

Regulatory case report for Leeds Trinity University – settlement relating to breaches of OfS requirements relating to oversight of partnership arrangements

Executive summary

This report explains a settlement agreed between the Office for Students (OfS) and Leeds Trinity University (LTU) following an investigation into matters relating to LTU's oversight of its subcontractual partnerships. This case report is not intended to draw any findings about partners. Our investigation did not extend to LTU's partners and no conclusion should be drawn about them based on this case report.

The investigation covered the period between October 2022 and February 2024.

The university has accepted that it breached the OfS's ongoing condition of registration relating to management and governance (condition E2) and has agreed to pay a monetary penalty of £115,000. The university has accepted it is also at increased risk of breaching conditions relating to quality. As part of the settlement, LTU will be subject to additional regulatory requirements, including a specific ongoing condition and restrictions on recruitment to its subcontracted courses.

The OfS's investigation team identified that the university did not have effective arrangements in place to consider and appropriately respond to risks associated with its subcontractual partnerships. This followed a period of significant and rapid growth in the number of students taught through subcontractual partnerships – from 3,600 students in 2020-21 to 9,400 students in 2022-23.

The university accepted that it had breached the OfS's management and governance requirements because:

- It did not properly consider the impact of a decision it took to pilot lowering English language requirements for students who applied to study at its subcontractual partners between September 2023 and May 2024.
- It did not ensure arrangements were in place to enable these students to succeed. Entry requirements were returned to previous levels from July 2024.
- The resources the university had in place to monitor academic assessment of students were insufficient and could not effectively respond to the scale of concerns that were being raised with the university in relation to students studying with some of its partners that were delivering its higher education provision. This meant that key risks, including an increased risk of student academic misconduct, were not appropriately escalated to the university's governing body.

As well as the breach of our management and governance condition, the university has accepted that it is at increased risk of a future breach of OfS regulatory requirements relating to quality for students on subcontracted courses.

The university has fully co-operated with our investigation and has identified and put in place plans to address the concerns raised.

Our published policy on monetary penalties makes provision for a reduced penalty where a settlement is reached at an early stage of an investigation.¹ This includes a provider accepting that it has breached conditions of registration and is intended to avoid the OfS and the provider needing to expend resources to complete the detailed work necessary to draft and respond to provisional and final decisions. In this case, settlement means that the university has been able to focus on improving its approach, ensuring better protection for students in the future.

This case report provides background information and explains the compliance concerns identified and the settlement agreement reached with the university.

Why this matters

We have previously explained that business models that rely heavily on subcontractual arrangements bring with them a greater degree of risk. Robust, active and careful management and governance of those arrangements is essential to avoid harm to students, taxpayers and the reputation of the higher education sector. In this case, there was a clear risk that the quality of students' courses could be compromised by the university's actions.

The university did not have in place adequate and effective management and governance arrangements to oversee its subcontractual partnerships when they were first set up. This was compounded by the rapid expansion of these courses. As a result, LTU's oversight arrangements were not adequate to ensure that potential risks at partners relating to admissions practices, academic assessments, and academic misconduct were identified. Concerns that were identified by the university were not always appropriately escalated, with insufficient resource allocated to effectively oversee partnerships on an ongoing basis. This meant there was an overarching risk that Leeds Trinity University was unable to properly ensure quality at partnerships or respond to concerns when they were raised.

Settlement terms

As a result of the settlement process, the university has agreed to:

- Accept that it has breached general ongoing condition E2 (management and governance)
- Accept that there is an increased risk of a future breach of the OfS's quality requirements
- Pay a penalty of £115,000 (which includes a 30 per cent reduction because the university has agreed to early settlement)
- Pay the OfS's costs of the investigation

¹ See [Regulatory advice 19: The OfS's approach to determining the amount of a monetary penalty - Office for Students](#).

- Publication of this case report.

The university has also agreed to accept additional regulatory requirements, in the form of a specific ongoing condition of registration which includes requirements to:

- Implement specific improvement measures within agreed timescales
- Restrict numbers of students in partnership arrangements to an agreed limit between 2025-26 and 2027-28
- The total number of student entrants under subcontractual partnership arrangements at the provider's delivery partners must not exceed an agreed overall total of 2,115 students in each of the academic years from and including 2025-26 to 2027-28.
- Any increase in these numbers or any new subcontractual partnerships will be conditional on the university satisfying the OfS that appropriate arrangements are in place to effectively oversee increased activity
- Complete or report to the OfS on certain actions LTU is planning to take following its own investigation.

Conclusion

Any provider delivering courses through subcontractual partnerships must recognise that it has the same responsibilities as to students it directly teaches. Providers must therefore ensure that any delivery partner is acting in full compliance with the OfS's regulatory framework.

Students should be recruited onto higher education courses only where they have a realistic prospect of success. Students must be assessed effectively, with assessments that are valid and reliable, and must have the resources and support they need for a high quality academic experience.

Any lead provider in a partnership arrangement must ensure that it has management and governance arrangements that can demonstrate effective control over the activities of its partners.

Background to the investigation

As a result of concerns raised with the OfS, we decided to open an investigation into the partnership arrangements at Leeds Trinity University on 16 February 2024. The investigation covered the period between October 2022 and February 2024.

During the investigation, we imposed co-operation requirements on the university requiring it to demonstrate its ongoing compliance with condition of registration F3, to ensure that relevant documents were retained. We required the university to submit a range of documents which we then reviewed and considered. During the course of our investigation, the university co-operated fully and proactively undertook its own investigations into the concerns that had been raised and took steps to address them.

Subcontractual arrangements in higher education

A subcontractual arrangement is when a university or college allows another organisation to deliver all or part of a higher education course on its behalf. These are also known as subcontractual partnerships, franchised arrangements or franchising.

Many universities and colleges in England are involved in such arrangements, some involving large numbers of students. While this can bring benefits, we consider that business models that rely heavily on subcontractual arrangements also represent increased risk. Unless managed actively and carefully, such arrangements can negatively impact students, taxpayers, the reputation of English higher education and the university or college itself. We set out some of these risks, as well as further background on the operation of subcontractual arrangements in English higher education in our Insight brief: [Subcontractual arrangements in higher education](#).

Relevant OfS conditions of registration

Conditions E2(ii) and E2(iv)

Condition E2 requires that a provider must have in place adequate and effective management and governance arrangements to:

- ii. Deliver, in practice, the public interest governance principles that are applicable to it.
- iv. Continue to comply with all conditions of its registration.

In relation to condition E2(ii), we consider that there are two public interest governance principles which the university's management and governance arrangements were not adequate or effective to deliver:

Public Interest Governance Principle IV

IV. Academic governance: The governing body receives and tests assurance that academic governance is adequate and effective through explicit protocols with the senate/academic board (or equivalent).

Public Interest Governance Principle V

V. Risk management: The provider operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the provider's operations, and its ability to continue to comply with all of its conditions of registration.

The OfS investigation team identified serious failures in the arrangements the university had in place to oversee its subcontractual arrangements, including:

- A number of the university's staff had expressed substantial concerns about admissions practices and assessment of students in some subcontractual partners that were delivering

its higher education provision. This included concerns that these practices did not meet the university's requirements and that student academic misconduct could be occurring. Although the university followed up individual complaints, processes to identify links between complaints were weak and did not extend to exploring whether there were systemic or widespread issues of concern across any of the university's subcontractual partners.

- The university staff monitoring compliance at subcontractual partners were overwhelmed with the number of reviews they were being asked to do and struggled to keep on top of the issues arising. This meant that effective oversight of quality at subcontractual partners was not in place.
- There was not a clear process for staff to escalate concerns and the full nature and number of concerns being raised had not been escalated to the university's governing body. This prevented effective oversight of a significant part of the university's business.
- The university took a decision in August 2023 to pilot lower English language requirements for new admissions in September 2023, following pressure from subcontractual partners that were delivering its higher education provision. The university did not effectively consider the risks and impact of this decision. As a result, there was no timely consideration about whether these students would need additional support to ensure they could effectively engage with, and succeed on, their courses. The university's decision included a statement that students would need to improve their English language skills to progress to the next year of their course, but the university did not consider in detail the support they would need and or ensure it was put in place before students were admitted in September 2023. Following the pilot, entry requirements were raised back to previous levels from July 2024.

The OfS investigation team's view, which we shared with the university, was that there was a compelling case that the university had breached conditions of registration. We proposed a settlement agreement, which the university has agreed to.

Settlement agreements

[Regulatory advice 19](#) explains our approach to settlement discussions. Where we consider it appropriate, we may offer a settlement discount to a provider that agrees that it has breached a condition of registration and agrees to a monetary penalty at an early stage. Settlement discounts have four benefits:

1. They save the OfS and the provider the resources that would be required to produce and respond to provisional and final decisions about a breach or to impose a monetary penalty.
2. They encourage the provider to address the compliance concerns identified more quickly.
3. They ensure other providers are aware of the penalty and the reasons it has been imposed as soon as possible on publication of information about the settlement agreement.

4. They ensure timely and effective action is taken to improve or restore student confidence.

A provider is not required to enter into settlement discussions, and the OfS reserves the right not to enter into, or to abandon, any discussion about a settlement. In this case, it was possible to proceed with settlement discussions and reach the agreement set out in this case report.

How we came to the terms of the settlement agreement

The university engaged positively and constructively with the OfS during our investigation. It accepted that it had breached our regulatory requirements relating to management and governance and this enabled a settlement on the range of issues set out in this case report, including the imposition of a monetary penalty.

We have considered the steps the university has already taken, and is continuing to take, as part of our assessment of compliance and ongoing risk, and when weighing up the appropriateness of our intervention.

During our investigation, the university commissioned its own independent reviews and investigation of relevant issues. It has shared with us its programme of improvement work with partners and its plans to reduce its reliance on student numbers on courses delivered through subcontractual partnerships over time. The specific ongoing condition of registration we have imposed will ensure these improvements are delivered in practice. This will ensure effective oversight of this higher risk area of the university's work and will protect the quality of students' courses and the credibility of the qualifications they receive.

Regulatory advice 19 sets out the approach the OfS takes when determining the level of a monetary penalty. The maximum penalty that can be imposed is 2 per cent of the university's qualifying income,² or £500,000 – whichever is higher. The university's qualifying income for 2023-24 was £63,451,000. The maximum penalty for a single breach was therefore £1,269,000.

For settlement purposes, we estimate the level of monetary penalty we consider appropriate, having regard to the process set out in our regulatory advice. In this case, we estimated a baseline penalty of £190,350 would be appropriate. This was then adjusted, taking into account mitigating and aggravating factors. The university's co-operation with our investigation has been positive and constructive, and was treated as a mitigating factor. We then discounted the penalty by 30 per cent to reflect early settlement (see paragraph 27 onwards of Regulatory advice 19). The final penalty accepted by the university was £115,000.

² Qualifying income is defined in paragraph 3 of the Monetary Penalties Regulations as, broadly, the sum of all relevant fees paid to the provider for relevant courses and all grants made by the OfS under section 39 or 40 of HERA, in the 'relevant year'. The 'relevant year' means the 'business year' of a registered higher education provider which immediately precedes the date of the OfS notice [of the OfS's intention to impose a monetary penalty], or if no such business year exists, the 12-month period which ends on the last day of the month preceding the month in which the date of the OfS notice falls:
<https://www.legislation.gov.uk/uksi/2019/1026/regulation/3/made>.