[3]The University of Huddersfield has also ceased its partnership with Study Group.
Sources: UUK (2014), Addison (2019), Kleibert (2021), Newcastle University (2022).

Table 3: Announced London RMBCs

University	Planned Opening
Nottingham Trent University	2023
Portsmouth University	2024
Sheffield Hallam University	2025
Teesside University	2023

Sources: BBC (2021; 2022), Sacco (2022), Here East (2023).

Motivations and models: the views of London RMBC Directors

Institutional motivations

Commercial reasons appear to be the dominant rationale for establishing RMBCs. The ability to reach a new student segment – in the context of income diversification – was explicitly stated by eight of the ten interviewees as a main driver, particularly the ability *'to capitalise on the opportunities London offers for international students'* (Interviewee F) and to *'access markets not available anywhere else'* (Interviewee G). Even in RMBCs where international students are not the focus, several interviewees highlighted that the aim is to cater for a set of domestic students different to those that would be attracted to the home campus. Some also reported that the markets in which their home campuses operated were becoming crowded and that there was a perception, supported by demographic evidence, that demand for HE in London is increasing at a faster rate than in their regions.

However, several of the interviewees acknowledged that increasing financial revenue is only one of several motivations. In seven cases, an element of historical legacy has played a role. These seven had established the campus following one or more previous franchising or validation relationships with private providers or London-based colleges. In some cases, the creation of an RMBC was proposed by the partner, and it was a reactive development because of partnership difficulties or owing to the tightening of government rules around international student recruitment from 2010.

Almost as prominent as income generation is the role that an RMBC can play in building a university's profile overseas. Seven interviewees – including directors of large and highly ranked institutions domestically – suggested that a London base can, and in some cases already has, enhanced the international reputation of the home university. As one interviewee explained, the London campus was established to enhance the reputation of the university because it was *'unknown overseas despite a high ranking nationally'* (Interviewee I). A variation on this theme, relevant in two specific cases, are examples of universities that had strong international reputations prior to setting up in London, but were sited in geographical locations that are perceived as unattractive to international students. In these cases, the association with London is seen as important in breaking down negative perceptions of home campus locations: *'we wanted to be seen and heard in an international centre for higher education'* (Interviewee D).

The contrast between the regional economies of London and the home locations of those that have established an RMBC clearly presents a further motivation. Several interviewees stated that the opportunities that London offers for business collaboration, student placements and immersive business experiences – as well as wider knowledge exchange – were driving factors behind establishing RMBCs in London, and that it was hoped that these relationships could benefit students across the entire institution. Many stated that the London RMBC had become an important element of the University's wider student employability offer.

Less prominent in the narrative around motivations – but relevant to their viability and prospects for survival – are perceptions that RMBCs were the personal projects of senior members of university leadership teams. Three of the interviewees believed that the original move to London was, in part or in its entirety, a *'vanity'* project that lacked strong and coherent rationale (Interviewees B, H and J). Two of three interviewees conceded, however, that notwithstanding the lack of a clear business plan, the RMBCs had allowed the university to carry out small, controlled '*experiments*' with the lessons being used to understand how the wider institution could improve; for example, one noted that the RMBC provided the opportunity to *'pilot interesting courses and explore new ways of working to deliver these effectively and efficiently'* (Interviewee F).

Organisational models

The interviews reveal that there are three organisational models being used to operate London RMBCs. All are reasonably simple from a regulatory perspective, a process which involves notifying the UK HE regulator, the Office for Students, of an additional campus and seeking UK Visa and Immigration (UKVI) approval for its use to teach international students, if applicable. The first, adopted by five of the ten institutions interviewed, is the fully-integrated model, whereby the RMBC is legally part of the home university. Here they operate as either standalone faculties or schools, or in two cases are parts of faculties or schools based at the home campus. In terms of size, these tend to be the smaller RMBCs measured by student numbers. This is a marked contrast with IBCs, which all need to be established as legal entities to operate in foreign jurisdictions.

The second model is where the RMBC is a wholly-owned subsidiary of the home university, operating as a separate legal entity. Two of the larger RMBCs have taken this approach, which can be compared with the small number of IBCs operating on this basis, notably the Universities of Reading and Southampton in Malaysia.

In the third model the 'home' university has created a joint venture with an external organisation to establish and operate an RMBC. Adopted by three of the sample – and often formed with a private sector provider of marketing, student recruitment and pathway services – this is also the approach sometimes used where the RMBC has evolved from a legacy partnership. This is also overwhelmingly the dominant organisational form of IBCs, where a joint venture is either required by the host government (e.g. China) or chosen by the home university to share costs and acquire local capability.

In addition to variations in the legal model chosen, the approach to governance varies across the ten RMBCs in the sample. The most common overall model is one of a high degree of autonomy but, in general – and in many cases following initial *'animosity'* or *'suspicion'* – in a positive relationship with the home campus, whereby '*respect remains important*' (Interviewee G). In almost every case, the London-based staff members are either directly or indirectly managed by the Director, who reports into the parent university organisation at a senior level.

The degree of curriculum, pedogeological and research influence or control from the home campus varies dramatically across the sample RMBCs. In nine of the ten – particularly but not exclusively in line with legal autonomy – there is a high degree of autonomy concerning day-to-day teaching, research and administrative issues; in only one case does the Director consider oversight from the home campus to be dictatorial. Organisational maturity clearly plays a role, with more autonomy evident in some of the older RMBCs, where past success appears to have bolstered confidence by the home university on the one hand, and self-confidence amongst the RMBC staff on the other. Many of the Directors interviewed pointed to the benefits of being able to create a new campus which can break free from the inefficiencies and rigidities of the home institution and the HE sector more generally; they emphasised that this freedom to innovate has helped focus operations on the student experience and avoid unnecessary bureaucracy, waste and duplication.

Student models

The interview findings challenge the notion of homogeneity in the UK markets for student recruitment suggested by the QAA report in 2014, suggesting that there are at least three models in operation (QAA, 2014). The first, apparent in six of the sampled RMBCs, is a clear focus on the international student market, principally at postgraduate level, but also in some cases at undergraduate level. For example, one interviewee stated that London was a *'chance to attract a high calibre international student'* (Interviewee D). Some made a firm case against focusing on domestic students, with one interviewee noting that *'there are enough institutions offering places to home students'* (Interviewee B), whilst another agued there was *'simply too much competition for home students'* (Interviewee H). Whilst the source of international students varies between the sample institutions, their main markets have transitioned from China in the early years of London RMBCs to a dominance by India and other parts of South Asia – and to a lesser extent West Africa – over the past five years. Almost all the RMBCs use agent networks to recruit these students, whilst in some cases recruitment is led by a partner organisation.

The second student recruitment model – a focus for two of the RMBCs across undergraduate and postgraduate levels – is orientated towards local domestic students. In most cases, the students in question are mainly atypical home entrants to UK HE, often being residents in the UK of non-UK origin; mature students or returners to education; working students and/or students with parenting or caring responsibilities. Interviewee C reported over 600 enrolments of mature Italian students, almost all of whom had been living and working in London for many years. The same interviewee reported that their RMBC student cohort had an average age of 32 and was heavily skewed towards female learners with caring responsibilities. Interviewee E claimed that all their students were *'hyper-local'*, originating from one of two boroughs in East London including many students of Bangladeshi heritage. Both Interviewees C and E highlighted the demographic opportunities of a growing population in East London as a key reason for locating in the capital.

The third approach to student recruitment blends home and international students learning side-by-side in broadly similar numbers. Whilst currently only two RMBCs have this balance, most of the interviewees highlighted the importance of aiming for a mixed model in the longer term, to allow their institutions to remain agile and shift between target student markets in response to changing government policy. Interviewee F neatly summarised this by highlighting the importance of *'following market trends'* and *'diversifying to mitigate external risks'*.

One interviewee, who leads a campus with a mix of home and overseas students, suggested that the orientation of RMBCs – vocational programmes, block teaching and flexible entry routes, but limited social or recreational facilities – lent themselves towards serving overseas and non-traditional 'home' student groups that mainstream London-based universities would not want to *'work hard to support'*, arguing that it was *'not possible to deliver programmes at a branch campus to a traditional 18-year old domestic market'* (Interviewee G).

There was a strong level of consistency between the interviewees as to why students choose an RMBC. In addition to being in London where *'demand for HE still outstrips supply'* (Interviewee B), many suggested that the small and personalised models on offer at these campuses were important, as well as the flexible and vocational nature of programme offerings. It was also acknowledged, however, that competitive pricing and a strong overseas agent network underpinned success. Typically, those RMBCs focusing on the international student market see other RMBCs as their main competition for students – and new market entrants as a threat – whilst campuses focused on the domestic – typically widening participation – market see themselves competing predominantly against large London-based universities.

Curriculum and teaching models

As summarised in Table 1, the range of programmes provided by London RMBCs is clustered around business, computing and a small number of related subjects. Several interviewees cited Master of Business Administration (MBA) courses as core to their postgraduate programme offering, whilst others described how their portfolio has grown from a generic set of courses into related but more specialist degrees. Eight of the Directors interviewed stressed the importance of market testing and responding quickly to local demand in the process of developing and modifying course offerings, with one claiming that at their RMBC *'programmes can be developed and validated in three months'* (Interviewee D). Two of the campuses have full autonomy over their academic portfolio. In five RMBCs, academic teams are entirely separate from the home academic structure and enjoy a strong level of influence over the programmes they offer – but central approval is needed – whilst at three, academic teams across campuses are integrated and the RMBC has little autonomy in curriculum matters.

Despite these different models for developing the curriculum, the programmes offered and approaches to teaching and learning share many commonalities. Most of the campuses seek economies of scale by running a small number of large courses, but do so using multiple cohorts to maintain relatively small class sizes. Regardless of the discipline or sub-discipline being studied, several RMBCs share a focus on employability, entrepreneurship, business engagement and immersive educational experiences. The agile nature of the programmes on offer at many of the RMBCs is also apparent in our interview data. In three cases, the curriculum has undergone at least two iterations to find a formula that is academically and commercially successful, whilst several cases of courses being brought to market rapidly were highlighted. Similarly, some have started with a focus on postgraduate programmes and ended up diversifying to undergraduate courses, or *vice versa*. The influence of the background of the home institution is also apparent. For example, one of our sample is focused on gaming and digital design – reflecting home campus strengths – whilst others play to historic reputations around digital technologies and sports business.

In seven of our sample, there is a strong emphasis on teaching, as well as what one interviewee labelled *'teaching scholarship'* (Interviewee F), whilst more traditional research and knowledge exchange activities are present but are still developing. The three Directors that consider their campuses more advanced in terms of research all highlighted the importance of links with academics in the home campus, as well as colleagues at other London universities.

Many of the interviewees cited the student experience as both a major priority and significant risk, with some mentioning the context of OfS B3 conditions around retention, progression and outcomes (OfS, 2022). To be able to cater for working and commuting students, concentrated block teaching has been adopted at six RMBCs. The dominant model is of intensive face-to-face teaching two days per week, which is being actively considered by two others in our sample. One Director emphasised that not only was this attractive from a pedogeological perspective, but it *'supported good attendance and allowed students to learn in a way that works for them'* (Interviewee C).

Multiple entry points across the academic year are also almost completely universal across the sample, with two or three starting points common and some campuses operating up to six across the academic year. The extent to which remote and blended teaching was available at RMBCs was variable, perhaps reflecting varying institutional policies across UK HE in general.

Resourcing models

There is a good level of consistency in the physical resources reported by interviewees. Directors consistently cited the proximity to other HE institutions – including other RMBCs – strong transport links and good value for money as reasons for choosing campus locations. The result is that most are located in modern and highly accessible former office blocks in either the eastern fringe of the City of London or in the Docklands of east London and surrounds. There is clearly a focus on good quality teaching spaces supported by an efficient timetable.

Two employment models are being used for permanent staff. Those campuses that remain legally integrated with the home campus retain the same staff terms and conditions between locations, save for a London weighting and different designated place of work. Those that have been created as wholly owned subsidiaries or as part of joint ventures utilise the ability to vary

London staff terms and conditions, including in some cases different levels of salary, pension arrangements and working hours. One interviewee (Interviewee C) remarked that *"we only want teachers who love teaching. We pay well but we require high teaching performance"*.

Whilst precise terms and conditions presumably vary between institutions and were not collected as part of this research, Directors of RMBCs with the autonomy to vary terms and conditions explained that these have been tailored to the London market in order to facilitate staff retention and a focus on teaching. Although most of those interviewed acknowledged some use of temporary staffing, they reported that a strong majority of staff at their RMBCs were employed on a permanent basis. Contrary to some of the models employed in IBCs during early years of development, there appears to be little cross-fertilisation of teaching staff between home campuses and London RMBCs. Interviewees generally felt that those universities that were already multi-campus pre-RMBC enjoyed no obvious advantages over their counterparts with a single home campus.

Discussion

The opportunity for demand absorption, and the financial benefits that it could bring to the home campus, is clearly a key reason why many universities have decided to establish a London RMBC. There are clear neoliberal justifications for this when examining the two most prominent markets targeted by these campuses. London is a huge draw for international students (Brooks and Waters 2018). According to HESA (2022), between 2014 and 2022, the number of international students enrolling at London-based universities has increased from 106,815 to 179,425 (70%), compared to an increase of 49% outside of London.

In parallel, the general population of London increased by 7.4% between 2011 and 2021 (6.3% nationally), but parts of East London such as Tower Hamlets (22.1%) and Newham (14.0%), have seen more dramatic rises (ONS, 2021), increasing demand from local students. This has contributed to the impressive levels of growth of some London RMBCs, with student numbers more than trebling since 2014 (QAA, 2014) and, as previously discussed, is leading to several new market entrants. The extent to which increasing demand will continue – and the impacts that evolving Government policy, particularly in relation to international students, will have – remains to be seen.

Whilst financial imperatives appear universally important and some campuses have evolved from legacy partnership arrangements, a range of other drivers has encouraged universities to create London campuses. It is difficult to quantify reputation and measure improvements to an institution's international profile – let alone ascribe causality – yet since opening an RMBC, six of these institutions have gained a Times Higher Education World University Ranking for the first time (THE, 2023). RMBC Directors in our sample felt that it was part of their role to drive the wider University's global profile, supporting Kleibert's (2021) assertions.

Similarly, it is difficult to quantify the strength of institutional business links and the benefits that this has brought to London-based RMBCs. Several interviewees claimed to be outperforming their home campuses in relation to student employability, and that this may be linked to industry exposure and bespoke employment related programme features, but disaggregated public data on this metric is not available. A more intangible rationale, relating to London being a test-bed for new ideas and ways of working, was expressed by some of the RMBC Directors. It is notable that four of the universities that have created RMBCs had subsequently gone on to establish IBCs across three different continents. The interviews were inconclusive in ascribing causality to this pattern, with some considering that the initial London project had played a role and others unsure; it would be instructive to explore this issue in more detail to understand whether an RMBC is a viable route to an IBC, as suggested by Kleibert (2021).

Visiting ten of London's RMBCs reveals that they are diverse and distinctive in their character and culture. From an organisational perspective, three different models are in use: those that are legally integrated and part of the home university; those that are wholly owned subsidiaries but separate legal entities; and those that are owned jointly with a partner. The latter two models have allowed RMBCs to tailor employment models to fit their needs in London, whilst implementing teaching and support models that align with the needs and expectations of their students.

Nevertheless, our research does not suggest that those RMBCs created as separate legal entities are necessarily more or less integrated with the home campus from an operational, teaching, research or knowledge transfer perspective. Whilst legal independence and autonomy go hand-in-hand in some cases, there are examples of integrated RMBCs that are almost entirely autonomous, and of subsidiaries or joint ventures that are substantially influenced by the home institution in matters of pedagogy, portfolio and strategic direction.

Aside from organisational models, it is possible to draw a broad picture of the typical London RMBC, which is applicable to most of our sample. This 'typical' RMBC would be situated in east London, or the eastern fringe of Central London, and would see a target market of international and/or mature, working local students, engaged at postgraduate, and sometimes undergraduate level. These students would be seeking degrees in business management, computing and related disciplines, and their courses would include a high degree of business engagement and experiential learning. There would be high numbers of students in their cohort, but they would learn in small groups. They may have started learning at the RMBC at various times in the year, and in many cases would learn in blocks of several weeks based on attending in person perhaps two or three, often consecutive, days per week. This would allow them to live in relatively affordable parts of London and the Southeast, work part time and accommodate other responsibilities such as caring for children.

Such students may have chosen an RMBC over a more traditional university experience because of the courses on offer, the personal nature of the campus and university experience, the fact that the learning style or format meets their needs, or, in come cases, simply because they wanted to study in London, and the RMBC was recommended by an agent.

This is possibly an overly simplistic attempt to characterise London RMBCs, but it demonstrates that by remaining agile and listening to the market, they have been able to grow and thrive, creating sustainable business models that meet the needs of certain segments of students.

As reported by the interviewees, however, there are several risks and threats on the horizon for RMBCs. With four new universities entering this market by 2025 – albeit with varying stated objectives, approaches and focus markets– the level of competition will continue to increase. Set against the possibility that the UK Government will impose further restrictions on international students – having already announced in May 2023 that taught postgraduates will no longer be able to bring dependent family members with them – there is a question over whether the level of demand will be sustained (Parker et al, 2023). In this case, there could be even more pressure on RMBCs to diversify and adapt to survive.

For their part, RMBC Directors are clearly becoming organised and sharing knowledge and best practice. In addition to many attending London Higher (a membership organisation for HE across the capital) a sub-group has been formed: London Centres, which focuses on issues facing RMBCs (London Higher, 2023).

Conclusion

This paper has explored the relatively new phenomenon of the RMBC. Reaching a working definition has made it possible to distinguish new attempts at domestic geographical diversification from legacy regional multicampus arrangements and from domestic partnerships and coalitions. The growth of RMBCs in the UK, and specifically in London, warrants particular attention. It reveals that universities see RMBCs as another option for income diversification and financial sustainability, establishing physical sites in locations that are popular destinations for students, but that they are also a vehicle to improve institutional reputation, create valuable links with business and commerce and test new ways of delivering HE.

It also reveals a vibrant and growing sub-sector of the UK HE system with specific student markets overseas and domestically, and a distinctive skew towards programmes in business, computing and related degrees. Unlike most universities in the UK, RMBCs have the advantage of being created in relative isolation, with portfolios, pedagogy and learning patterns orientated towards the student, while efficiency and agility are built into their DNA. They compete with one another, with traditional institutions and with alternative and niche providers in London based on these features, and are gaining a voice in London HE via established networks and their own forums.

This paper has been limited in its scope. It has sought only to define an RMBC, differentiating it from other domestic satellite campuses, and explore, using one location, the motivations for their establishment and the models employed. The extent to which the conclusions reached are generalisable to other locations would warrant further research, as would the reasons for RMBC failure and success, and the way this relates to general success factors within HE. It is possible that the transferability of the themes identified in London to other, global centres such as New York, Tokyo or Dubai may depend on several factors including their local student markets, their relative appeal to international students compared to regional universities in those territories, and their ability to boost the reputation of these regional universities. Whilst this paper has touched on organisational, student, teaching and resourcing models, more in-depth research on these would be of value, especially in the context of the other options available to universities to diversify. In this respect, more work comparing RMBCs with, for example, IBCs would be valuable.

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Chapter Nine: Discussion

9.1 Discussion structure

This discussion chapter is structured broadly by research question. Drawing on external and internal theoretical perspectives from elements of RDT and the RBV, section 9.2 aligns to RQ1 and section 9.3 aligns to RQ2, with both informed by emerging themes from the contextual data (Chapter Two), literature (Chapter Three) and four academic papers (Chapters Five to Eight). Sections 9.4 and 9.5 jointly address RQ3, with discussion shaped around the analytical framework shown in Figure 7 (also informed by RDT and the RBV). Section 9.6 directly aligns with RQ4, discussing what universities must 'have' and should 'do' to maximise the prospects of successful spatial diversification.

9.2 Contemporary financial challenges within English universities

External challenge: cost sharing but with a fixed fee

Fundamentally, the externally-imposed move to cost sharing within English HE - with the introduction of and subsequent increase in tuition fees on which universities are fundamentally dependent - has changed the financial dynamics of the sector. This is consistent with the trends elsewhere in the OECD/Global North as discussed in Chapter Three (Jongbloed and Vossensteyn, 2016). In Hickey (2024) [Chapter Five] I discuss how the narrative around this has moved from one focused on addressing the issue of an underfunded and uncompetitive sector (Dearing, 1997), to one of shifting the financial burden to students (Browne, 2010).

At the point of domestic undergraduate fee increase to £9,000 in 2013, income per student was higher in England than in much of the rest of the OECD, accelerating growth in the sector. In Hickey (2024) [Chapter Five] and Hickey (2023) [Chapter Six], together with the forecasts in OfS (2023c), I argue that it is the freezing of tuition fee caps - in effect reducing them in real terms for a decade - that is presenting the sector with the single greatest contemporary financial challenge. In Hickey (2023) [Chapter Six] I estimate that the initial £9,000 fee in 2012/13 would be worth the equivalent of £6,959 by 2024/25. The link between politics and tuition fee policy setting I identify in Hickey (2024) [Chapter Five] suggests that fee levels are now 'stuck in limbo': falling in real terms each year but unlikely to be increased by this or any new Government through fear of unpopularity. At the time of writing none of the main political parties have declared any long-term plans in relation to tuition fee caps, nor any associated policy direction around funding the HE sector in England.

A combination of the importance of domestic fees, their external control by Government, and their political sensitivity creates an external financial dependency: what could be described by RDT as a 'power imbalance' that is near impossible to mitigate against. In Hickey (2023) [Chapter Six] I illustrate the impact that frozen fee caps are starting to have in some English universities. These are collaborated by the analysis in Chapter Two, which shows that more universities are slipping into financial deficit, reflecting a reliance on this source of income, with home fees making up 77% of the sample's income, and 39% across the sector as a whole in 2020/21 (HESA, 2023c). Domestic undergraduate teaching is now being described as 'loss making' by the Russell Group, which claims that member institutions incur a shortfall of £2,500 for every domestic undergraduate student each year (Foster et al, 2023).

External challenge: contemporary government visa policy

With home undergraduate fees under pressure, many English universities have looked to international student growth, where fee levels can be set by individual institutions, for revenue. As I report in Chapter Two and in Hickey (2023) [Chapter Six], international student fees already represent 22% of English HE income, growing rapidly even in smaller and less prestigious institutions, increasing dependency on this resource (HESA, 2023e). This growth, however, is partially reliant on UK Government decisions, creating another external dependency - albeit not one as central to operations as fixed domestic tuition fees. The policy outlined in Chapter Two, to change visa rules to restrict the dependents of international taught postgraduates accompanying them when travelling to study at English universities, presents a risk possibly akin to the changes in post-study work entitlements made and then reversed in the 2010s (DfE, 2023a). It is not yet known what the impact will be on the level of demand for postgraduate courses, which make up 64% of the international student market, especially from some strong and growing markets such as India and Nigeria, where societal drivers mean that students are more likely to bring dependents than other large markets such as China (Graham, 2023). In addition to the direct financial impact, the extent to which this policy will damage the international reputation of English HE, a valuable resource as defined in RBV, is not known. As I discuss in Hickey (2023) [Chapter Six], there could be further destabilising impacts of this change, with larger and higher-ranking universities mitigating the impact of lost international students by seeking larger domestic intakes, at the expense of rest of the sector.

The other significant political challenge for many English universities has been the UK's exit from the European Union, and the impact this has had on European student mobility and on access to research funding and collaborations (Highman et al, 2023). As discussed in Chapter Two, UK universities saw their income from the EU and is programmes and partners reduce by 98% between its high in 2013 and 2022 (Foster et al, 2023), although a re-entry into Horizon Europe from January 2024 may address some of this in the future. Whilst much of the income lost over the past few years relates to research or to the Erasmus+ exchange programme, which in isolation offer little potential to address financial sustainability gaps, the need to subsidise priority research and student exchange activities from student fees has contributed to a medium-term hole in the finances of many universities.

External challenge: macro-economic paralysis

The dramatic deterioration of the global and national economies over recent years is an external factor that English HEIs can do little to counter. Here the external dependency is not as easy to define as it is influenced by a multitude of actors in the UK and overseas. As I discuss in Hickey (2023) [Chapter Six], the major impacts of inflation rates significantly higher than the Bank of England's target levels since early 2022 has been to place pressure on staff salary costs - aggravated by industrial action - and to bring dramatic increases in other operating costs including energy, services and consumables. It is also a difficult time to invest, as outlined in section 2.3, with high interest rates for borrowing limiting the ability for many institutions to speculate and innovate. This, plus soaring construction costs, has impacted opportunities to profit from investment in new student accommodation, which had been a dependable source of income for decades.

Together with a relatively buoyant domestic employment market, weak medium-term macro-economic issues may also be impacting student retention. As discussed in section 2.3, universities are providing support to students to mitigate higher accommodation, food and transport costs, but in late 2022, an increasing number of students were considering suspending their studies or moving back to the family home (ONS, 2022). A prolonged period of weaker student continuation would have an immediate and severe impact on the sector's financial position.

Internal challenges: legacy structures, cultures and reporting requirements

In Hickey (2023) [Chapter Six] I describe the considerable public sector environmental legacies carried by the sector, which present ongoing financial challenges. Some of these are tangible and quantifiable, such as the relatively costly Defined Benefit (DB) pension schemes to which university staff belong, together with a fixed sector-wide pay scale which retains annual increments, both of which are partly a function of a unionised workforce. Other legacy factors are less tangible and vary more between institutions and university typologies across the sector. As I summarise in Hickey (2023) [Chapter Six], these include complex and decentralised governance regimes, organisational structures and decision-making, cultural ideologies around academic integrity and a resistance to managerialism. Some of these features are intrinsically part of English universities and set them apart from commercial organisations, but can lead also to inefficient practices, change aversity and a lack of agility as also discussed in Chapter Three (Clark, 1998; Shattock, 2008).

Separate but linked to these inefficiencies is the administrative burden placed on universities, which I discuss in section 2.1 and in Hickey (2023) [Chapter Six] and which further demonstrates the interdependencies between English HE, regulators and Government. Whilst legacy reporting and scrutiny via the OfS and its predecessor organisations have been in place for years, this has been increased in recent years to include new terms of registration (incorporating B3 measures); ongoing requirements for a compliant APP; enhanced reporting of student, staff and financial data; and the need to feed into national measures of quality in the TEF, KEF and REF (OfS, 2022b). In Hickey (2023) [Chapter Six] I argue that this regulatory burden may have a disproportionally expensive impact on smaller universities.

9.3 Institutional responses

Internal response: growing student population (market penetration)

As I discuss in Chapter Two and in Hickey (2023) [Chapter Six], the principal response by English universities to the tightening financial conditions in recent years has been to grow their student populations, which I classify in the 'market penetration' box in Figure 4. There are three elements to this: a growth in domestic student numbers; an increase in the size of international student intakes; and an increase in fee levels to those international students. This could be considered organisational adaptation under the RDT model, as universities seek to change their shape to accommodate their environment (Pfeffer and Salancik, 2003), and, as discussed in Chapter Three, evidence exists that accelerated student recruitment has been used elsewhere to reduce resource dependency (Jaquette, 2013; Salazar, 2019).

The universities I analyse in Hickey (2023) [Chapter Six] grew total student headcount by 12% between 2016/17 and 2020/21, whilst the sector in general grew by 16% during that time. Whilst some universities have expanded faster than others through portfolio diversification and investment in marketing, general growth in domestic student numbers has been facilitated by favourable demographics, as discussed in Chapter Two, with 51,000 (12.9%) more 18-year-olds forecasted in England in 2025/26 than 2020/21 (OfS, 2023c). Domestic enrolment growth does not come without challenges. As I discuss in Chapter Two and section 9.2, investment to expand facilities is being hindered by deteriorating cash positions in universities and an expensive environment in which to borrow. Even if expansion is possible, the viability of recruiting more domestic students at the fixed tuition fee cap, remains unclear (DfE, 2023b). The 18-21 demographic is forecasted to peak by the end of the 2020's, then reduce year on year (The Economist, 2021). During this time there may well be new entrants to the English HE market, adding to the 400+ existing providers. A greater focus - and more profitable - has been the dramatic growth in international student numbers I discuss in Chapter Two and Hickey (2023) [Chapter Six]. International student population at English universities grew 43% between 2016/17 and 2021/22, with income from them increasing from £4.8bn to £8.1bn (up by 69%) (HESA, 2023b).

External response: broadening the academic offering (product development)

Many of the new programmes developed by English universities at undergraduate and postgraduate level have driven some of the domestic and international student growth discussed above. This could be considered as an attempt to alter the sector environment under RDT (Pfeffer and Salancik, 2003) as explored by Webb (2019). I provide examples in Hickey (2023) [Chapter Six] of where sampled institutions have deviated away from their historic strengths in search of popular offerings such as psychology, business management, computing and health related subjects. Some of the additional academic products that have been developed by English universities in response to Government policy. The growth in the provision of degree level apprenticeships, as I discuss in Chapter Two and in Hickey (2023) [Chapter Six], has been a feature of the last decade across the sector, with over 100,000 students enrolled on these programmes (DfE, 2022b). According to the detail presented in Chapter Two, they have not, however, yet become dominant in the market nor are likely to become a material source of financial surplus going forward, given generally lower income per student caps than conventional degrees and onerous administrative requirements.

The Lifelong Learning Entitlement (LLE), where UK citizens can access student loans across their lifetime and study module by module and which I discuss in Hickey (2023) [Chapter Six], is the next major opportunity on the horizon domestically. This may mean that some universities diversify into more short course provision, although at present there is no evidence for a large or sustainable level of demand. New research opportunities offered by the re-joining of the EU Horizon programme may generate additional income for England's world class university sector. Whilst research income rarely generates a financial surplus in isolation, it can lead to technology transfer, knowledge commercialisation and university-industry collaboration through the 'triple helix' (Etzkowitz and Leidersdorf, 2000; Clark, 1998) as I discussed in Chapter Three. These were not evident in the sample of universities I studied in Hickey (2023) [Chapter Six] but I acknowledge that they may be more prevalent in larger institutions with more experience of knowledge exchange. The intricacies of technology transfer and the 'entrepreneurial university' are not part of the scope of this thesis, but in purely financial terms, I present data in Chapter Two to show that revenues from research and knowledge exchange across the sector has dropped from 15% of income in 2016/17 to 12% in 2021/22 (HESA, 2023e). This suggests that research and knowledge exchange - whilst important from a societal perspective, crucial in building and maintaining reputation, informing teaching and attracting staff, and central to the mission and purpose of many universities - is unlikely to contribute significantly to offsetting the medium-term financial challenges the sector is facing as a whole, as outlined in section 9.2.

External response: market innovation through partnerships and TNE (market development and diversification)

In another example of an attempt to alter the environment (Pfeffer and Salancik, 2003), English universities have been active in seeking new markets, as illustrated in the narrative presented in Chapter Two and the evidence from sampled universities in Hickey (2023) [Chapter Six]. Domestic partnerships with FE providers and with the private sector are commonplace across institutions, reaching students from different backgrounds in different parts of the country, and expanding the portfolio of programmes available. Some domestic partnerships also include establishing RMBCs - as well as study centres in major cities - as we discuss in detail in Hickey and Healey (2024) [Chapter Eight] and sections 9.4 and 9.5. In parallel there has been a growth in the number of students studying entirely online, as discussed in section 2.3 (HESA, 2023d). The pressure on the costs of student accommodation and other costs of living, together with the need for students to work whilst studying may further increase the demand for remote and hybrid programmes. In addition to helping students gain their degrees without accumulating as much debt, efficient delivery may enable universities to generate a surplus from home students despite the fixed cap on fees.

TNE continues to be a further source of new market innovation for English universities, as discussed in sections 2.3 and 2.4 (UUK, 2023a). Even many of the smaller universities I examined in Hickey (2023) [Chapter Six] are active in this market, some engaging in dozens of overseas partnerships using a mixture of models including franchising, validation, articulation and progression, and dual and double degrees. Whilst no consolidated data exists on the precise number of partnerships being used across English HE, we do know that the number of students enrolled on these programmes has reached over 430,000 in 2021/22 (UUK, 2023a). As we discuss in Hickey and Davies (2022) [Chapter Seven] and sections 9.4 and 9.5, this has included 33 IBCs across 17 countries with tens of thousands of students and staff (C-BERT, 2023; UUKI, 2023). With growing populations, including burgeoning middle-classes, across many emerging nations, and the imperative for English universities to continue to reach new markets, TNE appears likely to grow further in the short term, providing in-country Government and partner support can be secured. This is especially the case given that many believe that TNE and international student mobility can be mutually sustainable (Tsiligkiris and Ilieva, 2022). Furthermore, various models of TNE may become more attractive to English universities should the new Government policy on dependants in 2024 deter mobility from some historically strong markets, and the trend observed in Hickey and Davies (2022) [Chapter Seven] continue around more developing HE systems (such as China) seeking to retain their own students and are entering the international student market (Wilkins and Juusola, 2018).

Internal response: cost reduction

In Hickey (2023) [Chapter Six] I detail some of the ways that universities are seeking to transform to become more commercially resilient, or as is termed within RDT, adapting to fit with their environment (Pfeffer and Salancik, 2003). Through the perspective of the RBV, these internal responses would be seen as a way to become both more effective, and to deploy resources more effectively (Barney, 1991). Some institutions have established subsidiaries to employ staff on different terms; have created new pension schemes including Defined

Contribution alternatives to expensive DB plans; are utilising non-standard contracts and more flexible short-term staffing and have closed non-profitable programmes. There is some evidence that the headcount controls I evidence across the sample in Hickey (2023) [Chapter Six] is reflected across the sector. HESA (2023a) indicates the number of academic staff employed across English HE increased by 12% to 194,000 between 2016/17 and 2021/22, at the same time as a 20% increase in total students. This would suggest that the sector student to staff ratio (SSR) has increased from 13.7:1 to 14.7:1 during this time. As discussed earlier in section 9.2, barriers to improve the operating efficiency within English HE remain, with successive rounds of disruptive industrial action providing barriers to changing operating and pension models, and ongoing pressure to maintain the student experience in a competitive environment.

Whilst direct cost reduction is very much being pursued by English universities, models of commercial collaboration are still in their infancy, as I discuss in Hickey (2023) [Chapter Six]. I outline some isolated examples from the past decade or so including an increase in collaborative procurement, but it seems inevitable that the sharing of back-office services will become more common, in a sector where a university's selling points to students and staff are typically its academic credentials, location and guiding mission, rather than the way it delivers administration and professional support. Seen through the lens of the RBV model, it would be difficult to argue that many of these resources are particularly 'valuable', 'rare', imperfectly imitable' or 'non-substitutable' (Barney, 1991). It is also the case that in recent times no English university as defined in this thesis has failed financially and it is many years since a major merger has taken place.

9.4 The role of a branch campus: an external perspective

Analytical framework

As discussed in section 4.2 and shown in Figure 7, an external perspective based on RDT is now applied to analyse the prospects of branch campuses in contributing towards income diversification and financial sustainability (Pfeffer and Salancik, 1978; 2003). The dimensions of RDT have been distilled to the consideration of resource acquisition, resource management and adaptability.

Resource acquisition

As we discuss in Hickey and Davies (2022) [Chapter Seven] - supporting Middlehurst (2013), Bennell and Pearce (2003) and others - one of the main reasons why many universities establish IBCs is to obtain new resources to generate revenue and surpluses. This is principally achieved through penetrating a new HE market in an overseas territory or region, often where the existing demand for university education exceeds current supply. This may be because the domestic system is undersized or immature; the economy is rapidly expanding and driving more need for degree level skills; public investment in HE is limited or the population is growing faster - either organically or via immigration - than can be catered for through existing university provision. Depending on how the IBC is established and the aspirations of the institution, they also offer the opportunity for universities to differentiate their pricing from the traditional home campus offer and certainly reduce visiting faculty travelling and accommodation costs, potentially opening new markets in that territory. Given the changes in international study visa policy discussed in Chapter Two and section 9.2, IBCs would also seem to provide international students a further choice, as they seek to secure an English university degree. IBCs could also act as export hubs for regions, meaning students can enjoy an international student experience without enduring the costs, dependency limitations and complexity of studying in the UK (Knight, 2010; 2011). As discussed in Chapter Two, we know that there are approximately 60,000 students enrolled at English university-led IBCs, but their ability to positively capitalise on new financial resources is disputed, as evidenced in the multiple failures we document in Hickey and Davies (2022) [Chapter Seven] (UUKI, 2023). As discussed in Marginson (2006) and Bennell (2019), the return on investment is likely to vary significantly by institution type and, as previously acknowledged, there is little transparent data to provide evidence of financial success. It seems that success is likely to be highly sensitive to the selected IBC location, the programmes of study made available and the relationship with the host country Government, as well as the home university's commitment, agility, and long-term outlook, as discussed later in section 9.6.

There are many similarities between IBCs and RMBCs in terms of their ability to secure new resources. As we discuss in Hickey and Healey (2024) [Chapter Eight], securing access to a group of students that would otherwise not be attracted to the home campus is a crucial reason why regional universities in England establish RMBCs in London; evidence suggests that over 30,000 such students are currently enrolled. These could be international students who want to study in London rather than in another city or town in England; domestic students who live in the London area; or more specifically students that are permanently resident in England but who may have been born overseas. In Hickey and Healey (2024) [Chapter Eight] we argue that these groups are growing: the first based on general global demand and the skew of demand towards global centres like London, and the second and third because the young population of much of the city is growing at a higher rate than other parts of England (Brooks and Waters, 2018; Kleibert, 2021). To a certain extent, therefore, the RMBCs established in London are absorbing latent demand, which draws parallels with the creation of IBCs in countries where domestic systems are undersized or underdeveloped. The RMBCs we studied in Hickey and Healey (2024) [Chapter Eight] also teach using different models and via different timetables, to traditional London-based competitors, which again attracts atypical students, who may need to work or have caring or other responsibilities.

Resource management

The extent to which IBCs and RMBCs reduce - or as Pfeffer and Salancik (1978) RDT term 'loosen' - dependence on existing resources varies based on which resources are being considered. In terms of the source of fee income, it would be fair to say that some, but not all, of the students that attend IBCs would not otherwise be enrolled at home university. Providing there is no overlap with existing TNE provision and with product and cost differentiation from degrees delivered at the home campus, IBCs operate in a largely new market for most English universities so their tuition fee income could be considered as additive. As discussed in Hickey and Davies (2022) [Chapter Seven], the control that an IBC provides, as opposed to other forms of TNE, is one of the likely reasons why they are becoming increasingly popular (Verbik and Merkley, 2006; Healey, 2008). This control extends to setting fee levels, and for selecting, establishing, and assuring academic programmes. In this respect, English universities are operating predominantly as private universities in overseas territories which addresses many of the political influences and power imbalances they experience when operating in their home market which I discuss in Hickey (2024) [Chapter Five] and Hickey (2023) [Chapter Six]. They are free to set tuition fee levels, are not bound by UK visa restrictions, and can establish resourcing, pay and rewards systems without external interference. Equally, the nature of their dependencies changes. Any IBC will need to be established in line with the regulations of the host country, which may be more or less stringent than those of the UK, and equally open to political fluctuation (Healey, 2020). There may be legal and cultural considerations that will influence who delivers academic programmes and the home university may have to cede control over aspects of operating practices. Similarly, the ongoing sustainability of an IBC may be severely dependent on the relationship with the existing system and Government, so it needs to remain relevant and beneficial for the host nation. This would be considered a risk particularly in nations where domestic systems are growing rapidly such as China and parts of the Middle East. The model adopted for establishing the IBC will also influence the resource dependency dynamics. If, as is common, the new campus is set up as part of a JV, then the views and requirements of the partner(s) will become a key consideration and possible dependency, perhaps leading to joint or decentralised decision making and governance.

The impact that RMBCs have on reducing existing resource dependencies and addressing power imbalances appears more contested that for IBCs. As we discuss in Hickey and Healey (2024) [Chapter Eight], most of the leaders of London RMBCs report that their international students have actively chosen their campuses because of their location in the capital city, suggesting that they are not taking demand from their home campuses. Fees from these students appear genuinely additional to home campus recruitment. As is the case with IBCs, English RMBCs to date have often been established as JVs or arm's length subsidiary companies, meaning that many of the operating dependencies and constraints facing English universities can be reduced or mitigated altogether. For example, as we discuss in Hickey and Healey (2024) [Chapter Eight], many London RMBCs employ staff on different terms and conditions to the home campus, allowing them to operate with more flexibility in working patterns and efficiency in delivery.

RMBC do not, however, address two key existing constraints and challenges outlined in section 9.2. First, the domestic undergraduate students they attract are still subject to the capped tuition fees which are the causes much of the financial distress across the sector (Hickey, 2023 [Chapter Six]), and second, their international students are still exposed to the same processes, policies and political instability as those studying at their main campuses. In addition, some of the same existing dependencies with JV partners discussed above in relation to IBCs also apply to RMBCs, and the significant reliance on travelling international students at some campuses also exacerbates an existing dependency on global recruitment agents. If many RMBCs - as well as hundreds of universities across the country and beyond - are seeking to secure a proportion of a finite number of overseas students, that places significant power in the hands of these agents.

Adaptability

In many ways IBCs and RMBCs are an illustration of how universities can modify their geographical sphere of influence to adapt to the market. In the case of IBCs it is to take advantage of a globalising HE market, responding to increasing demand or undersupply or immaturity in a domestic HE system or the acknowledgement that many students cannot - or do not want to - travel internationally to study. For RMBCs, universities have adapted to a market that is skewed towards a major world city (e.g. London), accepting that it draws a greater level of interest and demand from international students than many regional cities and towns, and that its local population is young and growing (Brooks and Waters, 2018; ONS, 2021).

In Hickey and Davies (2022) [Chapter Seven] we demonstrate that IBCs can be adaptable and dynamic in the face of the challenges set out in this thesis. They can provide a set of programmes that bring the best of an English degree but are tailored to the local context, both in terms of the subjects offered and the content used in teaching. If the model chosen for their establishment is appropriate, some initial financial risk can be offset by sharing costs and revenues with domestic Governments or JV partners. Based on the evidence we present in Hickey and Healey (2024) [Chapter Eight], it could be argued that RMBCs can be equally as adaptable. Although it appears likely that some of the early RMBCs in London failed due to restrictions on post work study entitlements for international students and the subsequent drop in demand in the 2010s, we provide examples of how RMBCs have switched between a predominately home and mainly overseas market and vice versa, as Government policy and waves of demand have changed. To facilitate this and wider growth, new programmes have been developed quickly, and RMBCs have even been used as a test bed for courses and teaching models that have subsequently been adopted by home campuses. Equally, a range of different operating models are in place, and some of these have changed, depending on the risk appetite of the home institution. As discussed above, some of this means that human resources can be employed in less onerous and restrictive terms that much of the English sector, and degree programmes can be taught in ways and at times that suit students from a diverse range of backgrounds. Examples of this include multiple start dates, compressed and block teaching and hybrid learning.

However, both IBCs and RMBCs could be considered less adaptable than other options for income diversification, notably other forms of TNE or domestic partnerships. Both require significant initial and ongoing expenditure, plus a tailored curriculum and set of trained staff, either locally sourced or provided by the home institution. The financial challenges across the sector discussed previously mean that such investment could be different and perceived as high risk. Due to the need for physical campus accommodation and associated infrastructure, exit costs are likely to be high and penalty periods lengthy. The fragility of the IBC and RMBC business models is also evident in the lack of breadth in the programmes on offer, with business and computer science-related degrees dominating. The ease of switching to entirely new disciplines of study is currently unproven. In both Hickey and Davies (2022) [Chapter Seven] and Hickey and Healey (2024) [Chapter Eight] we discuss examples of failed campuses, the lessons of which have been fed in section 9.6.

9.5 The role of a branch campus, an internal perspective

Analytical framework

The internal perspective of the prospects of branch campuses in contributing towards income diversification and financial sustainability has been drawn from the RBV (Barney, 1991). As shown in Figure 7, the three dimensions RBV used as a basis of discussion are value creation, rarity and imitability (considered together given their overlaps) and substitutability.

Value creation

The first dimension of the RBV, if applied to IBCs and RMBCs, would pose the question as to whether they could be a source of value that could create a source of sustained competitive advantage for an English University, addressing the regulative, normative and cultural cognitive challenges discussed in Chapter Three (Phillips et al, 2009). The financial potential of both is discussed in sections 9.3 and 9,4 and not repeated here, but I conclude that establishing a successful branch campus, at home or overseas, has the potential to generate economic returns to the extent that they can subsidise home campuses (Bennell and Pearce, 2003; Marginson; 2006; Middlehurst, 2013). In a scenario where home fees are loss-making and traditional international student recruitment is under threat from competition and Government policy, as I discuss in Hickey (2023) [Chapter Six], such a subsidy would represent the ability to continue to invest in staff and the student experience and provides a differentiator over rivals.

In Hickey and Davies (2022) [Chapter Seven] and Hickey and Healey (2024) [Chapter Eight] we discuss many of the significant non-financial and indirect sources of a value that branch campuses can deliver. In the case of IBCs, the literature we consider in Hickey and Davies (2022) [Chapter Seven] suggests that these include boosting the attractiveness of the home campus for international students; the ability to deliver truly global research; career opportunities for staff; a better-informed teaching curriculum and the ability to influence the development of an overseas HE system (Garrett and Verbik, 2004; Healey, 2011). RMBCs also provide an opportunity to build profile and reputation, putting a university 'on the map' with a new set of prospective students (Naidoo, 2006; Wilkins and Huisman, 2012). Furthermore, in an environment like London, they create the potential to market a regional university to a huge new local business community, creating employment and research links with the home campus.

A strong argument could be made, therefore, that branch campuses can indeed offer the chance to meet the criteria set by Barney (1991) in that they provide the opportunity to exploit existing opportunities and neutralise current threats. A case is also made by Fugazzotto (2010) using the RBV framework that the physical bricks and motor of a branch campus can prove to be a strategic asset in the long term. With English universities at different starting positions and with diverse missions and organisational cultures, the extent to which these opportunities appeal will vary. Together with the revenue streams generated, these tangible benefits suggest that a successful IBC or RMBC can become a strategic asset. To seize these benefits and generate value, however, requires strategic focus, management time and wider staff and stakeholder buy-in. A poorly planned or executed IBC has the potential to erode value and create staff disharmony, demotivation, and reputational damage.

Rarity and imitability

Within the RDT framework in figure 7, it is in the areas of rarity and imitability that both IBCs and especially RMBCs are perhaps weakest. Branch campuses are a substantial undertaking, and require significant investment, but their growth suggests that barriers to entry, whilst arguably larger than other forms of TNE, remain limited.

Chapter Two outlines the growth of IBCs globally, from 82 in 2006 to 333 in March 2023 (Verbik and Merkley, 2006; C-BERT, 2023). This has been mirrored by the number of English universities entering the IBC market across many different territories. Despite this growth, it is not a frictionless process. As we argue in Hickey and Davies (2022) [Chapter Seven], evidence of successful IBCs would suggest that a growing and vibrant market is required and a strong relationship with a host government needs to be nurtured. Some markets, such as Malaysia and the UAE, are already home to dozens of IBCs and are in danger of becoming saturated. In addition some IBCs, such as the large campuses run by the Universities of Liverpool and Nottingham in China, have offered the opportunity for these institutions to reflect their home campus identities overseas, which cannot easily be copied (Feng, 2013).

Arguably, the RMBC market in England is even weaker in its ability to repel new market entrants. In addition to the time and cost of sourcing accommodation, recruiting a team, building a portfolio and - if needed - securing a commercial partner to create an RMBC, the most difficult aspects of entering the market are likely to be securing good quality international recruitment agents and developing an offer which is suitably differentiated from those currently available. For a highly-resourced university, however, these barriers can be overcome, and with at least four universities confirming new London RMBCs in the next three years, this looks likely to become a more crowded market as we argue in (Hickey and Healey, 2024) [Chapter Eight]. Whilst it is known that the growth of 18-21 year-old domestic students in and around London will continue for the rest of the decade, what is not certain is the extent of London's draw for international students, in a more constrained visa policy environment (ONS, 2021). The current trajectory of new RMBCs, together with the growth of London-based universities and other HE providers, may mean it reaches saturation point. Whether other urban centres offer opportunities for RMBCs within England remains unclear. They would not benefit from the draw that London has for international students, nor would they necessarily provide the same opportunity for profile raising or for new business connections.

In summary, therefore, branch campuses are no longer rare, and are certainly susceptible to imitation. As Barney (1991) suggests, however, several organisations in a sector can possess such as resource and it can still be a form of competitive advantage, providing perfect competition dynamics have not yet been reached in the markets involved. I would posit that opportunities still exist in both the IBC and RMBC market, given their sizes and potential.

Substitutability

To understand whether there are viable alternatives for income diversification, as defined by Estermann and Pruvot (2011), that are rare and cannot be copied, it is helpful to return to the options summarised in Figure 4 and discussed further in section 9.3 and in the examples in

Hickey 2023 [Chapter Six]. Measures to improve market penetration, and thus increase the scale of home and international student levels, are neither rare nor free from imitation, as both have become ultra-competitive and marketised in England and around the world. The ability to differentiate home undergraduate degrees is likely to be limited for reasons I outline in Hickey (2024) [Chapter Five]. A strategy based purely on traditional growth, therefore, continues to be high-risk and is not a suitable substitute for either an IBC or an RMBC. Product development, however, in the form of new degree programmes, new research projects and innovative commercial investment and collaborative does, in principle at least, offer an alternative that can be distinctive. The issue here is scale and - given the maturity of the English system and the breadth of products available to students and partners - opportunities exist in this space that provide a material impact on financial sustainability, as reflected in the income mix discussion in Chapter Two (HESA, 2023e).

It is in market development and diversification, therefore, that the most viable substitutes for IBCs and RMBCs exist. The most obvious are other forms of domestic and international partnerships, and in particular TNE. Hickey (2023) [Chapter Six] discusses how a subset of English universities have embraced these, in some cases entering into dozens of domestic and international collaborations. Domestic partnerships, including validating programmes delivered by FE colleges and private sector providers, have been popular within the English system for decades, providing a steady if often unspectacular source of income. As previously discussed, TNE led by English universities has grown dramatically during the twenty first century, with 431,000 students learning at partners in 2021/22 (UUK, 2023a). As we discuss in Hickey and Davies (2022) [Chapter Seven], collaborative provision other than IBCs can be less expensive to establish and manage, is highly scalable and offers the opportunity to spread risk over several geographies. However, they typically involve a high level of dependency on the partner, offer less brand protection, weaker control of quality and sometimes encourage opportunistic behaviour by the third party (Mazzarol, 2003; Ziguras and McBurnie, 2011; Healey, 2020). Given the scale of domestic partnerships and TNE activities, few if any could be considered valid substitutes for IBCs or RMBCs as defined by the RBV, and arguably offer a low level of competitive advantage for the home institution beyond direct revenue generation. It should be noted that IBCs and RMBCs are clearly substitutes of each other and, at present, only one English university (Coventry University) has both an IBC overseas and an RMBC in London. This is understandable given that both represent a significant institutional undertaking.

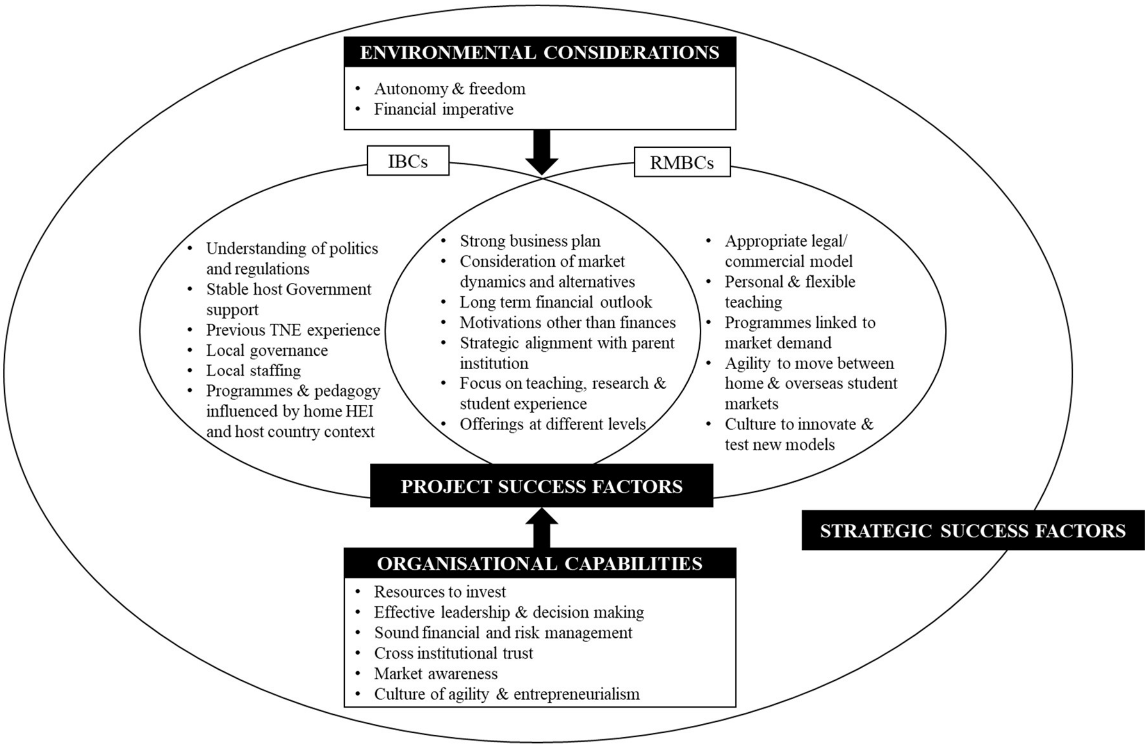
The binary choice between and an IBC or an RMBC has not been considered in this thesis, but is potentially an interesting question to consider in future research.

9.6 Determinants of successful spatial diversification

Overarching framework

The literature discussed in Chapter Three, our findings in Hickey and Davies (2022) [Chapter Seven] and Hickey and Healey (2024) [Chapter Eight] and the discussion in section 9.5 suggest that horizontal, spatial diversification in the form of an IBC or an RMBC can - in some cases - contribute towards a more diverse income profile, and can support financial sustainability. As shown in Figure 8, I propose that several factors combine to drive the success of a branch campus. The first set concerns the operating environment: essentially the context and governance regime in which the university operates. The second set are organisational capabilities, or simply what a university 'has'. These are operational features of a university that would provide the right bedrock on which to develop a branch campus. The third set, project success factors, are features of the way that an institution goes about establishing an IBC or RMBC, or what it 'does'.

Figure 8: The determinants of successful income diversification through IBCs and RMBCs



Source: Author

The components of the model in Figure 8 are now discussed in more detail.

Environmental considerations

Many of the generic environmental considerations outlined by pioneering authors in the field of general HE income diversification and discussed in Chapter Three, apply to both the creation of IBCs and RMBCs. Estermann and Nokkola (2009), Estermann and Pruvot (2011) and Chirica and Puscas (2018) identify sufficient institutional autonomy as a basic capability; this is perhaps why decentralised and neoliberal systems like the USA, UK and Australia have been some of the innovators in branch campus development. In addition to the ability to set up a branch campus, there should also be the imperative to do so. These are also the nations where institutions, based in systems where cost sharing is dominant, have enough income to invest but not too much so that innovation is stifled, considered a critical balance by Williams (2006), Shattock (2010) and Estermann and Pruvot (2014).

Organisational capabilities

Some of the features from existing literature we reinforce in Hickey and Davies (2022) [Chapter Seven] and in the dialogue with RMBC Directors in Hickey and Healey (2024) [Chapter Eight] are the need for leaders that can communicate well, and the presence of sufficient resources to invest, good financial management and strategic planning that takes a medium and long term perspective (Estermann and Pruvot, 2011; Shattock, 2010; Taylor 2013). A review of the examples of failed IBCs and RMBCs respectively in these papers suggests that a lack of sound business plan and well-informed decision making was a common theme. Cited by some, less easy to justify with firm evidence, but features that intuitively feel important when embarking on ventures as strategically important at IBCs or RMBCs are cross-institutional academic trust and a general culture of flexibility, agility and entrepreneurism (Shattock, 2010; Clark, 1998).

Project success factors

Some of the operational success factors we identify in Hickey and Davies (2022) [Chapter Seven] and Hickey and Healey (2024) [Chapter Eight] transcend both the creation of IBCs and RMBCs. These endeavours should be entered into with long term, realistic financial plans, and a focus not purely on generating a financial return but of securing other benefits related to, for example reputation and profile, or research capability. As part of this process, alternative international and/or domestic partnering options should have been considered and a full assessment of the current and likely future market in the options for new campus location, including the level of student demand, should have been completed. Similarly, the various commercial models for establishing either an IBC or RMBC should have been considered, and a model selected that reflects the home institution's risk profile (Lane and Kinser, 2013). As discussed in both papers, many of the more successful IBCs and RMBCs are closely integrated with the overarching strategy of the university, and have been developed following thorough internal consultation with staff, students and other stakeholders and extensive external engagement with partners and stakeholders in new geographies.

Those success factors specific to the creation of IBCs include a detailed understanding of political and regulatory landscape in host country, the lack of which may have contributed to many IBC failures in the recent past. Part of this concerns securing support from a stable host government and other stakeholders, whilst ensuring that there is local representation in governance processes (Neri and Wilkins, 2019; Wilkins, 2020). Many of the most successful IBCs have transitioned much of the decision-making on operational matters to the campus itself and employ largely local leadership and both academic and professional services staff (Healey, 2016). Equally the degree content and pedagogy is influenced the host country context, but still reflective of an English institution (Hoare, 2013).

Given that the domestic market remains competitive and constrained, many of the success factors specific to RMBCs in England relate to the need to retain flexibility and agility. Hickey and Healey (2024) [Chapter Eight] suggests that the more successful RMBCs in London have created a personal, flexible, teaching approach that works for students, have shown that they can be agile enough to introduce programmes quickly to meet market demand, and are open to switching between a domestic and international student focus. Whilst operational independence appears important to IBCs, there is a much finer balance to tread for RMBCs, largely driven by the practicalities of being in the same country as the main campus. The most successful RMBCs draw on the home campus where it can add value, around for example the provision of some professional services such as registry, HR, finance, IT and estates management, but self-deliver some of the services that add value to students and staff such as wellbeing support, business placements and academic development.

9.7 Summary of Discussion section

This section has discussed the external challenges of a fixed home undergraduate fee cap, challenging international visa policy and unpredictable macro-economic conditions together with some of the legacy structural, cultural and regulatory issues facing English universities as they seek financial sustainability. Using RDT and the RBV, it has drawn on theoretical frameworks to assess and analyse the responses being made by universities, from growing the size of student bases and diversifying the academic offer through to partnering domestically and overseas, exploring new markets and reducing the cost base via new operating models and efficiency programmes. Similarly, both theories have then been used as a basis for assessing the potential value of IBCs and RMDCs from both the external and internal perspective, highlighting the potential to secure new resources, reduce dependence on existing revenue streams and create markets that do not currently exist. It has also highlighted their potential as a source of institutional competitive advantage, but struck a cautionary note in relation of imitation and substitution, given relatively low barriers to entry. Finally, and drawing on the lessons from the entirety of this thesis, a model articulating the conditions required for successful spatial diversification has been presented, highlighting the importance of strong environmental conditions, organisational capabilities and decisions in relation to project implementation.

Chapter Ten: Conclusions

10.1 Summary of findings

This sub-section opens by summarising my findings relating to the four overarching research questions laid out in Chapter One. The following sub-sections consider the theoretical and professional contributions that result from these findings, as well as the limitations of this study and the possible directions for future research in this area.

RQ1: What financial challenges are facing English universities and why?

This thesis has discussed some concerning financial trends within English HE. The value and stability of the largest and most important sources of income since the move to cost sharing twenty-five years ago - student fees - are being eroded, and in parallel costs are increasing as the economy struggles to recover from Covid, Brexit and international conflicts, and faces high rates of inflation, driven by energy costs, workforce shortages, high interest rates and debt. The result is that English universities are battling to remain financially sustainable, with operating deficits become commonplace across the sector. More challenges are on the horizon as a result of the sector's external dependency on Government policy. In the context of a fixed cap on home undergraduate fees, increasing international student recruitment has been the main strategy for maintaining and increasing income. This too, however, it under renewed threat, with national legislation from 2024 set to reduce the attractiveness of England as a destination for international students.

RQ2: How are universities responding, and how is this changing?

My findings indicate that most of the cost issues facing English HE may be short term, whilst those relating to income are more systemic. Cost pressures across the sector are largely a function of a weak macro-economic climate, and like every other part of the economy, universities have been forced to address some of their legacy cultures and structure, rationalise their organisations and generate efficiencies. They have been drawn towards growing disciplines such as psychology, business and computing, and to a lesser extent to Government backed models such as degree apprenticeships, but have also closed academic programmes that are no longer financially viable. New, more efficient, and flexible approaches of delivering degrees, such as online or hybrid models, are emerging. Some innovation around cost sharing and collaboration across the sector has started, but wholesale shared services, mergers and institutional failures are still to materialise.

My findings have shown how universities are fundamentally dependent on sources of income that are beyond their control, hindered by a fixed cap on domestic undergraduate tuition fees and increasing impediments to international student mobility. I have demonstrated how both tuition fee and international student policies are implicitly linked to politics and that significant future changes appear unlikely. Simply growing the size of student populations has been a key response, but this is being negated by uneven and diminishing financial contributions, practical challenges of accommodating larger cohorts on campuses and in accommodation and an end to favourable demographics by 2030.

RQ3: What evidence exists to suggest that branch campuses, both at home and abroad, support institutional financial sustainability?

Due to the financial pressures on core sources of income, I have demonstrated that English universities need to continue to innovate to remain sustainable. This thesis has reported their move into new programme offerings that align to student preferences and external funding; new research opportunities post-Brexit; and the growth of TNE. It has principally considered, however, the potential for IBCs and RMBCs in supporting a more sustainable HE market in England.

From an external perspective and using a framework based on the RDT model, I posit that both types of branch campus have the potential to reduce the level of dependence on existing forms of income. Both provide the mechanism to diversify, and are provided "using different resources, supplying different markets and facing different competition" (Pfeffer and Salancik, 2003: 109). IBCs reach new and growing markets and negate the impact of external controls on tuition fees and international visa restrictions. RMBCs, which remain a relatively new model, allow a university to exploit the global appeal of a city like London and also cater for a growing local population, providing a contrasting option to a home campus in regional England. In both respects, they provide the opportunity to become export hubs for international students, relieving the pressure on the home campus, as well as attracting cohorts from their locality. Both also allow a university to establish a campus that is flexible, adaptable, and orientated towards the students they accommodate, relatively unhindered by some of the legacy cultural challenges that have slowed the pace of university modernisation, be they in relation to when and how students are taught, how staff are employed, decisions are made or services are provided. They can be designed and established to be effective and efficient from the first day of operation. Internally, using a framework based on the RBV, my findings have suggested how the value of branch campuses can be measured directly, through the ability to subsidise loss-making activities at the base campus and indirectly as a strategic resource, through their role in improving a university's reputation, research capacity, curriculum, and stakeholder engagement. In many respects they can be a source of "sustained competitive advantage" as discussed by Barney (1991:105). They are, however, becoming increasingly common, open to imitation, and by no means offer the only available option to diversify revenue. On the basis of my findings I would contend, however, that other options for resource diversification, such as domestic partnerships and other forms of TNE are no rarer or distinctive.

RQ4: Under what conditions do branch campuses appear be successful?

There have already been many examples of failed English university branch campuses, be they in London or overseas. This thesis has proposed a framework in Figure 8 that could improve the chance of success, in relation to the capabilities that a university should bring, or the determinants of successful implementation. The environment in which a campus is created should be appropriate. The university should have sufficient autonomy and freedom, and the resources necessary, but should also have sound systems for making decisions, effective leadership and a culture of trust and innovation. Regardless of whether the new campus is at home or overseas, it should have a sound business plan that considers market dynamics and a realistic long term financial outlook. Indeed, a financial return should be one of several measures of success and there should be a strategic line of sight back to the home university. Internationally, there is a particular importance of understanding local politics, culture and customs, and a commitment to resource and teach in a way that meets local needs. Domestically, successful branch campuses have been incredibly agile and student-friendly, and have provided the test bed for new approaches to teaching and business engagement.

Much of this thesis has discussed how branch campuses have the potential to diversify the of income for a university, and reduce the level of dependence on existing sources and external controls. The use of RDT however, has helped conceptualise a new set of dependencies that they create. IBCs are located in overseas territories, implying that their existence is partly dependent on the policies and regulations in those countries. Both IBCs and RMBCs are frequently established with JV partners, which creates a commercial dependency, but in many cases one which also influences operational options and decisions. The success of these ventures also depends on how well such dependencies are managed.

10.2 Theoretical contribution

This thesis has used an alternative format to explore the financial challenges facing English HE and the potential presented by branch campuses in diversifying income. The extent to which the academic papers [Chapters Five to Eight] that form a core of this thesis contribute to the knowledge base in their respective fields is measured by their publication in peer reviewed journals. They have been published, or in one case is in the process of publication, in Q1 or Q2 journals in the fields of Education Management and Policy.

Whilst the subjects of financial sustainability, IBCs and, to a lesser extent, RMBCs have been the subject of academic attention in recent years, I do not believe these themes have been brought together and analysed either through the lens of income diversification and institutional sustainability, in a specific English context, or using a combination of RDT and the RBV. The extent to which the thesis compares and contrasts the trends and motivations associated with RMBCs and IBCs is also considered novel and worthy of academic investigation.

I believe it has deepened understanding of the financial peril facing English HE, and used evidence to present and argument for spatial diversification as one of the possible approaches for mitigating current and future risks. The framework presented in Figure 8 is a cumulation of this research and I believe is conceptually valuable, presenting a set of factors which could support successful spatial diversification.

10.3 Professional contribution

The rapid changes to the economic and political environment in English HE and the continued internationalisation of the sector, and the financial pressures on universities, make this, in my opinion, a relevant and helpful topic for institutions and policy makers alike. In this respect I have attempted to make the findings of this thesis as accessible as possible for the practitioner.

I hope that this thesis has accurately articulated these challenges and the responses being considered across the sector. It should provide value in decision makers when considering if and how to diversify revenue streams, and specifically whether an IBC or an RMBC is a viable option. The framework presented in Figure 8 (section 9.6), which draws on a broad depth of literature, Hickey and Davies (2022) [Chapter Seven] and Hickey and Healey (2024) [Chapter Eight] provides a useful starting point for those considering spatial diversification, both in terms of the general environmental characteristics and organisational capabilities required, and project specific success factors around the creation of an IBC or RMBC.

10.4 Limitations and qualifications

Whilst every attempt has been made to identify and analyse all relevant literature, and present a rounded discussion, I acknowledge that this thesis is limited in its scope and that my findings are qualified in several respects.

It is acknowledged that financial performance data is not available for either IBCs or RMBCs. The methods used in this thesis to mitigate this limitation has been to rely on observations of campus growth and sustainability and in the case of Hickey and Healey (2024) to interview those leading these ventures.

This thesis has been written during 2023, in a very specific political, regulatory and economic context. Some of the findings presented may not have been relevant in previous eras or may not be in the future. It has been written by someone who works in a senior role in an English university and deals with financial issues daily. I have personally been involved in establishing an RMBC, in investigating the potential of an IBC and in other forms of revenue diversification, so carry a certain level of bias in this respect. My background in an institution in an English speaking, 'western' university in the developed world also introduces some unintentional biases.

The papers that form Chapters Five to Eight also carry limitations. The CDA in Hickey (2024) [Chapter Five] is limited to three pivotal publications, and I acknowledge that other discourse would be relevant over the period examined. Hickey (2023) [Chapter Six] examines ten small universities in English in detail, but these are not representative of the whole sector. My review of IBCs in Hickey and Davies (2022) [Chapter Seven] is literature based, and includes no direct engagement with, for example, campus Directors, students or decision makers. Finally, Hickey and Healey (2024) [Chapter Eight], whilst inclusive of primary data collection with Directors of RMBCs, is limited to the setting of London.

The entirety of this thesis is focused on the English context. Although, as discussed by McCaffery (2010) and others, many of the financial challenges facing universities across the world is similar, the specific funding model in England is unique, particularly the challenges relating to fixed tuition fee caps and Government visa policy. The organisational capabilities of English universities are also specific to this context. For these reasons, whilst I would contend that my discussion of the usefulness of branch campuses in reaching financial sustainability are interesting across several countries, the generalisability and transferability of my findings to other HE systems must be considered in the HE contexts of other nations.

10.5 Proposals for future research

There is scope for a host of additional research in some of the themes covered by this thesis. I believe significant value could be generated by an update to the work carried out by Estermann and Pruvot (2011) in the EUDIS project, given how financial conditions have changed within universities over the past decade. This would involve direct engagement with university leaders on the challenges they are facing and which diversification opportunities are being pursued. Whilst the breadth of literature on IBCs is strong, work on RMBCs remains in its infancy. More empirical analysis of RMBCs outside of England would improve understanding of this concept around the world. Similarly, better and more transparent performance data on all branch campuses around the world would greatly enhance analysis on how well they could support universities in their quest for financial sustainability.

10.6 Closing personal reflections

An alternative format thesis was not something that I planned for at the start of my DBA journey, but having completed it and been successful in seeing three papers published, with one pending, I am immensely proud of what I have achieved in the last four years. It is worrying time for the HE system in England, with many universities struggling financially and operating in a difficult political and regulatory environment. Having rebounded from underfunding and new competition in the past, however, I have faith in the innovative and inspirational people that work across the sector. Together, I hope and believe that novel solutions will be found, and the sector will continue as one of the strongest in the world, with an English degree continuing to be passport to a great career and a happy life. If the findings of this thesis contribute to this, even in a small way, then it will have been well worth it.

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Appendix A: Co-Author letters

University of Bath School of Management
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19 October 2023

To whom it may concern:

Hickey and Davies (2022): What are the common factors underlying successful international branch campuses? Toward a conceptual decision-making framework for UK universities.

I confirm that I was a co-author on the above publication in *Globalisation, Societies and Education* in 2022.
Rob Hickey was the first and corresponding author of the article. My role involved reviewing a draft of the paper. I strengthened the theoretical and other sections of the paper and contributed to its overall readability. I also edited the document so that it complied with the word limit for the selected journal.
I am happy to be contacted about by contribution to this paper, should any clarification be needed.

Faithfully

[redacted]

Dr Dan Davies
Director of Higher Education Management Programmes

University of Limerick,
Castletroy,
Co. Limerick, V94 T9PX
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25 January 2024

To whom it may concern:

Hickey and Healey (2024): The rise of the Remote Metropolitan Branch Campus – definitions, motivations and models.

I confirm that I was a co-author on the above paper, which at the time of writing is at second stage review with *Higher Education Quarterly*.

Rob Hickey was the first and corresponding author of the article. Rob developed the original concept for the paper, designed the methodology and drafted the manuscript. I accompanied Rob for several of the Director interviews and was involved in formulating key findings. I edited and amended the manuscript prior to its submission for publication.

I am happy to be contacted about by contribution to this paper, should any clarification be needed.

Yours faithfully

[redacted]

Prof. Nigel Healey
Vice President, Global and Community Engagement

Appendix B: Statements of Authorship

This declaration concerns the article entitled:			
How and why have higher education tuition fee policies evolved in England since 1997?			
Publication status (tick one) **Draft manuscript** [ ] **Submitted** [ ] **In review** [ ] **Accepted** [ ] **Published** [X]			
Publication details (reference)	Hickey, R., 2024. How and why have higher education tuition fee policies evolved in England since 1997? A critical discourse analysis of Dearing, Browne and Augar. *Policy Futures in Education* 22 (1), pp. 108-129.		
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Candidate's contribution to the paper (provide details, and also indicate as a percentage)	The candidate executed the… Formulation of ideas (100%) Design of methodology (100%) Experimental work (100%) Presentation of data in journal format (100%)		
Statement from Candidate	This paper reports on original research I conducted during the period of my Higher Degree by Research candidature.		
Signed (typed signature)	R. Hickey [redacted]	**Date**	4.1.2024

This declaration concerns the article entitled:			
Financial sustainability in a marketised and partially autonomous environment: the case of small new public universities in England.			
Publication status (tick one) **Draft manuscript** ☐ **Submitted** ☐ **In review** ☐ **Accepted** ☐ **Published** X			
Publication details (reference)	Hickey, R., 2023. Financial sustainability in a marketised and partially autonomous environment: the case of small new public universities in England. *Oxford Review of Education* (ahead of print).		
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<tr><th colspan="4">This declaration concerns the article entitled:</th></tr>
<tr><td colspan="4">The common factors underlying successful international branch campuses: towards a conceptual decision-making framework.</td></tr>
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Draft manuscript [ ] Submitted [ ] In review [ ] Accepted [ ] Published [X]</td></tr>
<tr><td>Publication details (reference)</td><td colspan="3">Hickey, R., and Davies, D., 2022. The common factors underlying successful international branch campuses: towards a conceptual decision-making framework. Globalisation, Societies and Education (ahead of print).</td></tr>
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This declaration concerns the article entitled:			
The rise of the Remote Metropolitan Branch Campus – definitions, motivations and models			
Publication status (tick one) **Draft manuscript** [ ] **Submitted** [ ] **In review** [X] **Accepted** [ ] **Published** [ ]			
Publication details (reference)	Pending final decision.		
Copyright status (tick the appropriate statement) The material has been published with a CC-BY license [X] The publisher has granted permission to replicate the material included here [ ]			
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Statement from Candidate	This paper reports on original research I conducted during the period of my Higher Degree by Research candidature.		
Signed (typed signature)	R. Hickey [redacted]	**Date**	4.1.2024

Appendix C: Interview questions related to Chapter Eight

Theme 1: Background & Motivations

1. Can you please outline your role here and for how long you have been the Director at the London Campus?
2. Can you please provide an overview of the operation here in London?
3. Why did the University establish a London Campus? What were the main aims here when the decision was made?
4. Did you consider any alternatives to a London base when you looked to establish here?
5. Having decided on a campus here, what models did you look at? For example, did you considering partnering, franchising or anything other than creating your own campus?
6. How did you decide what portfolio to deliver from London? And what about your target market? What evidence did you draw on?
7. How did you decide on your location in London?

Theme 2: Performance

8. Does the size and shape of your campus match your original aspiration?
9. Has anything about your portfolio and target market changed and why?
10. What have been your greatest achievements so far in London?
11. And what are your main challenges and concerns?

Theme 3: Students

12. Where do your students come from? Why do you they come to study here? What are your main selling points?
13. How do you reach potential students?
14. Who do you think your competitors are? How do you compete?

Theme 4: Organisation

15. What is the relationship between the home campus and the London campus like? Would you describe the campus as self-contained, or do you rely on the main campus for services and support?
16. How does your business model differ from that employed in your home campus?

Theme 5: The future

17. What is the plan for the future of the London campus? Is there any aspiration for further growth or diversification?

Appendix D: Participant information related to Chapter Eight

PARTICIPANT INFORMATION SHEET

The rise of the Remote Metropolitan Branch Campus - definitions and motivations

Researchers: Rob Hickey (r.hickey@yorksj.ac.uk) and Nigel Healey (Nigel.Healey@ul.ie)

This information sheet forms part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. Please read this information sheet carefully and ask one of the researchers named above if you are not clear about any details of the project.

1. What is the purpose of the project:

This research will inform an academic paper that explores the emergence of the Remote Metropolitan Campus (RMBC) within the growth and commercialisation of Higher Education. It will draw on established literature on International Branch Campuses to create a first definition for an RMBC, and will use the case study of London, supported by interviews with the Directors of RMBCs in the city, to understand why and how they are established and discuss their future prospects.

The paper that will be written as a result of this research will form the fourth and final element of a thesis (by publication) from Rob Hickey.

2. Why have I been selected to take part?

To understand the motivations behind the creation of an RMBC and explore the models employed and challenges encountered, London has been selected as a case study due to the high number of RMBCs that have been created in recent years. To understand why London has become such a popular destination, semi-structured interviews will be held with London RMBC Directors, or similar individuals, focused on themes including institutional rationale and aims, alternatives considered, programme offerings, target markets, financial implications, reputation impact, and wider opportunities and risks.

3. Do I have to take part?

There is no obligation to take part but the authors are incredibly grateful that you have found time for us.

4. What will I be asked to do?

A one-hour, recorded and semi-structured interview. Permission to record this interview will be requested prior to the start of the session.

5. What are the possible benefits of taking part?
This research should lead to an original paper that could support those who have created or are managing an RMBC or similar enterprise.

6. What are the possible disadvantages and risks of taking part?

The are no obvious disadvantages of taking part.

7. Who will have access to the information that I provide?

Only Rob Hickey and Nigel Healey will have access to the data collected. All data, including direct quotations, will be fully anonymised. The anonymised data will sit on a secure, personal server.

8. What will happen to the data collected and results of the project?

The data collected will be anonymised and will inform a paper entitled "The rise of the Remote Metropolitan Campus - definitions and motivations". It will also be used as part of Rob Hickey's doctoral thesis, and may inform, in part, other academic publications.

Further use of your data will only occur with your consent and the University of Bath's approval where data will continue to be stored in accordance with GDPR. So again, your name or other identifying information will not be disclosed in any presentation or publication of the research.

9. Who has reviewed the project?

This project has been given a favourable opinion by the University of Bath, Social Science Research Ethics Committee (SSREC) [reference: 8689].

10. How can I withdraw from the project?

If you wish to withdraw from participating in this research, you can do so by emailing Rob Hickey, r.hickey@yorksj.ac.uk, up to two weeks following the interview.

11. University of Bath privacy notice

The University of Bath privacy notice can be found here: https://www.bath.ac.uk/corporate-information/university-of-bath-privacy-notice-for-research-participants/.

12. What happens if there is a problem?

If you have a concern about any aspect of the project you should ask to speak to the researchers who will do their best to answer any questions. If they are unable to resolve your concern, or you wish to make a complaint regarding the project, please contact the Chair of SSREC at ssrec@bath.ac.uk.