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The value of Transnational Education
to the UK

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The Career Development Organisation

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- Sharing of information and best practice for careers advisers and others supporting career decision-making, including the national 'Decisions at 18' conference.

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1 Executive summary

1.1 Research aims

The UK is a leading provider of higher education internationally in an expanding global market for tertiary education. In this context, transnational education (TNE) is award- or credit-bearing higher education learning undertaken by students based in a different country from that of the awarding institution. The UK's higher education institutions offer a multitude of transnational education programmes through a diverse and complex range of modes of delivery. Transnational education has grown rapidly to become an important element in the internationalisation of UK higher education and the UK's education export portfolio.

The Department for Business, Innovation & Skills (BIS) commissioned this research to improve its understanding of the range, extent and value of activity by UK institutions, and how this varies for each main delivery mode. It is hoped that this research and report will inform higher education internationalisation policy and education export strategy, and provide intelligence to the sector about the practice of transnational education.

1.2 Research methodology

Data on transnational education activity by UK higher education institutions has been collected annually by the Higher Education Statistics Agency (HESA) since 2007/08 and published as its Aggregate Offshore Record (AOR). This research sought to obtain a more detailed picture of the UK transnational education landscape than is available from Aggregate Offshore Record data. A transnational education 'census' was conducted to collect programme-level data about 2012/13 provision by higher education institutions with degree-awarding powers, enabling comparison to be made with information returned for the most recent Aggregate Offshore Record. Data on programmes and enrolments from the census were used, supplemented by data from the Aggregate Offshore Record, to generate measures of the national extent of different modes of transnational education delivery.

Case studies of a variety of transnational education programmes, in a stratified sample of active institutions, were collected in order to understand practice in more detail and to obtain information on fee revenues, other income and costs of provision for different delivery modes. The financial information from the case studies and the extent measures from the census were combined to derive national estimates of revenue, overall and for each main transnational education delivery mode, and enable other analysis.

1.3 Transnational education activity from the census

The census achieved returns from 63 UK higher education institutions with active transnational education programmes, including most of the 40 higher education institutions with the largest enrolments, providing coverage of around 75% of all active transnational education students in 2012/13. A good mix of types of higher education institution participated and the data are considered to be broadly representative of the total UK transnational education landscape.

2,785 individual UK transnational education programmes were reported and a total of 253,695 active enrolments was used for analysis. Inactive enrolments (including over 250,000 at Oxford Brookes University relating to its ACCA¹ programmes) were excluded so as to analyse only active enrolments. The total figure was slightly higher than reported in the Aggregate Offshore Record (for institutions in both the Aggregate Offshore Record and the census).

Although census data were broadly comparable at institutional level with the Aggregate Offshore Record, collection of programme-level data revealed that many institutions find it difficult to allocate their transnational education programmes into the Higher Education Statistics Agency's current Aggregate Offshore Record categories. Particular issues related to partnership arrangements and multiple or 'blended' delivery options within transnational education programmes. Institutions struggled to distinguish supported distance learning arrangements from partnership delivery when providing their Aggregate Offshore Record return.

The census identified a significantly greater extent of distance learning (40% of all programmes) than recorded in the Aggregate Offshore Record. It also suggested that transnational education activities recorded as 'overseas-registered' and 'UK-registered' in the Aggregate Offshore Record do not relate simply to validation and franchise provision, respectively, as may previously have been assumed. The Aggregate Offshore Record does not capture the entire landscape of transnational education, notably articulation which is a very important element in higher education institutions' international strategies.

Current conceptions of mode of study (i.e. full-time or part-time) and location of student registration (UK or overseas) are thought to be of restricted value in a transnational education context, with many programmes registering students in both the UK and overseas.

There appears to have been some shift in the involvement of different types of higher education institution in transnational education. Higher numbers of 'pre-1992' (including research-intensive) institutions now offer transnational education programmes, mainly through branch campuses and postgraduate distance learning, than has been identified in previous studies, although an overall majority (56%) of active enrolments in 2012/13 were in post-1992 institutions.

¹ Association of Chartered Certified Accountants

Just under half (49%) of transnational education programmes reported in the census were at undergraduate level, 41% taught postgraduate and 10% postgraduate research level. The undergraduate programmes comprised 72% of enrolments, with 26% at taught postgraduate level and 2% postgraduate research. These figures appear to reflect significant relative growth in postgraduate provision recently.

Although almost half of all enrolments (chiefly on distance learning programmes) were to programmes delivered into multiple countries, analysis of the remainder suggests that Asia is the dominant region for transnational education activity. A relatively high proportion of enrolments on branch campus programmes was in the Middle East, whilst the highest proportion of validated programmes was in the European Union.

Data on subject of study suggested that distance learning programmes cover the full range of subjects, but within other forms of transnational education activity there is a strong focus on vocational or professional programmes, with Business and Management and related subjects by far the most popular group, across all levels and modes of delivery, accounting for 46% of all active enrolments in 2012/13.

Some broad trends were observed geographically in terms of subject of study. For example, Arts and Social Science programmes were more prevalent in Europe than elsewhere, while Science, Technology, Engineering and Mathematics (STEM) programmes were strongly represented in other regions such as the Middle East.

1.4 Revenues

Our estimate of total UK transnational education revenue of almost £496 million for 2012/13 is significantly higher than annual estimates in previous studies, which reflects both increased activity since those studies and also the value of this more detailed research approach. Transnational education provision represents around 11% of cumulative international fee revenues to UK higher education institutions. The reported strategies of many UK universities are that they enter into transnational education arrangements not only to generate revenue but to enhance their global profile and long-term international position.

The revenue for each main mode of UK transnational education activity is shown in Table 1.1. Fee income from the case studies was scaled up to a national figure based on total enrolment numbers derived from census returns and the Aggregate Offshore Record in order to ensure full coverage for all UK institutions.

This suggests that overseas distance learning, at both undergraduate and postgraduate level, generates significantly more revenue than partnership arrangements, both in total and per student per annum. Postgraduate-level distance learning is the largest income stream, with MBA programmes in particular generating approximately £186 million in 2012/13 and other taught postgraduate programmes a further £92 million. Although Business and Management Masters programmes

represented 18% of all active transnational education enrolments in 2012/13, they provided 56% of total transnational education revenues.

The average annual fee accruing to UK higher education institutions across all modes and levels of transnational education delivery is approximately £1,530 per active student, but varies widely according to particular programme and partnership arrangements. Distance learning seems to offer the strongest opportunities for revenue generation, with an average annual fee of over £4,000 per enrolment at postgraduate level. The fees per student associated with different partnership arrangements (e.g. franchise and validation) are much lower but at large scale can ensure substantial revenues.

Table 1.1 Summary of 2012/13 revenues, by broad transnational education activity, based on census and Aggregate Offshore Record enrolments and case study financial data

Mode of delivery	Active enrolments	Total revenue (£millions)	% of total revenue
Undergraduate registered with UK institution	90,790	£42.7m	8.6
Undergraduate registered with overseas partner	48,460	£22.8m	4.6
Taught postgraduate registered with UK institution	14,955	£54.3m	11.0
Taught postgraduate registered with overseas partner	20,080	£72.9m	14.7
Postgraduate distance learning	43,440	£184.2m	37.2
Undergraduate distance learning	9,345	£28.1m	5.7
Postgraduate research (including professional doctorates)	3,960	£20.5m	4.1
University of London International and Open University ¹	92,700	£70.3m	14.2
Total (active enrolments)	323,730²	£495.8m	

Notes:

1. University of London International and Open University presented separately as their large enrolments would bias the analysis by mode.
2. Total active enrolments from census data (253,695) plus Aggregate Offshore Record data for other institutions.

A range of other revenue streams exists. Despite their high profile in the sector and a combined turnover of around £140 million in 2012/13, international branch campuses only result in small direct revenues to UK institutions, due to their legal structures and trading arrangements.

Articulation arrangements are highly valuable in supporting international student participation, resulting in an estimated gross income for the UK of approximately £711 million in 2012/13 (which is separate from our estimates for transnational education revenue). This is currently very dependent on Chinese undergraduate articulations.

Other indirect revenues associated with transnational education delivery are thought to be modest. The largest is probably a 'halo effect' whereby a university's in-country transnational education presence attracts additional students to its UK campus, most strongly where it has a branch campus. This is estimated to be worth £42 million annually to the UK. There are significant but more limited revenues from organising programme validation.

1.5 Organisational and management observations

The case studies provided detailed understanding of different approaches to transnational education including management issues and financial aspects of transnational education delivery. There was evidence for an emerging trend towards more institutions having a central department that manages all partnership arrangements and potentially coordinates regular quality and financial monitoring.

UK higher education institutions seem to find it expensive and time-consuming to set up transnational education programmes, particularly understanding the country's regulatory and legal requirements. They also appear to be less effective in applying to their transnational education activities the successful approaches that they have developed for recruitment of international students to their UK campus.

1.6 Costs associated with UK transnational education delivery

Until recently, few institutions have had mechanisms for regular review of costs (and/or surpluses) arising from transnational education partnerships once they are underway, as these have tended only to be considered at the initial planning/approval stage. While we found good evidence about the pricing of validation and franchise agreements, very little information was found about detailed costings for such activity. Relatively few UK higher education institutions had a strong understanding of the costs that were associated with the delivery of their distance learning programmes.

Together this meant that reliable estimates could not be made of surpluses accruing to UK higher education institutions from their transnational education revenues, nor any overall estimation of its net value nationally. There was also a general reluctance across the institutions to share financial information covering transnational education, either costs or revenues, some of which was due to increasing levels of competition in some partnership markets.

1.7 Future trends

The indications from this research are that growth of UK transnational education is likely to continue, reflecting that UK higher education institutions have a variety of strategic reasons to engage in transnational education.

Enrolments at international branch campuses are currently increasing but this will plateau soon unless more campuses are opened or existing provision is expanded.

UK institutions are optimistic regarding expansion of their distance learning provision, particularly online. The acceptability of undertaking programmes online which result in a degree award will be crucial, but the growth to date of Massive Open Online Courses (MOOCs) and worldwide broadband penetration should have positive impacts.

Discussions with institutions suggest that the current extent of partnership activities (validation, franchise and other forms) will broadly be maintained, but those involving student registration directly with the UK institution have seen the largest growth while validation arrangements are the most likely to diminish.

Based on 'near future' plans reported, most transnational education programmes will sustain at around their current level, with about a quarter in clear expansion mode (particularly in Asia and global distance learning programmes). One in five programmes were reported to be in decline, with a number of 'teach-out' situations, especially amongst validation arrangements in Europe. Such decline can occur as stricter cost-control measures are adopted or strategies change, or due to 'churn' as partners seek alternative UK suppliers, or because increasingly independent and confident partners gain their own degree-awarding powers.

1.8 Recommendations

In the course of this research we met with many institutional staff, some of whom suggested ways that the UK could support and promote transnational education activities on a sector-wide scale. Distillation of their comments highlights a number of issues and opportunities and also barriers or challenges to UK transnational education growth:

- Collection, synthesis and dissemination of market intelligence to aid the UK higher education sector to identify trends and opportunities. The sector already has great knowledge on market opportunities which, if pooled sensitively, could

add insight to in-country analysis options available from existing agencies and ad hoc research. Higher education institutions are recommended to consider how they could work together to pool such knowledge and to work with commercial market and regulatory information suppliers more economically.

- UK institutions operate in a highly competitive environment that includes both overseas and counterpart UK higher education providers. While this offers advantage for some UK providers, institutions are recommended to investigate how best to compete internationally, including the potential improvement of marketing and communication methods (including channels such as Education UK).
- Financial and sustainability risks are inherent in inconsistent monitoring of cost and performance of programmes and partnerships. Higher education institutions are encouraged to develop more systematic approaches to understanding the full costs of transnational education activities, including opportunity costs, to enhance planning and provide stronger monitoring during delivery, and to share their insights and best practice for mutual benefit.
- Good practice in organisation and management of transnational education activities. This research has found a variety of approaches to delivery and management of transnational education activity, amongst which there is practice which appears to maximise opportunities and returns. Institutions are recommended to share knowledge of good practice in relation to the organisation and management of transnational education provision (including some distilled from this study), through collaborative sector workshops or development of a good practice guide.

On future transnational education data collection and the Higher Education Statistics Agency's Aggregate Offshore Record:

- The census has produced a rich dataset from which we have reported a snapshot of the current landscape of UK transnational education provision. However, there is scope to analyse the census data in more detail which could provide more focused intelligence to the UK higher education sector and Government, to guide the future shape of UK transnational education in an increasingly competitive global higher education environment.
- The census has demonstrated that many UK institutions can provide detailed information on their transnational education provision at the programme level, both for directly-delivered and partner-supported provision. Given the challenge and potential burden of data collection, institutions would need support and encouragement to collect information at this level, and particularly about types of provision not typically reported such as articulation (ideally at the student level to provide comparability with the Student Record). Where transnational education provision leads to a UK degree, it should be monitored in a comparable way to UK-based provision.
- Our study reinforces the finding of Drew et al. (2008) that the categorisation of transnational education used in the Aggregate Offshore Record is not useful for

understanding patterns of transnational education provision. Institutions appear to be supportive of development of a more systematic nomenclature and categorisation of modes of transnational education to enhance sector-level data collection and improve comparability across the sector. Better definition of what constitutes an international branch campus is a particularly pressing need.

- Any consultation with the sector on the potential benefits of enhanced data collection on transnational education should also consider the most efficient and effective means of doing it in order to minimise any additional burden on higher education institutions. Recent sector-wide consultations on the Quality Assurance Agency (QAA) code related to transnational education and enhanced data collection on outward student mobility represent good approaches to such sector engagement.
- A thorough review of the Aggregate Offshore Record is recommended to ensure its continuing relevance due to these issues, potentially including variables covering subject of study and how the UK partner is involved in delivering teaching and learning.

On **future research** into the nature and value of transnational education in the UK:

- The strategic and operational management of transnational education delivery will strongly influence future development of UK transnational education activity. This study has provided some insights into the complexity of managing transnational education at institutional and departmental levels, but sector-wide empirical research could illuminate this further; this could support the work of HE Global and UKTI Education in this area.
- Further research into the extent and value of articulation arrangements would be welcome, as articulation appears to result in substantial international higher education study revenue but is currently concentrated in certain markets. At present, because enrolments for such programmes are included in the Student Record, they are not included in data reporting via the Aggregate Offshore Record and could be regarded as a 'hidden' part of UK transnational education provision.
- There is scope to undertake further and more detailed analysis of the programme-level information in the dataset collected in the census to develop greater understanding of current provision.

2 Aims and key findings

2.1 Objectives

The UK is a leading provider of higher education internationally in an expanding global market for tertiary education and is one of the world's leaders in delivery of transnational education (TNE). A diverse and complex range of transnational education programmes and models are delivered by a wide range of higher education institutions, responding flexibly to local needs. The extent and importance of transnational education within the range of international activity of UK higher education institutions have grown rapidly.

Previous research suggests that models of transnational education delivery are complex and hard to categorise precisely, as well as often being specific to the particular UK institution involved or the individual programme. For this reason existing Higher Education Statistics Agency (HESA) data collection is likely to be less than complete, most probably under-reporting the extent of transnational education participation.

The UK Government's Department for Business, Innovation & Skills (BIS) seeks to improve its understanding of the range of modes of transnational education operations delivered by UK institutions and their extent, including indications of the national income and value from each main mode. This will support policy considerations in relation to different opportunities for future development of international higher education. BIS also wishes to build knowledge of the wider and indirect benefits that accrue both to UK institutions operating in this sphere and also to the UK nations (as higher education policy is devolved).

This project was conceived with the broad aims of:

- Understanding, identifying and defining the full range of modes of transnational education delivery by UK degree-awarding institutions, in a sufficiently consistent manner to enable quantitative estimations;
- Through a census of UK higher education institutions, quantifying the range and extent of transnational education delivery by UK institutions across the range of modes, potentially providing a replicable methodology that could be repeated in future years to measure trends;
- Undertaking detailed research through case studies of a range of delivery modes by institutions, obtaining economic measures (income and value) for each as well as greater understanding of how each works in practice;
- Combining the information gained to develop national estimates for the income derived for the UK within each transnational education mode and as a whole;
- Developing some understanding of wider or indirect benefits that transnational education brings to the UK economy, which are being investigated in a linked

project, in comparison with the known impact of other forms of international higher education study in the UK.

The findings will inform future consideration of whether and/or how the UK could increase its transnational education presence and maximise its value.

2.2 Definitions and terminology

Our working definition for transnational education (TNE) was:

“The provision of education for students based in a country other than the one in which the awarding institution is located.”

Transnational education is a strategy adopted by institutions and countries to deliver higher (and/or further) education and associated qualifications to students who are wholly or partly located outside the country where the provision originates. UK higher education institutions deliver educational opportunities and awards overseas, through face-to-face delivery in other countries and regions and through distance and blended learning. Transnational education complements UK higher education study and awards that are available to international students who study within UK borders, making UK higher education provision more accessible for students, often in their local contexts.

Transnational education is part of higher education’s wider international activities and internationalisation agenda and takes a variety of forms. It is principally focused on the provision of education rather than on international research partnerships (although the lines between the two areas of activity are increasingly blurred, particularly within the context of institutions’ overseas branch campuses). Transnational education can include education programmes and awards at any level, from certificates and diplomas to PhDs.

For the purposes of this research, UK transnational education involves study programmes that have been designed to ensure that students are studying towards higher education qualifications awarded by UK recognised bodies covered by the UK Quality Code for Higher Education and the UK’s qualifications frameworks. The institutions covered were the UK’s ‘recognised bodies’ (i.e. institutions with degree-awarding powers).

The broad types of transnational education delivery involved were:

1. **Branch campuses** and other forms of physical presence overseas by UK recognised bodies (including overseas institutions based on joint venture agreements).
2. **Distance/online learning** provision (either unsupported or supported by an overseas partner).
3. **Collaborative provision** offered in partnership with an overseas partner institution (whether students are registered with the UK or the overseas partner):

- Franchised delivery;
- 'Flying-faculty' arrangements;
- Validation or 'quality assurance' arrangements;
- 'Top up' programmes;
- 'Twinning' arrangements and joint or double degree programmes, where students study both overseas and in the UK;
- Articulation arrangements where students registered with the overseas partner are guaranteed entry into a UK-validated programme if they achieve an agreed level of performance in their studies with the overseas partner.

Educational services (such as the sale or provision solely of curricula, teaching or learning resources) were not considered to be a core part of transnational education delivery, unless they were part of the support for a study programme leading to a UK-validated award.

2.3 Summary of key project findings

2.3.1 Total activity and revenues

- An institutional census was conducted to collect programme-level data about transnational education provision by higher education institutions in 2012/13, which would be comparable with the data published in the Higher Education Statistics Agency (HESA) Aggregate Offshore Record for that year.
- The census achieved returns from 63 institutions with active programmes and transnational education involvement, including most of the 40 institutions with highest enrolments. They cover around 75% of all active transnational education students in UK higher education institutions, across a good range of types of institution, and are thought broadly representative of the total UK transnational education landscape.
- 2,785 individual UK transnational education programmes were reported and 253,695 active enrolments. This is slightly higher than the comparable total in the 2012/13 Aggregate Offshore Record (for institutions in both the Aggregate Offshore Record and the census) once inactive enrolments are excluded.
- A total transnational education revenue figure for the UK of almost £496 million is estimated for 2012/13, which is significantly higher than estimates in previous studies. This is likely to reflect increased transnational education activity since those studies but may also be due to the more detailed nature of this research. On this basis, transnational education provision represents around 11% of cumulative international fee revenues to UK higher education institutions.
- The average annual fee accruing to UK institutions across all modes and levels of transnational education delivery was approximately £1,530 per active student in 2012/13, although this varied widely in relation to the type and detailed nature of the provision (ranging from hundreds to thousands of pounds).

2.3.2 Transnational education delivery types

- The largest proportion of transnational education (40%) is delivered through distance learning arrangements, which also generate significantly more revenue than partnership arrangements (in terms of total income).
- About half of all transnational education programmes and 70% of enrolments are at undergraduate level, but much recent growth has been in postgraduate taught activity. Postgraduate-level distance learning is significantly the largest income stream.
- On the basis of revenue per student per annum, distance learning offers much higher revenues than partnership arrangements such as franchising or validation, although economies of scale in these can result in substantial revenues.
- In addition to the transnational education revenue estimate of £496 million, the turnover of UK institutions' international branch campuses is estimated at £140 million for 2012/13 but little of this is remitted to the UK due to their structural arrangements.
- A university's in-country transnational education presence is also thought to increase the number of those who study as international students at its UK campus. This 'halo effect' is thought to be worth over £40 million annually to the UK, and greatest where there is branch campus activity.
- Articulation is extremely important as a pathway for international students to access undergraduate-level study at UK campuses. We estimate that £711 million of the UK's income from international higher education study in 2012/13 resulted from articulation arrangements. Currently this is strongly dependent on Chinese partnerships.

2.3.3 Transnational education programmes and trends

- Courses in business, management and finance dominate, accounting for 46% of all active enrolments in 2012/13. Masters programmes in this subject area represented 56% of total transnational education revenues that year and MBA programmes alone generated £186 million.
- Many programmes are delivered into multiple countries (chiefly distance learning, but also validated and joint programmes), which makes geographical analysis of programmes problematic. Analysis of programmes delivered in individual countries suggests that Asia is the dominant region for transnational education activity. The highest proportion of validated programmes is in the European Union.
- While arts and social science transnational education programmes are more prevalent in Europe, Science, Technology, Engineering and Mathematics (STEM) programmes are strongly represented in other regions including the Middle East. Business, management and finance programmes are to be found worldwide.
- Growth of transnational education is likely to continue on the basis of reported intentions by UK institutions, many of which are keen to increase their activities. More institutions are offering distance-learning programmes than previously and

many are optimistic regarding expansion of this provision, particularly online and across Asia.

- Enrolments at international branch campuses are increasing but maximum capacity will soon be reached unless more are opened. The current level of partnership activity (validation, franchise and other arrangements) will broadly be maintained, and more of the expanding programmes are found in Asia. There is some rationalisation in validation arrangements, especially in Europe.

2.3.4 Costs and organisational issues

- It was not possible to make reliable estimates of institutions' surpluses or of the total net value of transnational education activity for the UK because little detailed cost evidence could be found. There was some reluctance to share financial information due to the increasingly competitive nature of transnational education provision in some markets.
- Marketing and recruitment operations for transnational education are more complex than for recruiting international students to the home (UK) campus, and some institutions seem to be less effective in applying successful marketing approaches to their transnational education activity. Relatively few have accessible information on in-country study opportunities on their web pages.
- UK higher education institutions find it expensive and time-consuming to set up transnational education programmes, particularly understanding the country's regulatory and legal requirements. Currently, few are managing to apply these costs to their specific transnational education partnership programmes, which limits the extent to which institutions know whether a particular programme is financially profitable or not.

2.3.5 Future data collection and reporting

- Programme-level data from institutions revealed that although total levels of activity tended to match those reported in Aggregate Offshore Record returns, many found it hard to allocate their transnational education programmes into the Offshore Record categories. The categorisation used in the census resulted in a significantly higher extent of distance learning activity than envisaged from the Aggregate Offshore Record.
- Particular problems were found in reporting partnership arrangements and where multiple or 'blended' delivery modes were available in a programme. Diverse study modes are available in many transnational education programmes and current conceptions of mode of study appear to be less meaningful in a transnational education context. Supported distance learning programmes are particularly hard to distinguish from partnership delivery.
- Transnational education activity recorded as 'overseas-registered' and 'UK-registered' in the Aggregate Offshore Record does not relate simply to validation and franchise provision, as may have been assumed. Institutions often reported programmes for which students were registered in both the UK and overseas,

suggesting that the location of student registration may not be useful in classifying collaborative transnational education provision.

- Institutions were not reporting to the Aggregate Offshore Record their enrolments on programmes such as twinning, articulation, and joint/dual degrees, so it cannot capture the entire landscape of UK transnational education.
- Although programme-level data collection enables a better understanding of recent transnational education provision, a significant proportion of institutions found it difficult and time-consuming to provide data at the individual programme level, especially where they had large numbers of distance learning programmes with different structures and/or were offering a flexible range of study modes.

3 Methodology

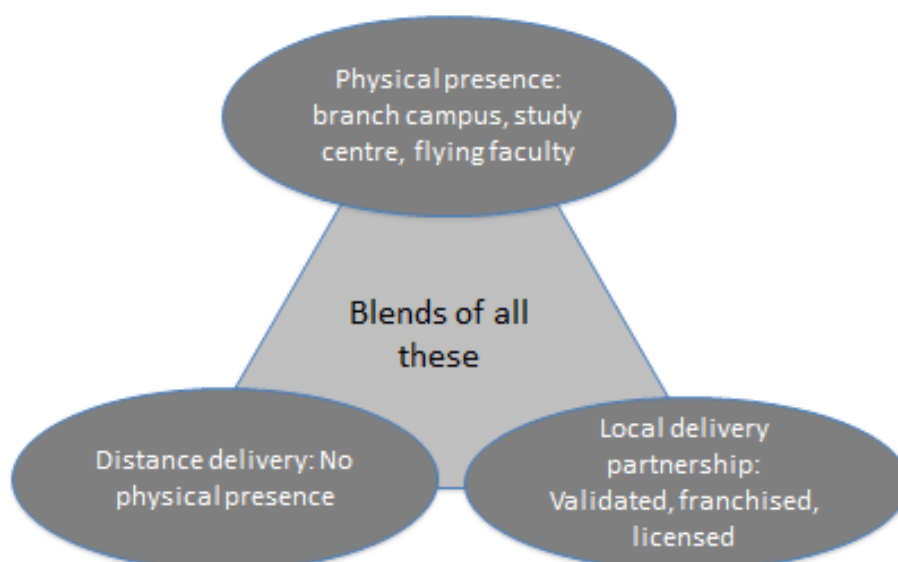
3.1 Definitions and categories

The complexity of transnational education in practice makes it difficult to develop a consistent methodology to define activities and to underpin data collection and analysis. Many different approaches to and models of transnational education have evolved since its emergence in the early 1990s as institutions have adapted to changing operational circumstances. At the most basic level UK transnational education involves three broad modes of delivery, through:

1. Some form of direct in-country presence by the UK higher education institution, overseas such as a branch campus, use of flying-faculty or a local study-centre operated as a joint venture;
2. Distance learning, including online delivery;
3. Collaborative or partnership teaching provision – usually with a locally based higher education provider – although other forms of delivery partnership exist.

In practice, most transnational education programmes involve a mix or ‘blend’ of these three modes. The nature of each blend varies according to the individual programme and depends on many factors relating to country, partnership, student, subject, price and institutional policies and/or facilities, as illustrated in Figure 3.1.

Figure 3.1 Modes of transnational education delivery



The following examples help to illustrate the subtle blends of delivery that have evolved from UK higher education institutions:

- A 'distance learning' MBA that is delivered with online material from the UK but supported by face-to-face teaching by staff from a local provider and by flying faculty, together with attendance at short residential programmes in the UK;
- An undergraduate collaborative provision (student registered at the overseas institution) which also involves distance learning support through the UK institution's virtual learning environment (VLE) as well as some lectures given by visiting UK staff during quality assurance visits;
- A branch campus which also has distance learning support (such as by video conference link) and teaching by visiting staff from the UK campus;
- An online distance learning MA which includes regular residential programmes at the UK campus.

Other types of educational activities beyond teaching delivery are sometimes described as transnational education such as curriculum development and staff development activities, which can generate significant income for institutions and also contribute to the UK's educational exports. These activities were included in the recent education sector industrial strategy (BIS, 2013).

International research partnerships are generally excluded from transnational education, although postgraduate research students based overseas (for both masters and doctoral level degrees, which could include split or jointly supervised programmes) are included in current UK transnational education data collection through the Higher Education Statistics Agency.

3.2 Existing UK transnational education data collection

Since 2007/08, data on UK transnational education activity has been collected annually² by the Higher Education Statistics Agency (HESA) from reporting institutions via the Aggregate Offshore Record. In 2012/13, 162 institutions were included in the Offshore Record, including the University of Wales (central functions) which is not included in other standard higher education statistics tables. The Aggregate Offshore Record covers transnational education delivered 'wholly overseas' using five categories. These map broadly onto the three categories in Figure 3.1, although collaborative provision is split into provision where the students are registered with an overseas partner organisation and where they are registered at the UK-awarding institution. A fifth category is available for 'other' transnational education provision that does not fit into the four main categories, but is relatively little used.

² Previously HESA collected transnational education data on a voluntary basis.

The Aggregate Offshore Record provides information about UK transnational education for the following key variables:

- Student numbers (which provides evidence of the scale of transnational education);
- Geographic coverage (providing insight into key markets);
- Level of study (providing some evidence of the nature of programmes);
- Number of UK institutions using each delivery model (providing an indication of the extent or prevalence of each model).

The Aggregate Offshore Record data do not capture the full extent of UK transnational education enrolments as they refer specifically to students registered for their full degree programme overseas. The Higher Education Statistics Agency's Student Record captures students enrolled on transnational education programmes where eight consecutive weeks or more are spent within the UK. Such programmes include articulation arrangements and joint or double degrees but they are not directly identified, as data covering transnational education students are not currently reported by the Student Record.

Since the Student Record data are collected at the aggregate (institutional) level for certain categories of transnational education, they are not suitable for the fine-grained analysis required for a comprehensive understanding of UK transnational education provision. Student Record data also do not include information on transnational education provision by private or 'alternative' providers, although anecdotal evidence suggests most provision involving this part of the sector involves collaboration with publicly-funded institutions.

3.3 Transnational education census methodology

3.3.1 Objectives and scope

The institutional census was designed to collect data to complement current Higher Education Statistics Agency data collection and to provide a comprehensive understanding of the nature, range and extent of different types of transnational education delivery modes in operation in UK institutions for the academic year 2012/13. The data sought were aimed to derive:

- An overview of the scope and scale of current UK transnational education provision;
- More detailed understanding of the types of provision covered by the Aggregate Offshore Record;
- Identification of new categories or models that could be applied to transnational education enrolment data;
- Better understanding of how different disciplines are covered by UK transnational education provision.

The scope of the census was agreed with BIS and the project Steering Group around the following parameters:

- Data should only be collected on transnational education provided by UK higher education institutions with their own degree-awarding powers (DAP); these institutions are described as ‘recognised bodies’. The census would therefore exclude foreign providers operating in the UK but would aim to include ‘alternative providers’ of higher education (most of whom do not currently provide data to the Higher Education Statistics Agency). Provision of transnational education at higher education level within further education institutions would not be captured;
- The census should capture types of transnational education provision covered by data collection in both the Aggregate Offshore and Student Records, and any other types of provision outside these forms of data collection;
- The census should ask institutions to provide their data at programme level, and detailed additional information about each programme (e.g. programme name, award name, delivery mode(s) and subject). Enrolments would be reported on a student headcount basis.

The census would also be used to collect information on institutions’ transnational education activity to complement data collected in the case studies relating to income undertaken as part of this project, and would also provide some insight into how transnational education works ‘in practice’. The feasibility of collecting other types of information, potentially to address other project objectives, was investigated in the testing stage.

There was a deliberate intention for there to be a key difference between the census data collected and that reported in the Aggregate Offshore Record. In the census, institutions would be requested to report on transnational education programme delivery against a variety of delivery modes: articulation, validation, franchise, branch campus, joint venture, joint/dual degrees, supported distance learning, unsupported distance learning (including online), other forms of collaborative provision and other overseas study (e.g. flying faculty). This was deliberately a different and more fine-grained approach than used in the Aggregate Offshore Record.

3.3.2 Data collection

3.3.2.1 Census design

A census or audit of institutions’ transnational education activity has been used in earlier studies (Drew et al., 2008; Woodfield et al., 2009; Middlehurst et al., 2011). This remains a valid approach because with highly diverse and rapidly evolving transnational education activity, a sample-based approach would be likely to miss new entrants and perhaps niche models of provision, which could distort the true picture of UK activity. A census approach would be useful in obtaining a snapshot at a specific time, while the Aggregate Offshore Record data are likely to remain a good source of data on trends in transnational education.

Participating institutions were asked to provide data for each of their transnational education programmes leading to a specific award³ by completing a data collection template, its design informed by desk research and discussions with BIS and the Quality Assurance Agency.

3.3.2.2 *Piloting the census*

The census template was piloted in four UK institutions known to have different mixes of transnational education provision, to test ease of use, the clarity of guidance material and the feasibility of collecting data for each variable. Feedback from the pilot returns was used to refine the data collection template and guidance. The categories used to identify different transnational education modes were a particular focus for review.

The pilot confirmed that there has been some improvement in the availability of data centrally within institutions since the earlier studies described above. Those had found that because international activities tend to cut across traditional institutional structures, most did not hold centralised data on all their international partnership or distance learning activities. However, transnational education partnership activity that leads to an award by a UK higher education institution now requires central approval and this has influenced the development of centralised data systems to capture transnational education activity, even if it is managed at the faculty level. Therefore, we were confident that data should exist in most institutions and be relatively easy for them to provide (although private/alternative providers might not capture it in the same way and data might only be available from their validating institutions).

The pilot institutions felt that the census was feasible but, although the template was well-designed, that the data could be difficult to collect for some institutions, especially in a relatively short timeframe, since institutions may not hold much data centrally beyond that which they submit to the Higher Education Statistics Agency. Some institutions suggested that the census could actually stimulate institutions to think about making their data collection more structured and transparent, which would be beneficial. There was also some suggestion that other or more useful data could be collected than currently for the Aggregate Offshore Record, and that lessons learnt from conducting the census could inform discussion about its revision.

The pilot institutions also provided useful guidance on when the census should 'go live' to try to avoid times when institutions were busy reporting other types of data.

3.3.2.3 *Census data collection process*

An invitation to participate in the census was sent to named individuals in 151 UK recognised bodies via email. These individuals had been identified as the most appropriate institutional contacts and were typically Pro-Vice Chancellors or Directors responsible for international activities or partnerships. The invitation comprised the excel template itself, a guidance document and a copy of the

³ Non-award-bearing transnational education was excluded from the census

institution's Aggregate Offshore Record return for 2012/13. The guidance provided an overview of the information required (see Appendix 2), clarification of key aspects of the terminology (including working definitions, see Appendix 3) and responses to potential questions about the study. The timeframe sought for response was three weeks. In parallel, the Higher Education Statistics Agency sent an email to its institutional data contacts to alert them that the invitation had been sent to their institution.

Many institutions contacted the project team in response, to clarify requirements and in some cases to seek an extension to the deadline. Institutions were encouraged to provide as much 'easy to collect' data as soon as possible, and submit other information later which would require greater effort in collation. Non-respondents were followed up at least twice, and those any with known substantial transnational education activity were chased more frequently if necessary. The invitations specifically sought a nil return where there was no activity.

3.3.2.4 Data collection challenges

The census process confirmed that most institutions do not collect or hold detailed data at programme level on transnational education enrolments centrally, although data are collected at departmental level to support quality assurance and accountability requirements. Some institutions did not consider it feasible to compile the data within the timescale sought and either declined to participate or agreed to provide a partial response. In the event the data collection period was extended to over eight weeks to maximise the participation of institutions. Some telephone follow-up was required to encourage responses and to gain clarification on points of detail.

3.3.2.5 Data management and analysis

Census returns were logged and completed templates checked against 2012/13 Aggregate Offshore Record totals and summary information about institutional provision from previous studies or known to the project team. After initial data cleaning, data from the templates were imported into SPSS⁴ for analysis.

The first phase of data analysis was to compare each census return with 2012/13 Aggregate Offshore Record data and to highlight major discrepancies in enrolments. Any anomalies were checked for accuracy, but in most cases differences were due to different classifications of transnational education types, different time points for data collection (especially regarding distance-learning programmes where students enrol at different times) or additional data being included in the census that was not included in the Aggregate Offshore Record (e.g. on articulation arrangements and double or dual degrees). Basic (descriptive) data tables were then produced to analyse student enrolment data by key variables such as transnational education mode, country of delivery, institution type, subject, level and mode of study.

⁴ Statistical Package for the Social Sciences

3.3.3 Census returns achieved and representativeness

Sixty-three (63) higher education institutions submitted returns to the census and a further six institutions made 'nil' returns, which together comprised 46% of the institutions invited to participate. The Aggregate Offshore Record considers nil returns (i.e. no transnational education enrolments) to be responses, so if other institutions that reported a nil response in the Offshore Record but did not reply to the census (a further nine institutions) are assumed also to be nil responses within the census, then the response rate for the census becomes 52%. A summary of the responses and enrolments within the Aggregate Offshore Record and the census is provided in Table 3.1.

Table 3.1 Comparison of institutional responses and enrolments as reported in the census and in the 2012/13 Aggregate Offshore Record (AOR)

	Census	HESA AOR
Participating institutions	151	149
Responses	63	125
Nil response	15	23
Adjusted institutional response rate %	52%	100%
All enrolments (Total)	507,995	598,925
All enrolments (Census institutions only)	507,995	503,980
Active enrolments (Census institutions only)	253,695	
Total enrolments excluding OBU (AOR institutions)		337,260
Derived total active enrolments (all institutions)	253,695	323,730

Notes:

1. Aggregate Offshore Record:
 - a. The AOR counts a 'nil response' as a response, hence a 100% response rate. The census revealed several active institutions not recorded in the AOR.
 - b. The 149 participants in the AOR include two reporting separately within the University of South Wales (which did not provide a census response).
2. Active enrolments:
 - a. Active enrolments in the census are the numbers declared by responding institutions to be studying, paying fees or sitting examinations in 2012/13, on a headcount basis.
 - b. Active enrolments listed in the HESA AOR column are total enrolments less total enrolments from Oxford Brookes University (261,665) – see text.

Oxford Brookes University has an arrangement with ACCA (the Association of Chartered Certified Accountants) whereby all students who register on the ACCA programme are also registered with Oxford Brookes. For 2012/13 there were 255,975 enrolments on this programme, of which 4,695 were reported by Oxford Brookes to us as active; in the census it reported 4,550 other active students enrolled on other transnational education programmes; all active Oxford Brookes students (9,245) are included in our analysis.

A total of 3,015 other inactive students were reported by other UK institutions responding to the census. These have been excluded in order to derive a total of 253,695 active students reported by institutions participating in the census (Table 3.1), which is the key total used in further analysis.

Excluding Oxford Brookes, the total number of enrolments in the 2012/13 Aggregate Offshore Record was 337,260, including active and inactive students. Within this project, we have derived a total for transnational education enrolments of 323,730, by combining active enrolments from census institutions and Offshore Record enrolments from institutions not responding to the census.

Some recent analysis of UK transnational education has excluded Oxford Brookes altogether (due to the impact of its ACCA programme on enrolments). If the Offshore Record's total enrolments for each institution participating in the census are summed excluding Oxford Brookes, this produces a total of 242,315 enrolments. This can be considered to be 72% of the UK market by enrolment numbers (i.e. 72% of the cumulative total reported in the Offshore Record). This high proportion by enrolments is reflected in analysis of the institutions that provided census returns, which included 28 of the 40 largest institutions in terms of transnational education enrolments (as recorded in the 2012/13 Aggregate Offshore Record).

When enrolments in only the 69 census institutions are compared with Offshore Record returns for those institutions, the census recorded 4,015 additional enrolments to those reported in the Offshore Record from those institutions. Forty-seven responding institutions reported differences in their enrolments (compared with their Offshore Record return), ranging from +4,797 to -1,911. The difference between the census total and Offshore Record return for an institution was less than 3% when averaged across all responding institutions.

Although the respective totals at institutional level (in the census and Aggregate Offshore Record) are broadly similar, it is important to note that the census asked for data on all transnational education students (even those with a study period in the UK), so we would expect the census enrolments figures to be higher than those in the Aggregate Offshore Record (which only covers students studying wholly outside the UK).

Table 3.2 Institutional participation in the census and 2012/13 Aggregate Offshore Record (AOR)

Institution group	No of respondents		Proportion of total respondents (%)	
	Census	AOR	Census	AOR
Former 1994 Group	4	11	6%	7%
GuildHE	8	20	12%	14%
Million+	7	17	10%	11%
Russell Group	11	24	16%	16%
University Alliance	15	22	22%	15%
Non-aligned	24	54	35%	36%
Total	69	148	100%	100%

Note: Former 1994 Group included as it was in existence in 2012/13

When analysed according to university type, the 69 participating institutions included 11 members of the Russell Group, 34 'Post-1992' institutions, 4 non-university institutions and 24 other 'non-aligned' institutions. Table 3.2 compares the Aggregate Offshore Record and census response by mission group, and suggests that a broadly representative response was obtained, albeit with a slight over-representation of University Alliance institutions.

3.4 Case studies at institutions

3.4.1 Sample selection and rationale

In order to develop a better understanding of the revenue and costs associated with UK transnational education provision, detailed investigation was carried out across a series of case studies of transnational education programmes at UK institutions.

Potential case studies of specific programmes were identified from the census and the team's prior knowledge of institutional activity and also discussion with selected UK institutions in order to choose examples that were most appropriate for the study and for scalability. A mix of institutions and programmes was selected to cover all main modes of transnational education delivery at postgraduate and undergraduate level, ensuring that there was representation from the main university 'mission groups', institutions in England, Scotland and Wales and also a good geographic spread in terms of countries in which the programmes are delivered.

Table 3.3 Summary of case studies undertaken according to institution, programme type and numbers enrolled

Case study institution	Programme	Mode	Enrolments (total/annual)
1	All programmes	Distance learning	49,000
2	3 case studies – partnerships	Distance learning with partner support	
3	All programmes	Distance learning	16,469
3	Case studies -partnerships	Partnership / blended	23,866
4	MBA Distance Learning	Distance learning	4,723 (2011/12: 2,016)
4	MBA	Partnership	5,800 (2011/12: 3,967)
4	MSc Energy	DL	76 (in 2012)
4	PG degree	Branch campus	54
4	Undergraduate degrees	Branch campus	3,500
5	BBA Business	Partnership	New annual intake: 200; total: 1,200
5	MBA	Partnership	Total: 200
5	BBA Business	Partnership	Total 300 (100 new)
6	Master degrees in variety of subjects across disciplines	Distance learning	c.1,250 (795/yr)
7	MTech	Supported distance learning	c.100
8	MBA	Supported distance learning	Total 940 (c.300/yr)
9	Undergraduate degrees	Branch campus	8,000 to 10,000
10	Masters degrees	Online distance learning	Total: 10,500
11	MBA	Franchise	50
12	BBA Business Studies	Franchise	3 years at 50/yr
13	Joint MSc	Joint degree	2 years, last one in UK
14	DBA, Business Administration	Direct delivery	3 yrs part time. 43 students in total
15	BSc, Management	Franchise	Total: 392 across 3 yrs
16	Three MScs in Electrical engineering	Distance learning	700
17	Top up to BA and MBA	Franchise	20 top up, 35-40 MBA
18	Various BEng programmes	Franchise	50 pa, total 200
19	10 BAs and BSc programmes in finance, IT, management	Validation and franchise	184 validated Foundation; 2,975 franchise
20	BA/BSc	Validation	354 students
21	MA/MSc in various subjects	Distance learning	9,200 students
22	BA degrees in Business, tourism and marketing	Franchise	85 students

The majority of the case studies relating to franchises and validations were conducted within institutions which were members of Million+ and the University Alliance, where these models are common, while more of the examples of distance

learning programmes were in institutions which are Russell Group (and former 1994 Group) members where this type of activity is dominant.

Table 3.3 provides details of the institutions visited for the case studies and the programmes selected, together with the transnational education mode and enrolments associated with each of them. The universities involved are not identified by name for confidentiality reasons.

3.4.2 Undertaking the case studies

Each case study resulted from a series of meetings within the institution. The usual model for this was a preliminary meeting with the Pro-Vice Chancellor or Senior Management Team member responsible for transnational education, followed by more detailed discussions with the central staff handling partnerships and international activities. In most cases there were also meetings with academic staff involved in the particular case studies. Follow-up through phone calls and email exchanges was also necessary for many of the case studies.

A comprehensive proforma was developed and used to collate all the information obtained in each institutional visit. The information requested covered the history of the university's activity in the case study programme, details of the partner, the numbers of students involved over time and comprehensive data on how the university was actually involved. This sought to understand the extent of academic staff commitment, and the resources committed to the activity. Further questions then sought information covering:

- Fee income and direct and indirect costs involved, both in the UK and offshore;
- Organisation and management of transnational education activities within the university;
- Perceptions of likely future involvement in transnational education.

Undertaking the case studies was not always straightforward as several institutions declined to provide financial information. This was particularly so for validation and partnership delivery. In order to obtain the information sought, a 'Protocol on confidentiality' was submitted to all institutions approached that provided for the anonymity of the institution and assured that all financial information would remain confidential and be seen by only two the researchers. However, some institutions additionally required a 'Non-Disclosure Agreement'. With these safeguards in place, the research was able to obtain a variety of case studies encompassing a wide range of programmes and sufficiently covering the requirements of the project.

Some partnerships studied were well established with over 10 years of collaboration and in general institutional policy was to expand or continue them, although in some cases the UK institution had a strategy of moving to a policy of developing dual degrees rather than validated programmes. There were also several examples where there was a declared intent to change the overseas partner to another in the same country but with a higher academic profile and reputation; this was particularly relevant for partnerships with small private higher education providers overseas.

3.5 Scaling-up methodology to estimate revenues

The two key variables required for scaling up from the case studies to arrive at an annual revenue estimate for the UK for each delivery mode are, first, the total annual revenue according to mode, as identified through the case studies and, second, the total annual enrolments, again according to mode.

The approach to estimating a total revenue for each mode was:

- To obtain the total enrolment for the mode from the census data;
- To add to this total the enrolments for those institutions that did not submit a census return for the mode but did report enrolments in their Aggregate Offshore Record return, after applying a 'Mode Correction Factor' (explained below);
- To calculate an annual average fee per enrolment for the mode nationally, from the case studies or from other published information;
- To multiply the total enrolment by the average annual fee per enrolment for the mode.

Revenues from the University of London International Programmes (ULIP) and the Open University were treated and are reported separately as their enrolments are large and could distort any scaling up to develop total revenue estimates.

The primary source of data on annual enrolments was the census return obtained during this project. These data were quite detailed in relation to modes of transnational education delivery and other key variables. Institutions that did not provide a census return were incorporated in our analysis using their enrolments in the Aggregate Offshore Record for 2012/13.

To ensure consistency of data we applied a 'Mode Correction Factor' to compensate for the gross differences found between the census and Offshore Record totals respectively, according to mode and level of programme delivery. For example, if the total of the enrolments in the census returns was found to be 5% lower than the totals reported by those institutions in the Offshore Record, then the mode enrolment totals for other institutions (i.e. those not included in the census but providing a return to the Aggregate Offshore Record for that particular mode) were reduced by a factor of 5%. The differences found between the census and Offshore Record enrolments for each mode tended to vary between 0 and 5% either way.

The modes selected within these overall calculations followed those used in the Aggregate Offshore Record, although the enrolments were analysed according to level of study to facilitate comparability. These enrolments were only for those programmes where the student could follow the full degree programme in-country. Where only part of a programme might be followed in-country, with the degree-awarding component studied at the UK campus, (for example articulation and twinning-type arrangements), enrolments are discussed in the section covering articulation arrangements.

4 Census results

In this chapter we present results from the census of programme-level transnational education activity by UK higher education institutions, first an analysis at the total level (i.e. numbers of institutions, programmes and enrolments) and, second, a more fine-grained analysis of the programmes delivered, including by type of transnational education delivery, subject of study and location of delivery.

4.1 Summary of results

- 2,785 individual UK transnational education programmes were reported in the census for 2012/13, of which distance learning arrangements constituted the largest proportion (40%). The median number of transnational education programmes per institution was 24.
- The census provided data on 253,695 active enrolments (after excluding inactive enrolments including over 250,000 reported on Oxford Brookes University's ACCA programmes). This is slightly higher total enrolment figure than reported in the 2012/13 Aggregate Offshore Record (for institutions which reported in both the Offshore Record and census).
- Although institutions provided total data that were broadly comparable with their Offshore Record return, variations at programme level revealed that many institutions find it difficult to allocate their programmes into the current categories in the Offshore Record. Particular problems were found in reporting partnership arrangements, and to distinguish supported distance learning from partnership delivery.
- Transnational education activity recorded as 'overseas registered' and 'UK registered' in the Aggregate Offshore Record does not relate simply to validation and franchise provision, respectively, as has frequently been assumed. Some institutions reported programmes registering students in both the UK and overseas, suggesting that the location of student registration may not be useful in classifying collaborative provision.
- Diverse modes of study are available within many transnational education programmes with full-time, part-time and blended options available; it is thought that current conceptions of mode of study are less meaningful in a transnational education context.
- Just under half (49%) of transnational education programmes reported in the census were at undergraduate level, 41% taught postgraduate and 10% postgraduate research. Undergraduate programmes comprised 72% of enrolments, with 26% at taught postgraduate level and 2% postgraduate research. Comparison with previous studies suggests there has been relative growth in taught postgraduate provision.

- Almost half of all enrolments are to programmes delivered into multiple countries (chiefly distance learning but also validated and joint programmes), which makes geographical analysis of programmes problematic. Analysis of programmes delivered in individual countries suggests that Asia is the dominant region for transnational education activity, while a relatively high proportion of enrolments in branch campuses are in the Middle East and the highest proportion of validated programmes is in the European Union.
- Distance learning programmes cover the full range of subjects, but overall there is a strong focus in transnational education on vocational or professional programmes, with business, management- and finance-related subjects dominant across all levels and delivery modes. This subject group accounted for 46% of active enrolments.
- More pre-1992 institutions are offering transnational education programmes, mainly through branch campuses and distance learning (especially taught postgraduate), than were identified in previous studies, although overall the majority (56%) of active enrolments were in post-1992 institutions in 2012/13.
- Growth of transnational education is likely to continue on the basis of reported intentions and strategically many are keen to increase their level of activity.
- The mix of modes and approaches in transnational education programme delivery continues to evolve with more UK institutions offering distance-learning programmes than previously. The census identified a significantly higher extent of distance learning programmes than envisaged from the Aggregate Offshore Record. Enrolments at international branch campuses are increasing at present but current capacity will soon be reached.
- Institutions are optimistic regarding expansion of their distance learning provision, particularly online. The level of partnerships (validation, franchise and other arrangements) will broadly be maintained, although with some rationalisation in validation arrangements, especially in Europe.
- Most programmes are expected to be maintained in the near future at current levels, with 25% in expansion mode and 19% being closed down. More of the expanding programmes are in Asia (or distance learning programmes with multiple countries of delivery). Some 'teach-outs' were reported due to concerns over programme viability as stricter cost-control measures are adopted, and competition with other UK providers or from increasingly independent partners.

4.2 Institutions, programmes and enrolments

Census returns were received from 63 out of the 151 institutions invited to participate. An additional six institutions reported that they had no transnational education enrolments in 2012/13, whilst nine other non-responding institutions had provided a nil return to the Aggregate Offshore Record, so these institutions can also

safely be assumed not to have had transnational education enrolments. However, three institutions provided data on enrolments in the census that were not included in the Offshore Record – totalling 1,310 enrolments including a mixture of partner-registered, branch campus and validation enrolments.

4.2.1 Number of transnational education programmes

In total, the cleaned census dataset contained data on 2,875 transnational education programmes. The number of programmes per institution ranged from some institutions having only one programme to some large distance learning providers which had over 300 programmes; the median number was 24 programmes per institution.

Institutions were asked to provide data separately for each programme leading to a different level of award. However, in practice, some institutions were unable to aggregate or disaggregate the data in this way, so the number of programmes should be treated with some caution. In particular, many unsupported distance learning programmes contain multiple award pathways and many of these were aggregated together by institutions in their census returns. If unsupported distance learning programmes are excluded, the total number of programmes was 2003, with a median number for each institution of 17 programmes.

4.2.2 Student enrolments

One of the main aims of the census was to capture data on transnational education enrolments. The Aggregate Offshore Record captures this data at institution level (by delivery category, level of study and country of delivery). The census was designed to go one step further and attempted to collect enrolments at programme level and, where possible, by year of study, and for both 'new' and 'active' enrolments. All but three institutions were able to provide full enrolment data (i.e. for all transnational education programmes) at the total level.

In the analysis that follows, all tables are based only on active enrolments, unless otherwise noted. The total for census institutions, used in most of our analyses, was 253,695 enrolments (see section 3.3.3).

Analysis of inactive student enrolments may also be helpful to understand distance learning provision, in particular, better, within which some programmes have enrolled students that are inactive in particular years, which can inflate total enrolments.

4.2.3 Institution types

Census institutions were classified using two variables: mission group and the very broad categories of 'pre-1992' or 'post-1992'. Enrolments are shown in Tables 4.1 and 4.2 for the 68 institutions in the census in relation to mission group and broad type. Oxford Brookes University has been excluded for comparability with previous analyses of Aggregate Offshore Record data (which have omitted it due to its potential to distort the transnational education picture, as explained in section 3.3.3). These tables suggest that the data collected in the census was largely

representative of that in the Aggregate Offshore Record dataset when considering institutional type.

Table 4.1 Institutional participation and enrolments, by mission group, in the census and Aggregate Offshore Record (AOR)

Institution group	Institutions		Enrolments		% Enrolments	
	Census	AOR	Census	AOR	Census	AOR
Former 1994 Group	4	11	10,573	13,090	4%	4%
GuildHE	8	20	1,796	2,580	1%	1%
Million+	7	17	31,212	57,450	13%	17%
Russell Group	11	24	34,476	42,980	14%	13%
University Alliance	14	22	43,571	70,220	18%	21%
Non-aligned	24	54	125,837	150,940	51%	45%
Total	68	148	247,465	337,260		

Table 4.2 Institutional participation and enrolments, in the census and Aggregate Offshore Record (AOR) by broad institution type, excluding Oxford Brookes

Broad type	Institutions		Enrolments		% Enrolments	
	Census	AOR	Census	AOR	Census	AOR
Pre-1992	31	68	164,064	197,400	66%	59%
Post-1992	33	71	83,082	139,040	34%	41%
Non-university	4	9	319	825	0%	0%
Total	68	148	247,465	337,260	100%	100%

Table 4.3 Institutional participation and enrolments, by broad institution type (excluding Open University, Oxford Brookes and University of London International)

Broad type	Institutions		Enrolments		% Enrolments	
	Census	AOR	Census	AOR	Census	AOR
Pre-1992	29	66	70,957	108,130	46%	44%
Post-1992	33	71	83,082	139,040	54%	56%
Non-university	4	9	319	825	0%	0%
Total	66	146	154,358	247,990	100%	100%

Table 4.4 Institutional participation and enrolments by English region and Devolved Administration (excluding Oxford Brookes), with comparable international student data

Region	Institutions		Enrolments		% Enrolments		International students	
	Census	AOR	Census	AOR	Census	AOR	Enrolled	%
East Midlands	5	9	18,399	22,860	8%	7%	31,110	6%
East of England	5	8	10,797	14,325	4%	4%	34,495	7%
London	17	33	79,136	91,070	33%	27%	107,770	22%
North East	2	5	2,710	16,040	1%	5%	21,715	5%
North West	6	13	24,314	35,690	10%	11%	37,515	8%
Northern Ireland	1	2	1,131	1,405	0%	0%	7,180	1%
Scotland	8	17	29,517	32,850	12%	10%	56,285	12%
South East	8	17	46,816	49,725	19%	15%	55,310	11%
South West	4	12	4,260	7,540	2%	2%	27,305	6%
Wales	3	10	4,408	19,735	2%	6%	26,975	6%
West Midlands	5	12	15,305	30,295	6%	9%	38,275	8%
Yorkshire & The Humber	4	10	5,521	15,725	2%	5%	37,110	8%
Total	68	148	242,314	337,260	100%	100%	481,050	100%

If total (active and inactive) enrolments at Oxford Brookes are included in an analysis, it will show that UK transnational education activity is heavily dominated by the post-1992 sector, but when its inactive enrolments are excluded the picture is very different with total pre-1992 enrolments larger than post-1992. However, this is also strongly influenced by two large pre-1992 institutions with large distance learning enrolments (the Open University and University of London International). If these two large providers are also excluded, then post-1992 institutions will account for slightly more enrolments than pre-1992 institutions (Table 4.3). In comparison, Drew et al. (2008) found a significantly higher proportion of enrolments to be in the post-1992 sector. This discussion shows the strong influencing effect of certain large providers on the current transnational education market.

A brief analysis of the census data by region within the UK is presented in Table 4.4. Oxford Brookes has again been excluded for easier comparability with previous Aggregate Offshore Record data analysis. This indicates that the majority of programmes in the census (86%) were provided in English institutions, although there were individual providers in both Scotland and Wales with significant amounts of transnational education provision. In terms of enrolments, it also shows the predominance of institutions in London and the South East, as these comprise over half of total UK enrolments. These regions do contain the largest providers (University of London and the Open University).

International student enrolments for the same year (2012/13) have been included in Table 4.4 as a comparison with this regional analysis. This shows that, at least in terms of enrolments, transnational education programmes are more concentrated in England, and especially in London and the South East, than international student provision, although this partly reflects the importance of the largest providers in the transnational education landscape (which are in these regions).

4.3 Transnational education type

4.3.1 Analysis by transnational education type categories

Collecting data on transnational education by 'type' or delivery mode was a challenge within the census. The Aggregate Offshore Record collects data only for enrolments in transnational education types where students study wholly overseas (although this allows for study periods in the UK of up to eight weeks within their programme), and thus excludes 'articulation' or 'twinning' arrangements where transnational education students may study in the UK for certain parts of their programme, and also joint or dual degrees where there is a significant UK study component. This information can be inferred from the Student Record with some investigation. The census did seek to include these types of transnational education (see also section 5.7.2).

The transnational education mode categories employed in the Aggregate Offshore Record are very broad and only allow transnational education to be separated out into branch-campus activity, distance learning and two general types of collaborative

provision (overseas-registered and UK-registered). This makes it difficult to identify 'blended provision' where programmes can involve multiple types of transnational education.

The census aimed to collect data on programme-level transnational education types in three ways, asking responding institutions to:

1. Record the Aggregate Offshore Record mode category;
2. Provide their own – internally used – mode category;
3. State whether or not selected modes (types) were applicable.

Table 4.5 shows the breakdown of active enrolments in the census by type of transnational education using codes that were developed by comparing responses to the variables outlined above to create the most appropriate category from the information provided. In certain cases this required the exercise of some judgement.

Table 4.5 Programmes and enrolments in census institutions, by type of transnational education

Type	Enrolments	Number of Programmes	Programmes without enrolments	% Programmes	% Enrolments
Articulation	257	29	6	1%	0.1%
Branch campus	22,938	418		15%	9.0%
Franchise	39,418	459	15	16%	15.5%
Joint venture	8,723	94		3%	3.4%
Joint/double/dual Degrees	1,925	41	4	1%	0.8%
Other collaborative provision	23,717	254		9%	9.3%
Other overseas study (e.g. flying faculty, PhD)	3,402	85	1	3%	1.3%
Supported distance / flexible learning	21,793	328	47	11%	8.6%
Unsupported distance / online learning	87,586	872	15	30%	34.5%
Validation	43,937	295	2	10%	17.3%
Total	253,695	2,875	90		

The results demonstrate the dominance of distance learning as a form of transnational education provision, comprising 41% of programmes by number and 43% of enrolments. This is particularly driven by enrolments in the largest providers (the University of London's International Programmes and the Open University). Excluding these large providers, the proportion of transnational education programmes delivered as distance learning is still 34%. This contrasts with the earlier DIUS study (Drew et al., 2008) which found a much lower figure (14%) for the proportion that were distance learning programmes (again excluding these large providers). This difference is perhaps surprising since distance learning was not identified in that study as an area of planned expansion by institutions.

Table 4.5 also shows strong engagement in different forms of collaborative transnational education provision, and the presence of UK branch campuses overseas. On the other hand, only 5 franchised programmes were identified in pre-1992 institutions in the census, compared with 68 in the earlier DIUS study, suggesting either that these have either been coded differently (possibly as supported distance learning) or that this part of the sector is withdrawing from franchise models.

Initial further analysis suggests that the 'other collaborative provision' category could mainly comprise distance learning programmes which have optional local support or franchise programmes, which institutions code as collaborative provision. The number of articulation enrolments is very small and initial analysis suggests that many of these enrolments are being categorised as other forms of 'collaborative provision', much of which is blended and may involve multiple transnational education modes. Alternatively, institutions may not have internal data management processes that enable them to provide data on types of transnational education that are not reported in the Aggregate Offshore Record. For example, the census may not have captured fully data on joint and double degree or articulation arrangements since these are reported via the Student Record rather than the Offshore Record and involve a different data preparation process which does not capture details of whether they are enrolled on a particular type of transnational education, only that they are located overseas. Further analysis of transnational education enrolments in the Student Record could help to illuminate this issue.

A comparison of our transnational education categorisation in the census with the institutions' reported Aggregate Offshore Record categories (also reported in the census) indicates the complexity and differences. For example, programmes where students are overseas-registered cannot simply be equated with validated programmes. Table 4.6 shows that 19% of programmes where students were classified as 'overseas registered students' in the Aggregate Offshore Record were reported as franchise programmes in the census, and 17% of those reported as UK-registered programmes were described in the census as 'validation' arrangements.

Some institutions reported that they were unsure which Offshore Record category fitted their provision, and so had chosen a category in their return that appeared not entirely to reflect the nature of their programme. In particular, the 'other collaborative provision' category within the Aggregate Offshore Record could well contain

programmes that could logically be reassigned to other categories. This suggests that the current Aggregate Offshore Record categories are not fully suitable for understanding the different types of transnational education delivery beyond branch campus provision, although they do provide a categorisation of the registration status of students on collaborative programmes.

As reported by Drew et al. (2008), UK-registration brings with it assumptions about the level of engagement by the UK partner in teaching, learning and assessment. Our census findings suggest that, in practice, the responsibilities of partners in collaborative arrangements take a variety of different forms which are not only linked to registration status. Furthermore, registration status can be fluid as students move through their programme and many overseas-registered students will be required to register at a UK institution at some point in their programme to receive a UK award.

Table 4.6 Comparison of derived census categories for each programme with Aggregate Offshore Record (AOR) categories (N= 2,875 programmes)

Derived census TNE category	HESA AOR categories (column %)						Total
	Distance / flexible learning	Overseas partner registered	Other overseas	Overseas campus	UK registered	Unknown	
Number of programmes	1,174	298	20	414	837	132	2875
Articulation		1%				20%	1%
Branch campus				100%			15%
Franchise		19%	5%		48%	1%	16%
Joint venture					6%	31%	3%
Joint/double/dual Degrees		1%	15%		3%	7%	1%
Other collaborative provision		26%	5%		20%	4%	9%
Other overseas study (e.g. flying faculty, PhD)		2%	5%		4%	34%	3%
Supported distance / flexible learning	28%		5%				11%
Unsupported distance / online learning	72%	1%	65%		1%	2%	30%
Validation		51%			17%	2%	10%

Three additional questions were included in the census about delivery of the programme in order to help clarify the transnational education type (mode) being used in each programme: delivery mode, whether study was wholly overseas or some time was spent in the UK, and the location of the students' registration. The responses are considered in turn below.

4.3.2 Delivery mode

Some transnational education programmes feature a blend of online and face-to-face delivery of teaching and learning materials. Responding institutions were asked to identify whether each programme consisted of wholly online or face-to-face delivery, or a combination of both these modes. Of the 2,328 programmes where a response to this question was provided, 18% of enrolments were classified as blended (14% of programmes), 42% of enrolments were wholly face-to-face (48% of programmes) and 40% of enrolments were wholly online or distance learning. When the three largest providers were excluded, 66% of enrolments were on wholly face-to-face programmes and 29% wholly via online or distance learning. This highlights the significant role of distance and online learning as well as face-to-face provision in UK transnational education, although with a significant minority of programmes being of blended delivery (across all types).

4.3.3 Study wholly overseas or partly in the UK

To help identify transnational education provision where students study for UK qualifications wholly outside the UK, institutions were specifically asked whether each programme was designed for study entirely overseas. It was known that some programmes are designed for overseas study but also include options for short or longer-term UK study elements (from short study visits to whole years spent in the UK). Within the 2,732 census programmes where data were available on location of study, 92% of programmes were reported as being wholly provided overseas (93% of enrolments), and for 4% of programmes it was reported that students had an option to study in the UK. This suggests that the majority of UK transnational education programmes reported in the census were designed to be studied entirely overseas (and hence would be reported in the Aggregate Offshore Record). However, a sizeable minority (8%) of programmes existed where UK study could be involved either built into the programme, as a compulsory period of study (e.g. twinning programmes, articulation arrangements, some supported distance learning programmes, and joint and double degrees) or as an optional part of the programme (e.g. a summer school or study visit).

4.3.4 Location of student registration

Finally, the Higher Education Statistics Agency's categorisation splits collaborative transnational education provision into either UK-registered or overseas-registered provision. These categories have often been used as a proxy for 'franchised' (UK-registered) or 'validated' programmes (overseas-registered). However, the accuracy of that approximation has been questioned in prior research (Drew et al., 2008). In addition, in some cases, students can be registered both overseas and in the UK.

Therefore a question was included to help understand the location of student registration. The findings from the 2,386 programmes where the data was available within the census returns suggest that 54% had UK-registered students, 34% registered students in both the UK and overseas, 11% registered students only overseas and 4% initially registered students overseas and then transferred their registration to the UK. This presents a picture of transnational education programmes where a relatively low proportion of students are registered only with partner organisations. The prior DIUS study reported that 86% of enrolments were UK-registered, suggesting that there has been growth in the number of programmes with partner-registered students in recent years.

Table 4.7 Location of student registration (programmes) by census category (Row %), for programmes where location of registration was reported

		Student registration (Programmes)				
		Total	Both	Overseas	Overseas then UK	UK
Census TNE category	Articulation	18	11%	0%	44%	44%
	Branch campus	221	71%	15%	0%	14%
	Franchise	366	59%	6%	1%	34%
	Joint venture	87	15%	0.0%	35%	51%
	Joint/double/dual Degrees	32	63%	9%	0%	28%
	Other collaborative provision	192	65%	24%	0%	12%
	Other overseas study (e.g. flying faculty, PhD)	76	20%	0%	0%	80%
	Supported distance / flexible learning	265	19%	8%	0%	73%
	Unsupported distance / online learning	843	11%	3%	0%	86%
	Validation	286	42%	39%	16%	3%
	Total	2,386	34%	11%	4%	52%

Table 4.7 demonstrates that there is a mixed picture on location of registration by transnational education type, although overseas partner registrations were dominated by validation arrangements (where it is reasonable that students are registered with the delivering institution). In many cases ‘overseas registered’

students will need to be registered in the UK institution at some point during their study programme, as this may be an essential requirement for a degree award.

Institutions are likely to develop models that suit the needs of their particular partnership arrangements and the case studies suggested that the majority of UK universities refer merely to 'partnerships' in their internal reporting and management, irrespective of the definition of student location

4.4 Level of study

The census dataset provides rich information about each programme which enables an understanding of the target qualification(s) and level for each programme by comparing the Aggregate Offshore Record category (level) with the programme name, and the name of the award(s) that each programme leads to. In most cases, each programme leads only to a single named award, but in some programmes there are multiple pathways leading to different awards. Where possible, enrolments from each pathway were aggregated to programme level by institutions. In total, 48% of programmes reported in the census were at undergraduate level, 41% taught postgraduate and 10% postgraduate research. These proportions can be seen in the total row in Table 4.8.

Analysed by enrolments, the vast majority of enrolments (72%) were at undergraduate (UG) level, with 26% taught postgraduate (PGT) and only 2% postgraduate research (PGR). This can be compared with the analysis by Drew et al. (2008) which found 55% of programmes to be undergraduate and only 1% at postgraduate research level, and could reflect recent growth in taught postgraduate provision.

Table 4.8 shows the profile of different transnational education types by level, in terms of numbers of programmes. This demonstrates that most branch campus and collaborative or partnership programmes are at undergraduate level, except for distance learning, joint/double degrees and other overseas study where postgraduate programmes are numerically greater. Postgraduate programmes make up around 30% of franchise and validation arrangements, whereas three quarters of articulation programmes are at undergraduate level.

Table 4.8 Level of study by transnational education type identified in the census, in terms of number (N) and percentage of programmes (row %)

	PGR		PGT/Masters		UG		Total	
	N	%	N	%	N	%	N	Enrolments
Articulation	1	4.3%	5	21.7%	17	73.9%	23	257
Branch campus	57	13.7%	121	29.0%	239	57.3%	417	22,931
Franchise	-	0.0%	129	28.1%	330	71.9%	459	39,418
Joint venture	43	45.7%	7	7.4%	44	46.8%	94	8,723
Joint/double/ dual degrees	11	26.8%	19	46.3%	11	26.8%	41	1,925
Other collab. provision	31	12.3%	75	29.6%	147	58.1%	253	23,690
Other overseas study (flying faculty PhD)	21	25.0%	41	48.8%	22	26.2%	84	3,339
Supported distance / flexible learning	54	16.6%	193	59.2%	79	24.2%	326	21,777
Unsupported distance/online learning	66	7.6%	492	56.7%	309	35.6%	867	86,358
Validation	-	0.0%	100	33.9%	195	66.1%	295	43,937
Total	284	9.9%	1,182	41.3%	1,393	48.7%	2,859	252,355

4.5 Country of delivery

The country categories (world regions) used in the Aggregate Offshore Record were used to analyse census data on the country of delivery for each programme. While the Aggregate Offshore Record aggregates enrolments in each country by broad transnational education type, the census (because it collected programme-level data) allowed responding institutions to indicate whether each programme was delivered into individual countries (which were specified) or into multiple countries of delivery. Many unsupported distance learning and some collaborative programmes are designed for delivery into multiple countries, or even on a global basis.

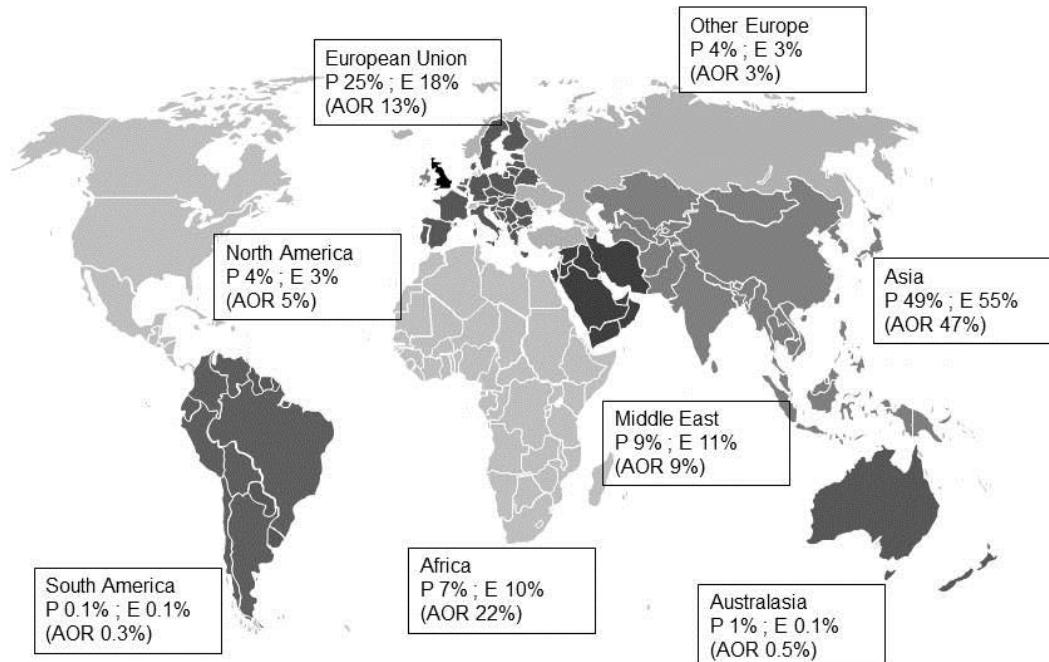
Table 4.9 Enrolments and numbers of census programmes for each transnational education type by geographical region of delivery

	Region	Programmes Enrolments		% Programmes	% Enrolments
Single country delivery	Africa	125	13,484	4%	5%
	Asia	866	71,043	30%	28%
	Australasia	11	111	0%	0%
	European Union	440	23,126	15%	9%
	Middle East	158	14,866	5%	6%
	North America	75	3,502	3%	1%
	Other Europe	82	3,873	3%	1%
	South America	1	10	0%	0%
	Total (single country delivery)	1758	130,015	61%	51%
Multiple country delivery		1117	123,680	39%	49%
	Total	2875	253,695	100%	100%

Table 4.9 demonstrates the geographical spread of transnational education programmes within the census for the 1,758 country-specific programmes. These are shown graphically, as percentages, in Figure 4.1, with Aggregate Offshore Record enrolment proportions (which include inactive enrolments such as at Oxford Brookes University) for comparison.

Analysis of the country-specific programmes showed that 49% of programmes were delivered in countries in Asia, and 25% in countries within the European Union. The Asian programmes were predominantly delivered in Malaysia (30%), China (22%), Singapore (14%) and Hong Kong SAR (13%). Malaysia could be seen to host a wide range of different types of transnational education provision and partnership, whilst Chinese enrolments were dominated by branch campus provision involving a small number of UK universities offering relatively large numbers of programmes. The European Union programmes were more widely spread but with a strong transnational education presence in Greece (31% of European programmes), Ireland (14%) and Germany (13%).

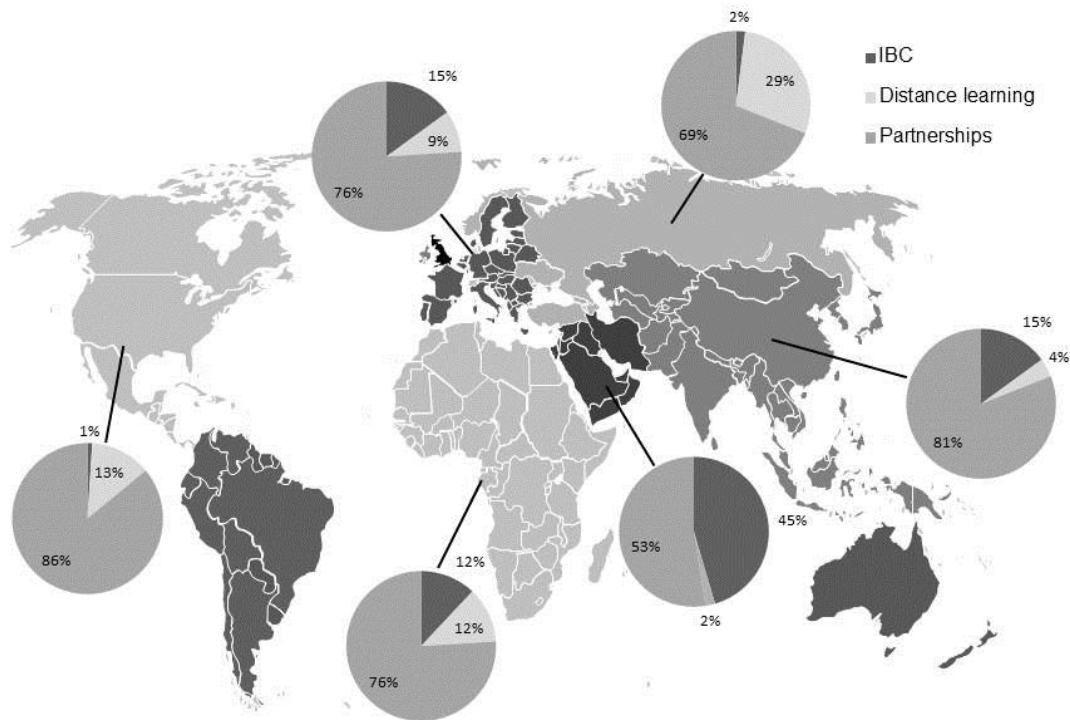
Figure 4.1 Distribution of country-specific programmes as proportion of census programmes (P) and enrolments (E), compared with proportion of Aggregate Offshore Record (AOR) enrolments



When compared with the Aggregate Offshore Record regional totals, Figure 4.1 shows the census data to have higher proportions of active enrolments in Asia and the European Union, and somewhat higher in the Middle East, but significantly lower in Africa, than in the Offshore Record. In a broad sense, the pattern mirrors the finding of Drew et al. (2008) that, other than large-scale distance learning programmes, most UK transnational education is delivered in Asia and the European Union, which is unsurprising as these regions are strongly established markets.

Of the 2,875 programmes reported via the census, 1,117 (39%) were reported as being delivered into multiple countries, of which the largest proportion was unsupported distance learning programmes. These represented 49% of all transnational education enrolments in the census.

Figure 4.2 Mix of main transnational education delivery types (international branch campus (IBC), distance learning or partnerships) for key world regions, as proportion of enrolments in the census, for single-country programmes



Analysis (by enrolments) was undertaken of transnational education programme types and their countries of delivery (Figure 4.2), again for programmes delivered into single countries. This detailed analysis shows partnership provision is dominant in Asia although there is a significant proportion of branch campus activity, but very little distance learning. Branch campuses are much more significant within the transnational education mix in the Middle East (mostly in the UAE), whilst partnership provision is also dominant in other markets. Almost half of all validated programmes are delivered in the European Union (largely in Ireland and Greece), while franchised provision is largely split between Asia (Singapore, Malaysia, Hong Kong and Sri Lanka) and the European Union (mainly Greece), and Joint and Double Degrees have a strong presence within Europe. The proportion of the mix delivered as distance learning is highest in Other Europe and Africa, in terms of single-country programmes. Table A4.1 in Appendix 4 contains the full analysis.

Over 80% of the enrolments on programmes delivered into multiple countries were distance- and flexible learning programmes (and most of the remainder validated and joint programmes). Some of these distance learning programmes were reported as having small numbers of students in a large number of countries. Where such students are largely unsupported (academically) by partnership arrangements, they may not be viewed as transnational education students by the providers but simply

as students located overseas. An example is PhD students studying in their own country who have only sporadic academic engagement with their UK provider (e.g. supervision, research methods training). However, UK institutions are currently instructed to report such students via the Aggregate Offshore Record as they are located overseas for the duration of their studies.

It should be noted that a small number of institutions chose to code programmes that they recorded as collaborations in the Aggregate Offshore Record (as they have an overseas presence) as branch campus provision in the census. This had the effect of artificially inflating the number of programmes and enrolments in the branch campus category (particularly visible for Europe and North Africa).

Based on analysis of the country of delivery for the 1,758 programmes that were not delivered as distance learning into multiple countries, the top 11 countries for UK transnational education delivery are shown in Table 4.10. This demonstrates that the two dominant countries are Malaysia and China in terms of both enrolments and programmes, although further analysis shows differences between these two markets, in that a higher proportion of enrolments in China are via articulation or twinning arrangements, rather than via franchised or validated provision, than in Malaysia. In both countries the number of enrolments in branch campuses has been increasing, especially when articulation or twinning arrangements (e.g. 2+2 programmes) in China are included (which are not all currently reported via the Aggregate Offshore Record).

This 'top country' list broadly resembles the list provided in the Drew et al. (2008) study which was headed by Malaysia, China, Greece, Singapore and Hong Kong. However, Sri Lanka and the UAE were not in the top 10 in that study but contributed 147 programmes to the census, largely due to the growth of branch campuses in the UAE and franchised provision in Sri Lanka.

Further analysis also reveals that, when distance-based provision delivered into multiple countries is excluded, enrolments in Asia are predominantly at undergraduate level (87%), and this dominance of undergraduate provision in terms of enrolments is true for all Asian countries. However, enrolments in North America (largely in the USA) and Europe outside the European Union (especially in Russia) are mainly at postgraduate level – 70% and 72% of enrolments in those regions respectively. Most enrolments in these countries are at the taught masters level (predominantly in business and management subjects, notably MBAs), although 30% of enrolments in the USA are at the postgraduate research level.

Table 4.10 Top 11 countries for UK transnational education delivery ranked by number of programmes (Prog) and enrolments (Enrol)

	Branch campus		Franchise		Validation		Other		Total		Ranking	
	Prog	Enrol	Prog	Enrol	Prog	Enrol	Prog	Enrol	Prog	Enrol	Prog	Enrol
Malaysia	111	4,869	53	12,248	33	1,956	65	6,612	262	25,685	1	1
China	91	5,549	25	1,236	7	559	67	8,943	190	16,287	2	2
Greece	17	1,168	57	1,721	33	2,395	29	218	136	5,502	3	7
Singapore	4	55	59	2,709	12	812	48	1,615	123	5,191	4	8
Hong Kong (SAR)	4	253	51	4,577	7	908	50	4,132	112	9,870	5	3
Sri Lanka	0		49	3,223	6	373	20	813	75	4,409	6	11
UAE	60	6,289	1	19	5	364	6	155	72	6,827	7	5
Ireland	5	639	2	41	44	2,325	11	339	62	3,344	8	12
Germany	31	492	0		12	4,303	13	272	56	5,067	9	9
India	3	39	14	1,388	18	1,920	17	1,124	52	4,471	10	10
Oman	1	383	17	2,804	16	1,339	13	2,558	47	7,084	11	4

4.6 Principal subject

The Aggregate Offshore Record does not capture information about the subject studied in transnational education provision. The census sought to fill this gap by asking for details about the 'principal subject' for each programme as well as seeking the programme's JACS code (Joint Academic Classification System – the code used by the sector to classify each UK award by subject). The census template also recognised that some programmes may cover more than one subject area and sought the 'principal' or main subject. Although programmes offered overseas do not always use the JACS classification, respondents were asked to provide such a code where possible. For some joint degrees it is not always possible to identify a 'principal subject'. Where no subject was provided each programme was allocated to a JACS code where possible by reviewing other information provided about the programme. For simplicity, JACS codes were aggregated to form a high-level subject classification.

Table 4.11 demonstrates the overall strong focus on vocational or professional programmes, with Business and Management by far the most popular subject group, which made up 31% of all programmes and 46% of all enrolments in the census. Subjects considered as the 'STEM' disciplines (Science, Technology, Engineering

and Mathematics) together comprised a similar proportion of programmes (30% overall, excluding Medicine) although constituted a lower proportion (around a quarter) of enrolments.

Table 4.11 Transnational education provision in the census by JACS Principal Subject Area

Subject area (JACS)	Programmes	Enrolments	% Programmes	% Enrolments
Arts & Humanities	421	16,952	15%	7%
Business & Management	874	116,405	31%	46%
Education	139	4,796	5%	2%
Engineering, Technology & Architecture	368	25,136	13%	10%
Maths & Computing	300	30,273	10%	12%
Medicine & Related	231	11,345	8%	4%
<i>No Subject Specialism</i>	30	6,680	1%	3%
Science	212	7,275	7%	3%
Social Studies and Law	284	33,493	10%	13%
Total	2,859	252,355		

Analysis by level of study (Figure 4.3) confirmed the strong focus of transnational education provision in Business and Management, especially at taught postgraduate (PGT) level. It also revealed that Social Studies and Law, Arts and Humanities and Maths and Computing subjects were much more commonly studied at undergraduate (UG) level, while there was more of a balance between these levels in Business and Management and Engineering and related subjects. Professional areas of study such as Education and Medicine-related subjects were more likely to be studied at the postgraduate level.

Figure 4.3 Principal subject area for levels of study (by census enrolments)

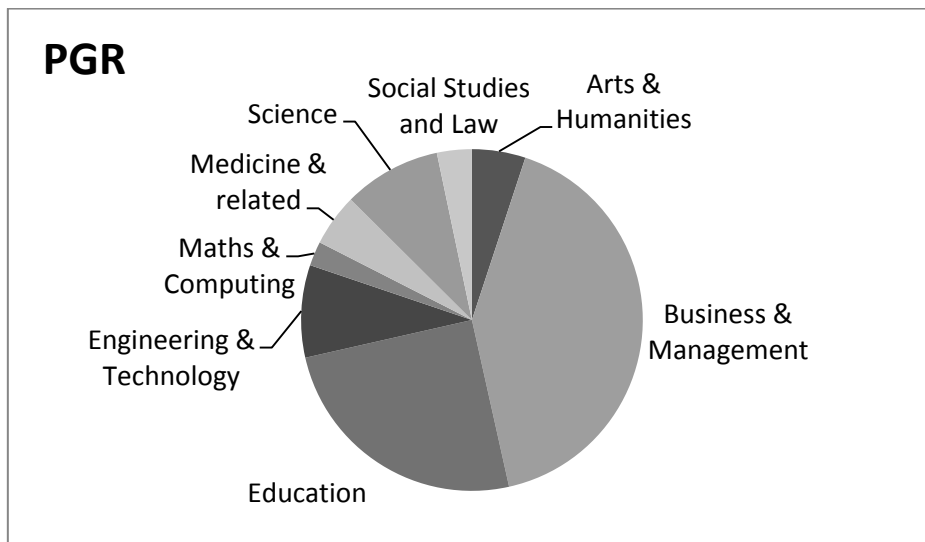
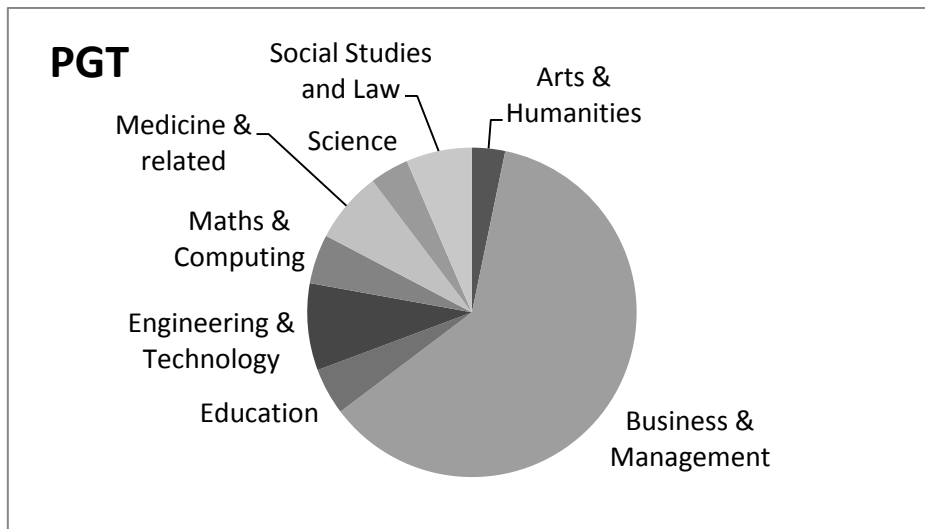
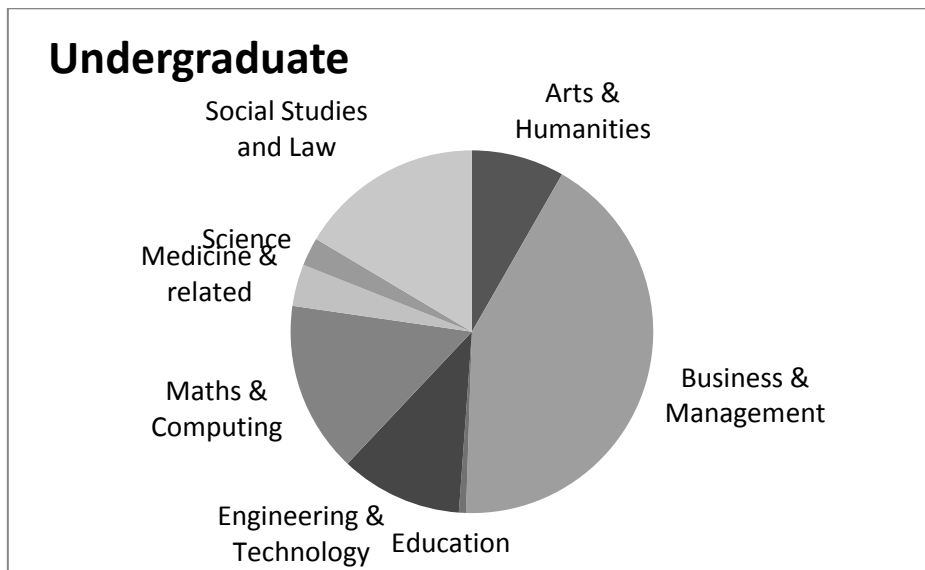
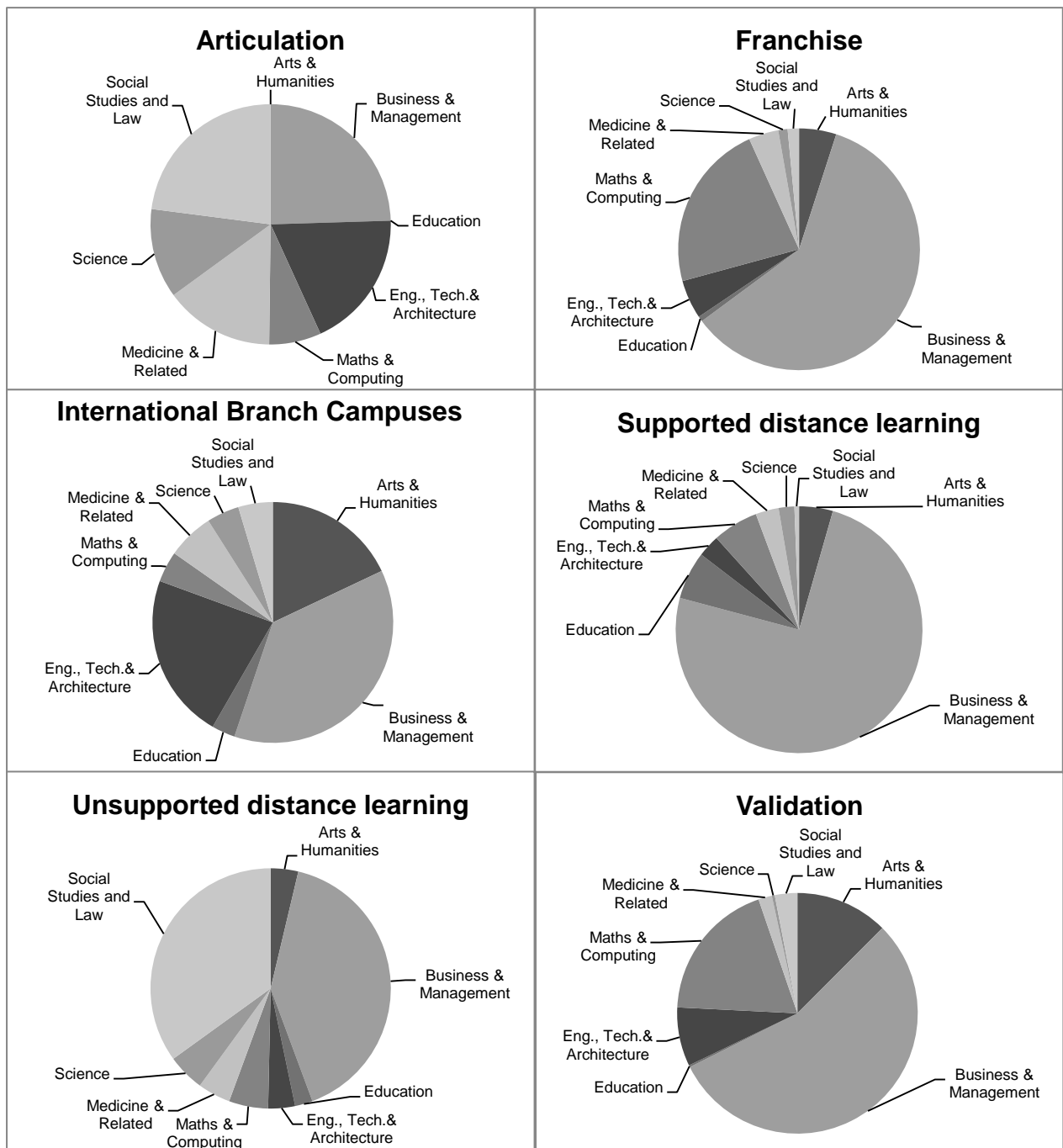


Figure 4.4 Subject of study for key delivery types in the census (as proportions of enrolments)



Although overall transnational education provision was dominated by Business and Management programmes, there were some subtle differences by delivery type (Figure 4.4). For example, there was a strong presence of Maths and Computing programmes in franchise arrangements and of Engineering-related programmes within branch campuses and also validation arrangements. On the other hand, Arts and Humanities subjects were more common within validation programmes. Social Studies and Law were most common within articulation and unsupported distance learning programmes. The greatest range of different subjects was seen in branch campus and distance learning activity. Data for all transnational education types within the census are provided in Table A4.2 in Appendix 4.

Additional geographical analysis shows that Arts and Humanities programmes tended to be more commonly delivered within Europe, whilst Maths and Computing comprised over a quarter of programmes in Africa and Science programmes comprised 30% of North American enrolments.

To some extent, at its broadest level this subject analysis echoes the results of Drew et al. (2008), but it also shows that there has been growth in Engineering-related and other Science, Technology, Engineering and Mathematics (STEM) subject group provision, notably in branch campus delivery.

4.7 Mode of study

The Aggregate Offshore Record does not collect information about the mode of study for transnational education programmes, and Drew et al. (2008) suggested that terms commonly used in the UK to describe study mode such as 'full-time' and 'part-time' are less meaningful in overseas contexts. Nevertheless, the census asked institutions to indicate whether each programme was designed to be studied full-time or part-time (or either) to ascertain whether mode of study is now a more pertinent issue in transnational education. Of the 2,303 programmes where a response was provided, 20% of enrolments (34% of programmes) were part-time and 28% full-time (34% of programmes), with the remainder (32% of programmes, denoted as 'Flexible' in Table 4.12) suggesting that both modes of study were available to students. A similar pattern emerged whether or not the largest providers were included. Mode of study was unknown for 20% of all programmes reported (and substantial proportions within some types), perhaps because the nature or options for study made the programme difficult to categorise.

More detailed analysis revealed that, perhaps unsurprisingly, undergraduate programmes were more commonly full-time than other levels of study, and taught postgraduate programmes more commonly part-time, but also that larger proportions of enrolments in Asia and the European Union were full-time than in other regions.

Table 4.12 suggests that distance learning programmes and types of transnational education provision where study does not require regular tutor contact (e.g. doctoral studies and flying faculty arrangements) are more commonly part-time, while

articulation programmes, franchise and validation provision are more frequently full-time or at least offer a full-time option. Most branch campus programmes were also offered flexibly.

Table 4.12 Analysis of selected transnational education delivery types by mode of study, where known, for census institutions

Census TNE type	Study mode	Programmes	Enrolments	% Programmes	% Enrolments
Articulation	Full-time	11	119	100%	100%
Branch campus	Flexible	152	8496	69%	65%
	Full-time	34	2514	15%	19%
	Part-time	35	2027	15%	16%
Franchise	Flexible	128	15576	28%	40%
	Full-time	241	16375	53%	42%
	Part-time	90	7467	20%	19%
Other overseas study (e.g. flying faculty, PhD)	Flexible	1	64	1%	3%
	Full-time	9	358	12%	16%
	Part-time	65	1949	86%	81%
Supported distance/flexible learning	Flexible	21	331	7%	3%
	Full-time	67	915	23%	6%
	Part-time	198	12541	69%	92%
Unsupported distance / online learning	Flexible	216	52148	37%	75%
	Full-time	36	361	6%	0%
	Part-time	333	17263	57%	25%
Validation	Flexible	118	27534	40%	63%
	Full-time	144	13730	49%	31%
	Part-time	31	2520	11%	6%
Total	Flexible	738	111626	26%	44%
	Full-time	788	60383	27%	24%
	Part-time	777	44249	27%	17%
	Unknown	572	37438	20%	15%
	Total	2875	253696	100%	100%

This suggests a rather mixed picture of mode of study across the sector, although the majority of transnational education appears to involve at least some form of part-time study. This has implications for understanding the nature and value of transnational education provision, since Aggregate Offshore Record enrolment data are based on headcount rather than full-time equivalence (FTE). The census did not ask whether students were employed but, where there was a choice of study mode, it seems very likely that this could be based around both working students (studying part-time) and non-working (studying full-time) cohorts.

4.8 Programme income and status

4.8.1 Income by transnational education programme

To help inform the estimations of national transnational education income and value within the project (chapters 5 and 6), institutions were asked to provide the total income received by their institution from each programme whilst students were in the UK and when they were studying overseas. Very few (14) institutions were willing to provide such income data and fewer still were able to break this down into that part generated in the UK as opposed to overseas. Income data were received in relation to 9% of all programmes in the census dataset, and this information was used to refine the financial analysis undertaken.

4.7.2 Status of transnational education programmes

The final key census variable considered here was an indication of the current status of each programme, which aimed to help improve understanding about the future shape of UK transnational education provision and to assist in identifying future projections of scale and value. The census sought to know whether each programme was growing, roughly steady or being closed down. Understanding institutional thinking about future transnational education delivery was important since the census was effectively retrospective, seeking data about 2012/13 programmes and enrolments (in order to match the Aggregate Offshore Record data collection used). Some of these data could therefore relate to programmes that are now no longer recruiting (often described as in a 'teach-out' state).

Overall, the majority (56%) of the 1,410 transnational education programmes where details about future plans were reported were expected to be maintained at their current level by their provider institutions, whilst 25% were in expansion mode and 19% were being closed down (Table 4.13). Overall, 26 of the 63 responding institutions suggested at least some expected expansion in their provision in relation to the 2012/13 level.

At the institutional level, Drew et al. (2008) found that 29% of reporting institutions provided data about planned additional transnational education provision, the majority by post-1992 institutions. It also found that 40% of planned transnational education programmes were franchises, 14% were distance-learning programmes, 13% flying-faculty arrangements and 10% validation arrangements.

Table 4.13 Current status of programmes, by type, for census institutions

Census TNE type	Future plans	Programmes	Enrolments	% Programmes	% Enrolments
Articulation	Maintaining	77	7	100.0%	100.0%
Branch campus	Expanding	241	1	2.8%	0.6%
	Maintaining	8,138	156	92.9%	91.2%
	Teach-out	382	14	4.4%	8.2%
Franchise	Expanding	15,501	82	49.0%	22.8%
	Maintaining	14,074	198	44.4%	55.0%
	Teach-out	2,089	80	6.6%	22.2%
Joint venture	Expanding	27	5	1.1%	31.3%
	Maintaining	2,504	11	98.9%	68.8%
Joint/double/dual degrees	Expanding	573	6	35.0%	27.3%
	Maintaining	999	12	61.1%	54.5%
	Teach-out	64	4	3.9%	18.2%
Other collaborative provision	Expanding	3,120	36	22.6%	22.4%
	Maintaining	9,501	87	68.8%	54.0%
	Teach-out	1,192	38	8.6%	23.6%
Other overseas study (e.g. flying faculty, PhD)	Expanding	56	1	3.1%	3.8%
	Maintaining	1,450	17	81.3%	65.4%
	Teach-out	278	8	15.6%	30.8%
Supported distance/flexible learning	Expanding	6,678	55	52.4%	23.5%
	Maintaining	5,516	129	43.3%	55.1%
	Teach-out	543	50	4.3%	21.4%
Unsupported distance / online learning	Expanding	4,672	159	69.4%	67.4%
	Maintaining	1,611	66	23.9%	28.0%
	Teach-out	449	11	6.7%	4.7%
Validation	Expanding	795	9	5.9%	5.1%
	Maintaining	7,710	110	57.2%	62.1%
	Teach-out	4,972	58	36.9%	32.8%
Total	Expanding	31,663	354	34.0%	25.1%
	Maintaining	51,580	793	55.3%	56.2%
	Teach-out	9,969	263	10.7%	18.7%

Note: Absent rows indicate that zero data would be reported in that row

Geographical analysis of status data (Figure 4.5) suggests that the highest proportion of expanding programmes tends to be found in Asia (around a quarter of programmes) and in the Middle East, primarily in Malaysia, Sri Lanka and Oman. A similar proportion of programmes with multiple countries of delivery (e.g. mainly distance learning programmes) were of this status. On the other hand, a relatively higher proportion of programmes were in 'teach out' status in the European Union, many of which were validation arrangements (notably in Poland, Ireland, the Czech Republic and Greece), while very few in the Middle East were in this situation. Full data for this analysis can be found in Appendix 4 (Table A4.3).

By principal subject, a quarter of Medicine and related programmes were in expansion mode, 19% of Social Studies and Law programmes, 15% in Science and 13% in Business and Management. This contrasts somewhat with Drew et al. (2008) who found that the strongest planned growth was in the Business and Administrative Studies field.

Figure 4.5 Current status of transnational education programmes, for key geographic regions (analysed by number of single-country delivery programmes)

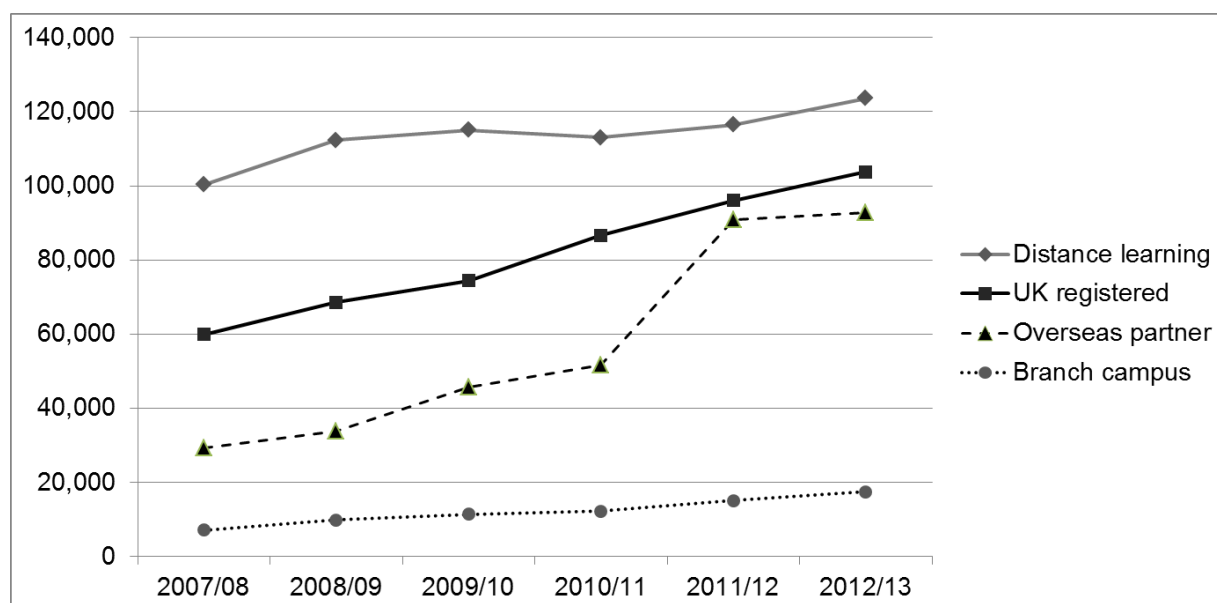


4.9 Trends in the provision of UK transnational education

The census results provide a snapshot of the UK transnational education programmes and enrolments around the world and facilitate a clearer understanding of the wide mix of means through which programmes were delivered in 2012/13. The indications of future plans for each programme are also useful, in the context of seeking to understand likely future trends.

However, reliable trend data do not yet exist, given that the Aggregate Offshore Record only became compulsory for completion in 2007/08. It has taken two or three years for UK institutions to improve their collation of transnational education statistics for reporting. For example, some leading providers only made their first Aggregate Offshore Record return in 2011. With these considerations in mind, Figure 4.6 is presented to illustrate the trend in transnational education enrolments for UK institutions over the last few years, by mode of study (using the Aggregate Offshore Record mode definitions). The total reported through the 2012/13 Aggregate Offshore Record was 5% higher than in the previous year (HESA, 2014).

Figure 4.6 Trends in enrolments to transnational education programmes offered through UK institutions, by mode of delivery (from Aggregate Offshore Record data, excluding Oxford Brookes ACCA enrolments)



The sharp rise in 'Overseas Partner' enrolments from 2010/11 is thought to relate to a number of institutions that provided these data for the first time in 2011/12, as well as some institutions coding their data differently (especially for validated programmes). Reporting for other modes had been more consistent in the Aggregate Offshore Record, but Drew et al. (2008) suggested that many institutions found it easier to provide data on partner-registered students than others.

The indications from the interviews and census returns from participating institutions are that enrolment growth for UK transnational education appears set to continue, although there is a probable need for another two years of reliable Aggregate Offshore Record data before any predictions can be made meaningfully based on analysis of actual trends. A number of observations follow, based on the census analysis and also interviews with staff in institutions as part of the case study research (chapter 5):

International branch campuses. Enrolments at UK international branch campuses appear to be surging. However, unless new campuses are opened or existing ones expanded, a steady state is soon likely to be achieved as the current campuses reach maximum capacity. Obtaining an understanding of actual capacity and growth for branch campuses is complicated as UK institutions seem to define branch campuses differently, particularly where there are limited programmes on offer. This mirrors the observation by Drew et al. (2008) that some institutions tagged a programme as an 'overseas campus' whenever they had any kind of physical infrastructure overseas.

Distance learning. UK institutions expressed most optimism in relation to growing their distance learning programmes and associated enrolments, particularly for unsupported and online provision. This represents a clear shift from the earlier DIUS study (Drew et al., 2008) where there was a strong focus on growing franchised provision in both the pre- and post-1992 parts of the sector. In the census, only the post-1992 institutions still have a focus on expanding franchised provision, whereas expansion in the pre-1992 sector is focused almost entirely on online and distance learning. Enrolments in Europe and North America are greater for distance learning than for other modes, and Russell Group institutions are the most actively involved, in addition to a few non-aligned institutions which have relatively large amounts of distance learning provision. When University of London International and Open University distance learning enrolments are included, 43% of distance learning enrolments are at postgraduate level (without these two the proportion rises to 78%).

It is anticipated that ultimately there will be growth in the acceptability of fully online degree programmes, particularly across Asia where currently there is some reluctance; this will likely be hastened by the growth of MOOCs (Massive Open Online Courses) and greater global broadband penetration.

Partnerships (validation, franchise and other arrangements). The strongest growth has been for direct registration with the UK institution, and this definition might also include supported distance learning, given the overlap in the ways that institutions define these activities. Strongest growth is expected for franchised programmes where UK institutions retain strong control over teaching, learning and assessment, while validated programmes are likely to be maintained at current levels. Future plans for collaborative provision are often highly sensitive to changes in quality assurance policy in both the UK and in host countries.

Current teach-out situations were most commonly reported for validated programmes and this is likely to be for a number of reasons:

- UK institutions are improving their monitoring and controls over partnerships and this is leading to expectations of greater financial returns as well as an improved emphasis on the quality of what is delivered by the partner;
- The ongoing impact of the financial crisis – in some countries the prevailing economics may make studying via a transnational education programme less affordable to students;
- Expansion of the European Union and the subsequent accessibility of UK financial support to students in Eastern Europe for higher education study over the past 10 years have made study in the UK more attractive compared with transnational education provision;
- Overseas partners are increasingly seeking to ‘go it alone’ as they gain confidence and, in many cases, obtain their own degree-awarding powers, thus negating the need for external validation;
- The partnership no longer fits with the institution’s international partnership strategy or some other priority;
- The original staff member who nurtured and provided academic liaison (including quality oversight and monitoring) for the relationship has moved on or changed role.

4.10 Other information sought

The census also sought to collect a variety of other data about transnational education programmes that could potentially be used to develop a more detailed understanding of the transnational education provision of participating institutions. However, many institutions were unable – or unwilling – to provide this level of detailed information at the programme level. Reasons given by institutions for not doing so included that the data were unavailable, or that it would be very time-consuming and/or difficult to collate, or that they were unsure of the relevance of collecting these data, or were unwilling to provide it for reasons of commercial sensitivity. Consequently, there would be restricted value in analysis of these additional data because the dataset achieved is very partial and likely to be unrepresentative.

4.11 Comparison with Aggregate Offshore Record data

As noted in section 4.2, the census captured more enrolments from the responding institutions than they had provided in their returns for the 2012/13 Aggregate Offshore Record. The census dataset includes data from three small institutions which did not provide transnational education data for the 2012/13 Aggregate Offshore Record and six institutions reported higher enrolments within their census return than they had done in their Offshore Record return.

A comparison of Offshore Record and census returns using the Higher Education Statistics Agency’s transnational education type categories highlights relatively minor discrepancies for some types but a major discrepancy for the ‘overseas registered’ category. This is because 255,973 Oxford Brookes students were coded as ‘Other’ in the census rather than as overseas-registered in the Offshore Record. If these enrolments are switched to ‘overseas registered’ instead of ‘Other’, then the proportion of enrolments that are partner-registered becomes 60%, which is very close to the 61% reported in the Aggregate Offshore Record (Table 4.14). The proportions broadly match across the other different transnational education types.

Oxford Brookes University was very helpful in explaining the background to its transnational education enrolments and itself considers this programme as a validated programme. In our own detailed census categorisation, we chose to code it ‘Supported distance/flexible learning’ based on the information provided in the census template.

Table 4.14 Enrolments by transnational education type in the 2012/13 Aggregate Offshore Record (AOR) and census, for institutions responding to the census

HESA TNE type	Census		AOR	
	Enrolments	%	Enrolments	%
Overseas registered	304,282	60%	309,745	61%
UK registered	71,642	14%	70,690	14%
Flexible and distance learning	106,004	21%	106,070	21%
Branch campus	22,828	4%	17,180	3%
Other	521	0%	290	0%
Unknown	2,716	1%	0	0%
Total	507,993		503,980	

Other discrepancies in enrolment numbers between the Offshore Record and the census could result from any or a combination of the following:

- Different criteria for inclusion in the census versus the Aggregate Offshore Record (i.e. inclusion of all types of transnational education and clarification of the eligibility criteria);
- Different institutional units or other sources within institutions providing the data (e.g. Partnership Offices rather than the Registry);
- Errors in coding;
- Different time-points for data collection.

5 Fees and revenue

This chapter considers the fees and revenues associated with transnational education activity in total and according to delivery mode and level of study. More detailed analysis for certain institutions, markets and key subjects of study are included where possible.

In the sections that follow we set out an indication of the fees charged together with some operational details for programmes within the case studies listed in section 3.4. These fee and revenue figures have then been employed to scale-up and estimate total revenue (including by mode) for all UK transnational education enrolments based on data from the census returns in this project (Chapter 4) and data from the Aggregate Offshore Record for institutions that did not participate in the census. The methodology behind this 'scaling up' process was summarised in section 3.5. Some other, more refined, analyses that draw on detailed census data are presented towards the end of the chapter.

In order to provide some comparability with previous studies, the analysis has used the definitions and categories of transnational education mode used in the Aggregate Offshore Record; this also made it easier to include data from the Offshore Record for institutions that did not provide a census return:

- 'Branch campus': students registered at a UK higher education institution, studying for UK award and located at the institution's overseas campus;
- 'UK registered (partnership)': students registered at a UK institution, studying for a UK award and located somewhere overseas other than the UK institution's overseas campus (franchise, validation, dual/joint award, twinning);
- 'Overseas registered (partnership)': students registered at an overseas partner organisation, studying for a UK award (franchise, validation, dual/joint award, twinning);
- 'Flexible distance learning': students registered at a UK higher education institution and studying through distance, flexible and distributed learning.

The analysis relates only to students who are based overseas for the full duration of their degree programme, which is a requirement for inclusion in the Aggregate Offshore Record. Revenues and other benefits associated with students who study for part of their programme through transnational education arrangements are considered separately.

5.1 Summary of results

- We estimate a total transnational education revenue figure for the UK of almost £496 million for 2012/13, which is significantly higher than estimates in previous

studies. This is likely to reflect an increase in transnational education activity since those studies but may also be due to the more detailed nature of our research with UK institutions to obtain the data.

- transnational education provision represents around 11% of cumulative international fee revenues to UK higher education institutions. This is a relatively cautious position overall in terms of the level of exposure to transnational education by institutions. The stated strategy of many UK universities is to enter such arrangements not only to generate revenue but to enhance their global profile and long-term international position.
- The annual fee accruing to UK institutions across all modes and levels of transnational education varied widely, but averaged approximately £1,530 per active student in 2012/13.
- Distance learning, at both undergraduate and postgraduate level, generates a much greater total revenue than partnership arrangements, with taught postgraduate distance learning the largest income stream. Revenue per student per annum is much higher for distance learning than the fees associated with partnership arrangements such as franchise and validation, although economies of scale with the latter can result in substantial revenues.
- International branch campuses only result in small revenue streams to the UK, due to their structural arrangements. We estimate the total turnover of UK institutions' branch campuses in 2012/13 to have been approximately £140 million. This activity also results in additional international student enrolments at their respective UK campuses, where they will pay international fees.
- Articulation arrangements are extremely important as a pathway for international students to access higher education study at UK campuses, mainly at undergraduate level. We estimate that these arrangements lead to a gross income (within the total income for international higher education study in the UK) of approximately £711 million in 2012/13. This is currently very strongly dependent on Chinese undergraduate articulations.
- Programmes in the Business and Management area accounted for 46% of all active transnational education enrolments in 2012/13. Business and Management Masters programmes in this subject area represent around 18% of all enrolments but 56% of total revenues. MBA programmes alone generated approximately £186 million that year.
- Other indirect revenues associated with transnational education delivery are more modest, although could be substantial where a UK university's in-country presence attracts more enrolments at its UK campus as international students. This 'halo effect' is thought to be greatest where there is branch campus activity.

5.2 Financial strategies in higher education institutions

The strategic and tactical aims underpinning transnational education activity varied widely amongst the institutions visited and/or interviewed for the case studies, including:

- To provide and/or diversify in-country opportunities for international students and thereby reduce exposure to reliance on direct recruitment to the UK campus;
- To have a range of transnational education partnerships in selected countries with the aim of building up the university's reputation in those countries, aiding international student recruitment;
- To extend the university's global reach and reputation through establishing international branch campuses;
- To grow global links with business and industry;
- To have a limited number of large transnational education partnerships, principally to generate income both from the partnership and from international students articulating full-time to the UK, with no expectation of other benefits such as research collaborations;
- To select only transnational education partners with whom research collaboration could be anticipated;
- To enhance the quality of the learning experience for students through encouraging mobility between branch campuses and partner institutions;
- To develop a portfolio of dual or joint degree relationships, facilitating outward mobility for home/European Union students to study with partners;
- To have a number of partnerships that focus on capacity-building in an emerging economy – these were often initiated by a donor or funding agency and were only expected to recover costs rather than make a financial surplus;
- To provide distance learning programmes (supported and unsupported) to generate revenue;
- To develop distance learning programmes (particularly online) to stimulate staff development and new approaches to delivery within the university.

The success of many UK universities in growing their transnational education activity globally has partly been based on their ability to respond flexibly to local student and partner needs, as well as to the broader market environment. This has essentially resulted in different approaches being adopted for different relationships, modes of delivery, methods and levels and, in particular, different fees being charged. Some examples of these variations are highlighted in this chapter.

5.3 Revenues of the largest providers

The census returns demonstrated the global success of University of London International Programmes (ULIP) and the Open University (OU) in the delivery of

transnational education, as together they account for over 92,700 active enrolments – over 50,000 enrolments for 2012/13 on University of London International programmes and 42,000 Open University (Table 5.1). Both of these universities provide details of their revenues from international student enrolments in their Annual Accounts and these were employed for this study. Their students follow both distance learning and partnership programmes, at undergraduate and postgraduate level, although neither transnational education modes nor levels are disaggregated in their published accounts data (i.e. only total fee income is presented).

Table 5.1 2012/13 enrolments and published fee revenue for University of London International Programmes and the Open University

Institution	Total enrolments ¹	Total revenue	Comments
University of London International Programmes	50,725	£48.9m ²	From published accounts
Open University	42,040	£21.4m ³	From published accounts

Notes:

1. From census returns, for active enrolments.
2. Revenue associated only with international activities; published figures adjusted following advice from ULIP
3. From OU Financial Statement 2013 (p50: ‘Student fees overseas’)

Its census return indicates that the 42,040 enrolments at the Open University comprised 43% who were following flexible distance learning programmes and 57% who were registered through a foreign partner. Approximately 22% were studying at postgraduate level, with the remainder on undergraduate or foundation programmes.

The University of London’s International Programmes are delivered globally through collaboration with 12 colleges of the University of London⁵. All the 50,725 active students overseas it detailed in the census were reported to be following flexible distance learning programmes, although there are many ‘Affiliate’ or ‘Registered’ partner institutions that provide support for students. Of these students, 86% were following undergraduate or foundation programmes.

The revenue presented in Table 5.1 relates to international enrolments, and is an estimate derived from University of London International’s total revenue (for international and UK students combined) of £52.7 million in 2012/13. The £48.9 million stated is an estimate based on known UK and international enrolments. A

⁵ <http://www.londoninternational.ac.uk/>

share of these revenues (fee and surplus) is passed to the lead London College involved, which totalled £20.5 million in 2012/13, while a net surplus of £3.3 million was returned to the central funds of the University of London.

Oxford Brookes University is often also considered as another of the largest transnational education providers. As reported in section 3.3.4, its enrolments have been treated carefully, given that over 250,000 of its students are in programmes delivered in cooperation with ACCA, many thought to be inactive. We were able to include Oxford Brookes in the scaled-up estimates that follow by using only the number of students that it informed us were 'active' (9,245 students on ACCA and other programmes).

ULIP – International College of Economics and Finance, Moscow

The University of London has a partnership with the International College of Economics and Finance (ICEF), Moscow. The London School of Economics and Political Sciences (LSE) is the academic lead and ICEF represents the collaborative effort of the two universities to provide international education to specialists in the fields of economics, finance and banking. The undergraduate students at ICEF study for a double degree – a University of London award and a Russian degree. In 2012/13, there were 458 students studying for these undergraduate degrees. Under a special arrangement with LSE, ICEF also offers a two-year MSc in Economics, for which there were 60 students enrolled.

5.4 Validation, franchise and related partnership arrangements

5.4.1 Observations from case study institutions

In the case of validation and franchise partnerships, a fee to the UK institution is part of the course fee that the student in-country has to pay to the partner institution. In some countries this is invisible to the student but in others it is identified separately and either the student is expected to pay it to the partner in pounds sterling – for onward remission to the UK – or by direct payment themselves to the UK institution. In some cases the student may also pay a fee directly to the UK institution specifically for examinations, especially if these are taken in a centre outside the partner institution.

It should be mentioned that there could be overlap between validated and other transnational education arrangements, particularly supported distance learning. UK institutions and their partners tend to develop their arrangements on a bespoke basis to suit local market demand, their own competencies and materials available. For example, a local partner might recruit, receive course fees from and teach students, employing the UK institution's distance learning materials, while in addition their students will access materials online from the UK institution. The local partner will charge the student a fee and remit a proportion of this back to the UK institution. While this is not strictly a validation, it is a locally delivered programme involving a

partner that has gone through some form of approval process and might also be subject to Quality Assurance Agency (QAA) scrutiny.

A wide range of fees was reported to be received in relation to validation and franchise programmes in the partnership case studies, varying from £300 to £1,350 per student at undergraduate level. In some cases the annual fee rose as the programme progressed, and could be lower for part-time programmes. The fees for MBAs and taught postgraduate courses were higher, very considerably in some cases, and also varied to a similar extent. High fees could reflect high levels of staff time input from the UK provider, but also related to the regional market. Fees for programmes in Asia and some developing markets could be lower than those in mature markets such as Europe. The wide ranges are also partly due to differences in detailed arrangements in different partnerships, many of which have historically been established by individual schools or faculties rather than by a central unit in the UK institution which might seek consistency of fee arrangements.

A number of observations on fee arrangements for partnership delivery follow, based on the case study investigations:

- The most common method of charging for franchise programmes and validations is a fee per student that is paid to the UK institution by the overseas partner;
- Most institutions charge a fee for validating a partner's provision at the start of a relationship, so that students can be confident that the partner's provision will allow them to enroll onto the programme;
- Some UK institutions do not charge fees for validation visits, but merely expect the expenses of a validation visit to be reimbursed. These validation fees have a fixed term – usually between 3 and 5 years – after which revalidation is required;
- Fees have often been negotiated directly with the partner by the faculty or school (which accounts for some being at very low levels), but there is a general trend for the “centre” of the university to seek to exercise control over this and set standard fees, or at least minimum levels. For example, one institution targets a £1,000 fee per student for its MBA and £700 per annum for its undergraduate programmes, another aims for £1,500 and £500, respectively, for similar programmes;
- UK institutions sometimes set minimum fee levels which are linked to targeted student numbers, so that the institution can be sure of recovering its fixed costs in operating the partnership. Thus, an institution might aim to receive at least £40,00 in fee payment from a partner based on a minimum of, say, 50 franchise students at a fee of £800 per student;
- Where such a minimum number has been set, some institutions will reduce the fee per student once the minimum has been surpassed. One example had an annual fee of £1,000 per student up to the agreed minimum number of students with £800 per student above that;
- A common situation is for the course fees to be collected by the local partner institution and then the UK institution to invoice the partner in pounds sterling for

its fee. All new contracts seen in the case studies followed this model in their conditions;

- There can be unequal phasing of a fee over a three or four year programme; in one example a total fee of £1,500 per student was charged at £300, £500 and £700 in the three years, respectively;
- There can be disagreements over the number of students for which fees are payable due to timing and definitional problems. However, the scope for such disagreement is reduced where they are registered in the UK institution;
- Institutions reported that most overseas partners made payments in accordance with terms agreed, although some might hold up payments if they think they can benefit from exchange rate fluctuations;
- In many cases contracts with partners sought to increase fees in line with UK inflation, but this is not always accepted in the negotiations with the partner.
- In markets where there are many UK providers, there is evidence of overseas partners using this competition to derive advantage when negotiating new partnership agreements or renewals;
- In some cases, principally relating to supported distance-learning programmes, a local partner recruits the students and provides varying levels of service according to their own staff competencies and infrastructure: for example registration, tutorial support, other teaching and facilities, according to its abilities. A common approach is for the local partner to set and collect the course fee according to the local market, then remit a pre-agreed sum per student to the UK institution, while retaining the balance;
- Difficulties were reported in receiving fees when the UK institution has decided to terminate the partnership and needs to teach-out the cohorts of students. There is an indication that such risks are not built into the initial costing of the programme. Additionally, especially if the separation has not been amicable, the local partner might hold back remittances.

5.4.2 Revenue from franchise, validation and partnerships arrangements

The gross estimated revenue for the UK associated with undergraduate programmes for 2012/13 was over £65 million (Table 5.2), using 2012/13 enrolment data. As previously described (section 3.5), the enrolment data used were the sum of census returns plus an amended figure from Aggregate Offshore Record returns for those institutions that did not participate in the census. The average fee was based on confidential returns and/or interviews with institutions that covered over 6,200 enrolments. The average fees used were the same for both Aggregate Offshore Record categories (overseas or UK registered), as the universities interviewed tended to classify them both simply as partnerships. The total revenue is made up of £22.8 million from those recorded as registered overseas and nearly £42.7m for those registered with the UK institution.

Table 5.2 Total estimated annual revenues to UK higher education institutions associated with undergraduate franchise, validation and related partnership programmes (2012/13)

UG Overseas registered		UG UK Registered	
Census enrolments	17,920	Census enrolments	62,650
Aggregate Offshore Record amended enrolments	30,540	Aggregate Offshore Record amended enrolments	28,140
Total enrolments	48,460	Total enrolments	90,790
Average fee per enrolment pa	£470	Average fee per enrolment pa	£470
Total revenue	£22.8m	Total revenue	£42.7m

Table 5.3 Total estimated annual revenues to UK institutions from postgraduate taught programmes delivered through various partnership arrangements (2012/13)

PGT Overseas registered		PGT UK Registered	
Census enrolments	7,425	Census enrolments	10,320
Aggregate Offshore Record amended enrolments	12,655	Aggregate Offshore Record amended enrolments	4,635
Total enrolments	20,080	Total enrolments	14,955
Average fee per enrolment pa	£3,628	Average fee per enrolment pa	£3,628
Total revenue	£72.9m	Total revenue	£54.3m

For taught postgraduate programmes, the total estimated revenue was larger at around £127 million (Table 5.3). The approach to calculating these figures followed that for undergraduates. The significantly higher average annual fee for taught postgraduate programmes seems to be influenced strongly by the relatively large number of students following MBA and other business- and management-related Masters programmes which command higher fees, including those from Russell Group and other research-led universities (which tend to have more modest undergraduate involvement).

Interestingly, the majority of students on undergraduate programmes are directly registered with the UK institution, whereas at postgraduate level the largest proportion is registered first with the partner. While the reasons for this are not clear, one might be related to future articulation arrangements to the UK institution; this is significant at undergraduate level but quite limited for postgraduate students (see section 5.8.2).

We did note some overlap in these broad transnational education delivery mode classifications, between partnerships involving franchise, validation and other arrangements and some approaches to providing supported distance learning. The latter may require a partnership to provide academic and/or administrative in-country support.

5.5 Distance learning

5.5.1 Introduction

Most distance learning programmes are not country-specific and programmes (including wholly online) are offered globally, as a result of which UK, European Union and other international students may all pay the same fee. Students pay course fees direct to the UK institution, although there are a small number of cases of supported distance learning where all or part of the course fee might be paid to the overseas institution that provides support (a proportion of which is remitted to the UK institution).

We were able to explore approaches to the support and delivery of a selection of UK distance learning programmes in the case studies. A summary of key aspects of postgraduate distance learning programmes is provided in Table 5.5, within which the course fees are for the total programme. Undergraduate programmes are discussed separately, noting that course fees for those are almost universally charged per annum or per module, rather than for the full degree award.

A number of observations can be made based on Table 5.4:

- The course fees for Masters programmes are extremely varied – from £4,000 to over £30,000 per full programme, with the median for those reviewed approximately £12,000;
- Business and Management-related programmes, particularly MBAs, attract the greatest course fees;
- There are far fewer science and technology programmes, in comparison, and those that are on offer tend to have course fees significantly below the level for Business and Management-related programmes.

Table 5.4 Provision of taught postgraduate programmes offered through distance learning (DL) by case study institutions, including location of delivery, level and subject of study, delivery options, duration and total programme fees

Country	Level	Subject	Delivery options	Course fee ¹	Course duration
> 100 countries	Various MSc and MA programmes	All subjects	Online and supported DL	£10,400 to £12,000	Various
>100 countries	MBA	Business and related	Online and supported DL	£13,815	Flexible
>100 countries	MBA	Business and related	i. Online; ii. Supported DL with partner	£8,775	Not fixed
>50 countries	Master degrees	Several disciplines	All online	£9,300 to £11,850 with subject	Typically 3 years
>50 countries	Suite of MBAs	Business, finance and related	Online and required attendance at residential	£22,000 to £36,000	3 to 5 years
	Professional doctorate	Management and education related	Online and residential	£28,000	Up to 6 years
Canada, Tanzania	3 MSc programmes	Electrical Engineering	Online and required attendance at residential	£10,043 in five instalments	Typically: 2-3 years
Russia	MBA	Business	Online and required attendance at residential	£16,000	Not fixed
30 countries	MSc	Energy engineering	i. Online; ii. Supported DL with partner	Average £8,675	1 to 3 years
Malta, UAE	MSc	Banking finance		£4,000 for four modules	3 years

¹Note: Total course fee per student

5.5.2 Setting fee levels

In the main, the course fees charged for distance learning programmes tend to vary less than those for in-country delivery partnerships, partly because a single fee tends to be required and set globally for all students (including for UK students). However,

there can be course fee variations where programmes are marketed in specific countries or with some form of in-country support arrangement which might require services from, and fee negotiation with, a local partner. Examination fees can also be levied separately.

Fees for distance learning programmes delivered directly from UK institutions are charged in a variety of ways that include:

- Payment of the full course fee by the student for the programme on commencement;
- Purchasing individual programmes or modules periodically by the student (at times to suit their learning needs);
- An annual course fee payment, particularly when the programme is tied to an annual calendar for delivery;
- Direct payment for examinations when necessary in a 'secure' overseas examination centre – for example at a local British Council office.

A few UK universities have established variable course fee levels relating to the extent of 'development' of the student's country, such as its Gross Domestic Product (GDP) or some other development discriminator. For example, for its distance learning MBA programmes, the University of Leicester can offer a reduction of approximately £1,900 on its full course fee of £12,505, while Heriot-Watt University may reduce its individual module fee by £325 from the full module fee of £875. While their policies for fee differentiation are not explicitly stated, the beneficial rates are mainly offered to those in lower income countries.

One of the most common approaches is for course fees to be charged per module as students do not necessarily follow a standard timetable but often need to study flexibly around employment and family obligations.

Payments, normally in Sterling, are made direct to the UK institution, although a few institutions have provision for US or Australian dollar or Euro payments. No significant exchange rate management difficulties were reported.

5.5.3 Programme duration

The most significant variable reported for distance learning programmes is the large difference in the duration of programmes. These variations, for example to obtain a Masters degree, cause considerable difficulty when trying to convert and estimate fee revenue on an annual basis (and ultimately in making a total annual UK gross revenue estimate).

Feedback indicates that a 'typical' 3-year undergraduate degree might take between 4 and 6 years to complete through distance learning arrangements. For one Masters programme reviewed, students were quoted as having taken between 12 months and 14 years from initial registration to graduation. A few institutions set a maximum period for completion between registration and final examination or assessment.

Others have established and enforce a definite timetable for the course modules and total degree duration, with failure to meet the timetable for a module resulting in the requirement to repeat that module. A number of institutions reported that 5 years was the maximum time allowed for completion of a taught postgraduate degree.

Several institutions observed that students enrolled over the last five years appeared to be completing faster (i.e. more modules/programmes per annum) than previously; they suggested that this change had occurred since the global recession.

5.5.4 Supported distance learning

There are different approaches and fee-related arrangements in place for supported distance learning programmes, and the choice of approach depends to some extent on the capacity of the local institution to provide appropriate services. Some of the models described to the researchers included:

- The overseas partner purchasing the programmes and associated support from the UK institution, and then recruiting students to the programmes and charging them course fees according to the local market. The fees paid by the partner per student were then negotiated on an individual basis. The fee charged by the UK institution to the local partner, as a proportion of that paid directly by students enrolled direct in such cases, ranged between 40% and 60%;
- The overseas partner providing ‘free’ teaching for residential components of the programme – in exchange, students from the partner institution could attend programmes at the UK campus at no cost;
- The foreign partner charging a separate fee directly to students for the tuition it provided, while the student also paid a fee direct to the UK institution to enrol on the programme;
- The student enrolling direct with the UK partner and paying course fees to it, with the UK institution then paying the foreign partner for services provided;
- The foreign partner undertaking recruitment and receiving the course fee but with a ‘profit sharing’ agreement with the UK partner (which had previously set a minimum remittance level for its involvement).

The ability to have country-specific approaches for supported distance learning is also useful in helping to facilitate setting course fees which reflect local market conditions such as demand and affordability.

5.5.5 UK revenues from distance learning arrangements

In order to calculate gross revenues accruing to the UK, key variables were identified and annual values for these were assigned. These included:

- The numbers of active students enrolled;
- The time a student might take to obtain the final qualification;
- The annualised average fee.

For this analysis it proved necessary to make a number of approximations to arrive at an annual distance learning revenue based on fee income. The fee levels for programmes were based on interviews with university staff involved in delivering distance learning programmes and/or from published information about programmes (from the institutions' websites). The approach included:

- A review of published course fees (including for examinations) charged for a variety of distance learning programmes at 22 UK universities – the universities were selected as they had all reported significant distance learning activity in their 2012/13 Aggregate Offshore Record return;
- Average annual course fees were calculated based on the university's own advice to students on the likely programme duration, from published timescales where these were formally defined and from estimates of duration provided by university staff interviewed;
- The average annual course fee for the universities ranged from £2,000 to £5,000 for undergraduates and £1,830 to £9,290 for postgraduates. Given the wide range of fees, especially for MBAs, the median figure was employed for these estimates.

The numbers of active enrolments were estimated on the same basis as for the other modes of delivery (see section 3.5) and used together with the annual course fee averages to calculate total annual revenues to the UK shown in Table 5.5. Due to both the larger number of enrolments and higher average fees, the revenue for taught postgraduate distance learning programmes (£184 million) is much higher than that for undergraduate programmes (£28 million). Together these comprised over £212 million for 2012/13.

Table 5.5 Estimated UK annual revenues from international enrolments to undergraduate (UG) and taught postgraduate (PGT) distance learning programmes in 2012/13 (excluding Open University and University of London International)

UG Distance learning		PGT Distance learning	
Census enrolments	6,360	Census enrolments	29,565
Aggregate Offshore Record amended enrolments	2,985	Aggregate Offshore Record amended enrolments	13,876
Total enrolments pa	9,345	Total enrolments pa	43,441
Average annual fee per student	£3,011	Average annual fee per student	£4,240
Total revenue	£28.1m	Total revenue	£184.2m

It is clear from this discussion that there are several major and very variable factors that impact on estimates for distance learning revenues. Although we made every effort to obtain the best possible information from institutions and publicly available sources to inform our calculations, the revenues in Table 5.5 may overstate to some extent the total revenue, as we were unable to obtain details of financial arrangements between private delivery companies operating in partnership with UK institutions (e.g. Kaplan, Laureate and RDI) where only a proportion of the published fee revenue is likely to be returned to the university involved.

On the other hand, in addition to this revenue, there are other revenue sources related to distance learning:

- UK institutions also have other students following non-degree awards (e.g. foundation programmes, diplomas in higher education etc.) and taught and professional doctorates, not included in these undergraduate and taught postgraduate estimates. While the latter are discussed in section 5.7, there are no reliable data for the former;
- Table 5.5 excludes University of London International Programme and Open University enrolments as these have been treated separately. Many of their students follow distance or supported distance learning programmes (the total number of distance learning students for the two institutions recorded in the census was 68,785). The total revenue for these two universities totalled £70 million (Table 5.1).

If all these programmes are included in one comprehensive estimate for all distance learning provision by UK institutions, the approximate value would most likely be over £300 million per annum.

In summary, in comparison with the other modes of transnational education delivery, distance learning programmes currently generate the greatest overall total revenues for UK institutions. Postgraduate-level distance learning programmes alone provide a similar level of revenue to the total from all forms of partnership arrangement at both undergraduate and postgraduate levels combined.

5.6 International branch campuses

5.6.1 Background

The UK's international branch campuses (IBCs) probably receive more attention in the press than all other modes of transnational education delivery, although they only represent a small proportion of total UK transnational education enrolments (approximately 4%). However, there is some lack of clarity over the definition of an international branch campus. In our census returns 12 UK universities reported that they operated branch campuses, while the Aggregate Offshore Record data for 2012/13 recorded 13 institutions to have one and the most recent study by the Observatory on Borderless Higher Education suggests there are 25 UK international branch campuses (Lawton and Katsomitros, 2012). These variances reflect different

perceptions amongst UK institutions of what constitutes a branch campus. For example, some arrangements termed an international branch campus only offer a limited range of programmes, while others might be considered a form of partnership with an in-country provider, and relatively few offer a more comprehensive variety of programmes across disciplines.

The total for branch campus enrolments identified through our census was 22,830, which is higher than the comparable total in the 2012/13 Aggregate Offshore Record of 17,140.

For the purpose of this study, we reviewed the course fees for programmes on offer at a selection of UK institutions' international branch campuses as published on their websites; these are summarised in Table 5.6. In some cases the award of scholarships may offset a proportion of the total course fee income, but we were not able to include this factor as a consideration as the numbers and levels of awards are not generally available.

Table 5.6 International branch campuses: location of delivery, level and subject of study, fees and course duration full-time (FT) or part-time (PT)

Country	Level	Subject	Course fee ¹	Course duration
Malaysia (1)	BA & BSc	Various	£6,300 - £8,600	4 years
Malaysia (2)	BA & BSc	Various	£6,100 - £8,200	4 years
Malaysia	Masters degrees	Various	£7,900 - £8,900	12 months
Malaysia	MBA	Business	£10,000 (full fee)	12 months FT (PT options available)
Dubai	BA & BSc	Various	£7,700 to £8,600	4 years
Dubai	MBA	Business	£13,000	12 months FT (PT options available)
Dubai	Masters degrees	Various	£10,900 to £13,300	12 months FT
China	MBA	Business	£30,000	24 months PT

¹Note: Course fee per student per annum

With the exception of one very high fee for an MBA in China we noted, the course fees ranged from £8,000 to £13,000 for taught postgraduate and £6,000 to £9,000 for undergraduate programmes.

A further consideration is that international branch campuses are normally registered as private companies (for profit or not-for-profit) in the countries in which they operate, even though the UK institution may be a public-funded university. Frequently there may be an equity partnership with local companies or private investors. These factors all impact on the reporting of accounts and have implications for remittances and their estimation.

Although Table 5.6 only provides data on a limited number of UK branch campuses, a number of observations can be made with respect to published course fees:

- Undergraduate programmes tend to be priced well below the course fee levels for comparable programmes at the respective UK campus, probably reflecting the competitive nature of the undergraduate market in each country. Competitors will often be both local private providers and also other international branch campuses;
- At the postgraduate level, the course fee levels are more varied but relatively higher than those for undergraduates. This is likely to be due to more modest local competition for postgraduate students and also the strong global reputation of UK postgraduate qualifications.

5.6.2 Fee arrangements

The following observations relating to fee arrangements for branch campuses are based on both feedback from the universities interviewed and on publicly available information including annual reports:

- All international branch campuses charge fees in the local currency and at levels that are both locally competitive and relate to the institution's brand position in the market;
- The UK institution's share is a proportion of the operating company's surplus (which may or may not be remitted to the UK);
- In some cases the UK institution's stake in an overseas campus company is treated as an associated company in its UK published accounts, which can show its share of the "carrying value of its investments";
- There was evidence that UK universities with branch campuses were making available a wide variety of scholarships, particularly to attract taught postgraduate students;
- UK branch campuses in Malaysia were active in recruiting international students and some charged a differential fee for non-Malaysian international students (i.e. higher than for Malaysian domestic enrolments);

- Branch campuses also facilitate the movement of students between campuses, given the compatibility of programmes. Several examples were cited where students enrolled at the international branch campus were encouraged to spend time at the UK campus for a module or term within their programme and earn the associated credits. Students are not normally required to pay an additional fee for short term UK components (i.e. a term or semester duration);
- On the other hand, further revenues can be generated where international branch campus students articulate for longer periods of time to the parent university's UK campus (e.g. direct entry into year two or three of an undergraduate programme in the UK). Such periods of study will generate the normal international student fee in the UK (or might be discounted). This is discussed in section 5.8;
- Some UK institutions are also intent on developing research capabilities through their international campuses, in terms of staff development (e.g. PhD and postdoctoral study) and facilities. The University of Nottingham in Malaysia reported that it had secured £24 million to support research at the newly established Crops for the Future Research Centre on its Kuala Lumpur campus. Research investment of £17million had also been secured from Chinese national government sources at Nottingham's Ningbo campus in China.

Indications are that only relatively small sums are currently remitted to the UK from the international branch campuses of UK universities, due to the fact that most operations are partnerships with other organisations and/or due to exchange controls.

5.6.3 Gross revenue associated with international branch campuses

Efforts were made to obtain specific revenue and expenditure information for UK institutions' international branch campuses but we were only able to access a limited selection of unpublished financial data from two universities (which both requested anonymity). It is also worth remembering that most international branch campus arrangements include significant equity involvement from local and international investors and these financial arrangements are confidential. However, we were able to make a number of observations about the total turnover for some individual branch campuses based on publicly available information sources:

- The University of Nottingham (Ningbo, China) has an annual turnover of approximately £29 million;
- The University of Nottingham Malaysia (UNM) has an annual turnover of approximately £25 million. Additionally the Companies Commission of Malaysia Corporate Information suggests that the UNM operation recorded an operating surplus of approximately 2% at the end of 2011;
- The University of Liverpool reports in its 2012/13 Annual Accounts that the Xi'an Jiaotong Liverpool University (XJTLU) in China registered income of £19.6m and expenditure of £22m;
- Heriot-Watt University Dubai reported a turnover of approximately £22 million in 2012/13;

- The University of Newcastle reported total fee income of £9.5 million in 2012/13 from its overseas campuses in its Annual Report of 2012/13.

In addition, for Middlesex University Dubai, based on enrolment statistics and the published fees for undergraduate and postgraduate study, we estimate the gross fee income for 2012/13 to be in excess of £20 million.

Most UK universities with branch campuses suggest that there is no remittance of surpluses from their international operations to the UK, after covering costs including payments to partners and other investors and re-investment needs; although one university did report a 'surplus' remittance of approximately £1.6 million. There could, however, be remittances to the UK to reimburse costs incurred in the UK, such as staff time (both academic and management) and infrastructure support costs – for example access to the university's central virtual learning environment.

Beyond the international branch campuses mentioned above, our census returns indicated a further 1,850 enrolments at international branch campuses, while the Aggregate Offshore Record for 2012/13 reported 340 more enrolments not included in the census institutions. Together these imply an additional 2,190 enrolments at international branch campuses and, if an average annual fee for an enrolment is approximately £6,000, the total gross revenue for these additional students is estimated to be about £13 million.

When this figure is added to the known gross revenues for international branch campus activity mentioned above, the total gross revenue for UK international branch campuses was very approximately £140 million in 2012/13. However, it must be stressed that this does not represent remittances to the UK, about which very little evidence was available.

There was also some evidence, to a lesser or greater extent, of other revenue streams accruing to the UK associated with international branch campuses. The largest revenue streams seem to be from articulation to longer-term study at the UK campus, and also – perhaps to a lesser extent, but still significant – indirectly from an increase in outward student mobility to the UK as a result of the institution's presence and profile in the country. Both of these are discussed in more detail in Section 5.8. As noted, additional research income can also be significant.

5.7 Postgraduate research study through transnational education

There is now a large variety of postgraduate research level degrees (mostly leading to doctoral-level qualifications) on offer from UK institutions where the student is based overseas, including PhDs and professional/taught doctoral programmes (e.g. EdD and DBA). These are often offered through some form of transnational education arrangement that involves distance learning and/or some form of joint or 'split' supervision arrangement.

The census returns provided some details about these programmes and, for those institutions that did not provide a census response, data from the Aggregate Offshore Record were used. Average annual fees were derived:

- For distance and flexible learning: course fees for 18 postgraduate research programmes on offer from 12 universities were obtained from each university's website (plus three from interviews). These were converted to an average annual figure according to the recommended course programme from the university and/or staff involved;
- For partnership arrangements: as we were unable to obtain details from institutions, we employed the course fees for taught postgraduate programmes as a proxy.

On this basis, the total revenue for postgraduate research programmes including doctoral study is approximately £20.5 million (Table 5.7), with the majority from some form of distance or flexible learning programmes.

Table 5.7 Estimated total annual revenue accruing to the UK from postgraduate research study through transnational education programmes in 2012/13

PGR and professional doctorates			
Distance and flexible learning		Partnership arrangements	
Total enrolments	2,200	Total enrolments	1,760
Average fee per student pa	£6,392	Average fee per student pa	£3,628
Total annual revenue	£14.1m	Total annual revenue	£6.4m

UK institutions have been quite inventive in the variety of means through which they support their postgraduate research students to gain a UK doctoral degree in their home country. The opportunity for a student to conduct research towards a UK research degree while remaining in employment at home, for example as a staff member in a local university, can be crucial. Such relationships could well emerge as part of, or even stimulate new, institutional research cooperation. It should be noted that there is also a current expansion of the range of modes of postgraduate research study, and especially structured and collaborative programmes, within the UK higher education sector.

We also identified cases where UK institutions, with a validation or twinning partnership, were supporting staff in the foreign partner institution to pursue postgraduate research degrees (including PhD and professional doctorates) as part of their more general strategy to develop the infrastructure and competencies of their partner.

5.8 Other revenues associated with transnational education

5.8.1 Enhanced student enrolments to the UK campus

We have suggested that for UK institutions with international branch campuses, the largest associated financial revenue is likely to be due to an enhanced flow of students from the country of the branch campus to the institution's UK campus where the students pay the international student fee. To varying extents, this may also occur wherever there is transnational education activity. Such associated benefits could be described as either direct or indirect:

- **Direct** in the form of an agreed articulation or twinning programme (e.g. 2+1, 2+2) or other formal arrangement. The study period in the UK can be longer than overseas or shorter (such as 'topping-up' an overseas-earned qualification – such as a Higher National Diploma – to meet UK degree-awarding requirements);
- **Indirect** such as the impact we name the 'halo effect', whereby transnational education activities in a country result in an enhanced flow of students to the UK campus; essentially the transnational education presence acts to promote the university's image and reputation in the country which results in a greater number of enrolments to its UK campus as international students.

5.8.2 Direct financial benefit: articulation and twinning

Not all institutions are able to identify how many of the international students at their UK campus have arrived as a result of transnational education activity. In chapter 4 we explained that, while the census included a question covering articulation, the returns were mixed and insufficient to allow estimation of its numerical and financial impact. However, the Student Record allows identification of EU and non-EU students who commence their studies in the UK by entering directly into Year 2, 3, or 4 of their programme. A summary of these non-EU student enrolments is given in Table 5.8.

The 'Total enrolled' figures in Table 5.8 are derived on the basis that, on average, a UK (non-Scotland) undergraduate programme is three years in duration and for Scotland it is four years. These data indicate that the total number of non-EU students likely to be following some form of articulation arrangement has steadily grown over the last few years and this increase has been particularly due to enrolments directly into Year 2 of UG programmes. More detailed scrutiny of these data indicates that some of this recent growth is due to transfer arrangements involving international branch campuses of UK universities.

Table 5.8 International (non-EU) UG enrolments to UK universities for students commencing in second or subsequent year of their programme

	Year of entry			Total enrolled
	Year 2	Year 3	Year 4	
2007/08	4,115	5,350	430	15,055
2008/09	5,260	6,480	590	18,900
2009/10	6,460	8,150	540	23,060
2010/11	7,275	8,855	670	25,365
2011/12	7,860	8,040	670	25,505
2012/13	8,850	7,830	525	27,085

Note: From Student Record data

International students commencing their programme in a UK university in a second or subsequent year are likely to have achieved this through a number of possible routes:

- Progression from a transnational education programme offered in a foreign partner institution (e.g. validation, supported distance learning or similar arrangements);
- Progression from an international branch campus;
- Progression from another overseas-delivered programme, not necessarily involving a transnational education partnership, which includes some form of recognition of prior learning (e.g. from HND-type qualifications);
- Progression from distance learning programmes delivered direct from the UK university;
- Progression within the UK from a pathway provider, usually in the private sector (including INTO, Navitas, Kaplan, Study Group etc.), although some further education colleges also offer similar opportunities. In most instances, progression is from some form of preparatory programme ('Year 0') into the first year of the UK university programme, although there could be a small number who progress directly into Year 2. From discussions it would seem that the number of students involved is relatively small compared with the total for articulations;
- Students who have undertaken an in-country (transnational education) programme from the UK university prior to commencing in the UK university itself (i.e. a bridging, preliminary or 'Year 0' programme). Again, these would generally enter Year 1 of the UK programme but some could enter directly into later years. The possibility exists for entry to both undergraduate and postgraduate study;

- Students who might have ‘switched’ between UK universities after Year 1 or later. These would be included in Table 5.9 (i.e. entering their new institution after Year 1) and they would result in overstatement of the articulation numbers. However, it is believed that these are a small proportion of the total considered here.

More detailed analysis of these data from our census suggests a very high dependence on articulation from China, which seemed to account for over 55% of all students involved in some form of articulation arrangement. Malaysia was the second most important source, and accounted for about 12%. The top 12 source countries are given in Table 5.9.

Table 5.9 Leading source countries for non-European Union international undergraduate enrolments to UK universities, by entry year to programme, from Student Record data

	Year of entry		
	Year 2	Year 3	Year 4
China	4,585	3,485	305
Malaysia	650	1,395	45
Hong Kong	485	180	40
Nigeria	310	335	10
India	280	220	5
Saudi Arabia	245	60	0
Pakistan	220	180	5
Vietnam	190	175	5
Singapore	135	115	20
Bangladesh	115	425	0
Brazil	105	15	0
Sri Lanka	105	165	10
Total (all countries)	8,850	7,830	525

In addition, there were approximately 4,500 students from European Union member states who commenced undergraduate programmes direct to Years 2, 3 or 4 in 2012/13.

For postgraduate taught and research programmes, Student Record data for 2012/13 indicate that there were approximately 300 non-EU students and 165 EU students who commenced their studies in the UK in the second or subsequent years of their programme.

Additional observations and comments of interest in relation to articulation arrangements include:

- When students transfer to the UK for their final year(s), they are sometimes given a discount on the standard international course fee, typically varying from 10% to 20%;
- One UK institution delivers bridging modules to the students at their home (i.e. overseas) campus with flying faculty from the UK, but charges no fees for this either to the partner or to the students. All revenue is generated through the course fees received when students transfer to the UK campus;
- Several universities offer options whereby students can choose between completing their whole degree programme at the overseas institution through a normal validation or franchise arrangement or transferring to the UK at some point to complete their programme;
- Some international branch campuses allow for semester transfers between each of their campuses (e.g. University of Nottingham), including outwards from the UK, with no extra fee.

These data and observations allow us to provide a very approximate estimate for the total course fee revenues and other remittances involving international students associated with articulation arrangements of over £300m per year, together with derived expenditure by them as international students of a further £400m (Table 5.10). Most of this relates to articulation to undergraduate programmes by non-European Union students.

The total student numbers in Table 5.10 assume that all students follow a full 1-year programme; however, some students who have followed transnational education programmes in their home country might only visit the UK for less than a year as a 'top up' period for the degree award. If it is assumed that this applied to half of those enrolling direct to a final year in the UK, this would have an effect of reducing the total estimated revenue by around 5%.

The students detailed in Table 5.10 are included in the Student Record which means their total fees and other expenditure would have been included as 'studying in the UK' in previous studies of the value of UK education exports, such as BIS (2011). They would not have been identified as a separate entity or associated with transnational education arrangements.

As discussed, some UK institutions with international branch campuses appear to base their business model, at least in part, on the numbers of students that will ultimately transfer to programmes in the UK. The University of Liverpool, through its Xi'an Jiaotong-Liverpool University campus, has been particularly successful in developing this model and it is also an approach planned by the University of Southampton for its campus in Malaysia.

Table 5.10 Estimated annual revenues associated with international students who have articulated to undergraduate (UG) or postgraduate (PG) study in UK universities (2012/13)

	Number enrolled	Course fee	Total fee revenue	Expenditure	Total (non-fee) expenditure	Total
UG enrolments (non-EU)	27,085	£10,000	£270.9m	£12,690	£343.7m	£614.6m
PG enrolments (non-EU)	290	£10,000	£2.9m	£15,711	£4.6m	£7.5m
UG enrolments (EU non-UK)	4,520	£7,000	£31.6m	£11,783	£53.3m	£84.9m
PG enrolments (EU non-UK)	165	£6,000	£1.0m	£15,711	£2.6m	£3.6m
Total revenues			£306.4m		£404.2m	£710.6m

Notes:

1. Numbers enrolled are the total students in UK institutions following some form of articulation, twinning or recognition of prior learning arrangement in another country (corrected for enrolments to longer programmes in Scotland).
2. The annual international student fee is an approximate average across all UK universities.
3. Course fees for EU students based on estimates across UK university programmes.
4. BIS' estimated expenditure per annum for 2013, based on average cash expenditures reported by UKCISA and BIS (2011), and uplifted for inflation.

European Union students are included in the analysis and represented a gross value to the UK of over £88 million. These will pay domestic student fees and will also be entitled to student loans (although in Scotland they would not be required to pay fees for undergraduate programmes).

University of Southampton in Malaysia

Teaching commenced at the new University of Southampton campus in Johor, Malaysia in October 2012. The project is being delivered by a Malaysian subsidiary company, USMC Sdn Bhd (University of Southampton Malaysia Campus), which is wholly owned and funded by the University. Students will undertake the first two years of undergraduate study in Malaysia and then transfer for their two final years to Southampton. The company operates from a leased building with a mixture of staff seconded from the University and staff directly employed by the subsidiary company.

5.8.3 Indirect financial benefits associated with transnational education

To our knowledge, no UK university has quantified the impact we have called the 'halo effect', whereby transnational education activities in a country result in an enhanced flow of students to the UK campus as international students, due to the university's enhanced profile in the country.

To estimate this we undertook comparisons of transnational education and 'in-UK' enrolment patterns for selected countries and also took into account anecdotal comments made by interviewees. Several of the universities with international branch campuses reported that they had definitely experienced significant upturn in numbers of students from the countries involved joining their programmes in the UK. One institution suggested that this might result in an extra 300 full fee paying students on the UK campus from the country in which the branch campus operates. We cautiously estimate a total value of over £40m per annum.

The extent of the halo effect or relationship will vary according to the mode of transnational education delivery, delivery country, level of programme and the status of the UK institution involved. For example, it appears to be less significant when transnational education is delivered through a validated or franchised partnership. Several UK universities have large numbers of students enrolled on transnational education partnership programmes in Sri Lanka and Trinidad & Tobago (total partnership enrolments for 2012/13 were 11,460 and 13,135, respectively). While both of these countries have significant total numbers of students enrolled on campus-based programmes somewhere in the UK, there seems to be very limited correlation between the extent of transnational education enrolment and the UK campus enrolment for any single UK university.

Many of the leading 'transnational education countries' for UK institutions are also some of the main source countries for international students studying in the UK (these include China, Malaysia, Hong Kong, Singapore, Nigeria and India), which could indicate a dynamic mutual benefit where transnational education engagement leads to international student recruitment and vice versa (although there are a few notable exceptions). Even if the halo effect is relatively small, it might still have a significant impact in terms of total enrolments. For example, if UK campus enrolments were increased by, say, 1% from the leading transnational education countries, this would result in an additional 2,000 international students studying in the UK. This order of magnitude is in line with comments made during the course of our case study interviews.

It is generally accepted that the UK's two main international higher education student markets (i.e. transnational education and recruiting to UK campus) operate in parallel, and that relatively few students will consider both as options in their choice of study.

5.8.4 Other financial benefits (not enrolment-related)

There is only limited evidence for other financial benefits associated with transnational education activities, with a few universities reporting the 'sale' of consultancy services, publications or other materials.

The main published information comes from the Open University, which provides a number of services and 'sales' through its operating company, Open University Worldwide Ltd, and also its validation services. Published accounts for the year to 31 July 2013 detail the total turnover for Open University Worldwide as £9.4m, although this will include sales in the UK. The income from its validation service totalled £2.9m in 2012/13, according to its published Financial Statements, although this might include some UK as well as international revenues.

Similarly, Middlesex University reported validation fees of £5.1m in its 2013 Accounts. It is likely that these could apply also to other institutions but it was not possible to identify them in this study. Some universities reported that they charged their partner institutions a fee for their initial validation visit as a means towards ensuring the commitment of the partner to growing the relationship.

A variety of other financial benefits were identified within our investigations:

- The opportunity to obtain research income from the host country government, such as the experience of the University of Nottingham in Malaysia and China;
- There could be some expenditure (and/or fees) in the UK due to transnational education students' attendance on residential programmes and for other study or research visits to the UK (particularly those on distance learning and doctoral programmes). Residential programmes are typically of 3-7 days duration although research visits are likely to be longer. Provision of an estimate of the value of this activity would require considerable additional research;
- Several universities reported that some of their academic staff were keen to develop competencies in online distance learning provision, as they perceived this to be an essential skill for the future – both for campus-based and international delivery;
- The existence of a UK higher education institution's transnational education partnerships and/or international branch campus might facilitate the outward mobility of home/European Union students from the UK campus (which could, in turn, enhance the attractiveness of the university to recruit both UK and international students). However, relatively few UK students undertake study abroad and it is not clear the extent to which this relates to transnational education activity;
- Additional student purchases of books and publications are almost certain to result from transnational education activity, however only the Open University Worldwide reports income from sales of its books and materials (total £9.4 million, including UK sales). Other UK higher education institutions were unable to identify such revenue.

5.9 Taught postgraduate programmes in business, management and finance

The census returns allowed more detailed analysis to be made of enrolments than can be achieved using Aggregate Offshore Record data, as they contain data at programme level including subject of study. This indicated that 54% of all transnational education enrolments in 2012/13 at taught postgraduate level were to programmes within Business and Management and related areas (Table 5.11).

Table 5.11 Taught postgraduate (PGT) Business and Management and related Masters-level degree enrolments, from the census (2012/13)

Programmes/level	Enrolments	Proportion of all PGT
Total MBA	21,420	32%
Total Business & Management related taught Masters (non-MBA)	14,390	22%
Total other PGT programmes	30,305	46%
Total PGT (all subjects)	66,115	100%

Within Business and Management-related programmes, for those institutions responding to the census, the importance of the MBA was clear -- MBA enrolments accounted for 35% of all Masters enrolments and MBA programmes constituted over half of all Business and Management related programmes. Given the importance of Business and Management subjects for UK transnational education, and MBA programmes in particular, associated revenues were calculated for each of the identified modes of delivery.

In order to estimate the approximate revenues associated with the delivery of this subset of taught postgraduate programmes, by transnational education mode, a number of approximations were made:

1. Total enrolments for these degrees were based on the sum of the census return plus the Aggregate Offshore Record data for those institutions that did not provide a census return.
2. The census provided modes of delivery for each of the programmes and related enrolments. The enrolments data from the Aggregate Offshore Record were spread pro-rata according to the census proportions for each delivery mode (Table 5.12).

Table 5.12 Enrolments to MBA and other Business and Management taught postgraduate programmes by mode of transnational education delivery, from census and Aggregate Offshore Record (AOR) data, for 2012/13

	Blended	Unknown	Wholly face-to-face	Wholly online/DL	Total
HEIs reporting through Census					
MBA programmes	7,090	1,390	5,100	7,840	21,420
<i>Proportion of above by mode</i>	<i>29.3%</i>	<i>11.0%</i>	<i>47.6%</i>	<i>12.2%</i>	<i>100.0%</i>
Business & Management Masters (non-MBA)	755	1,855	2,690	9,090	14,390
<i>Proportion of above by mode</i>	<i>8.4%</i>	<i>21.0%</i>	<i>33.6%</i>	<i>36.9%</i>	<i>100.0%</i>
Total (All Business & Management Masters)	7,845	3,245	7,785	16,930	35,810
HEIs not reporting through the Census (from AOR)					
MBA	3,520	960	3,525	5,544	13,550
Business & Management enrolments (non-MBA)	2,365	645	2,365	3,725	9,100
Total (Census + AOR)					
MBA	10,610	2,350	8,625	13,385	34,980
Business & Management enrolments (non MBA)	3,120	2,500	5,055	12,815	23,490
Total (all Business & Management Masters)	13,730	4,850	13,680	26,200	58,480

3. To estimate the approximate total revenues associated with these programmes, the following fee figures were used:
 - The same course fee levels were assigned to both blended and distance learning programmes; this was considered sufficiently accurate for estimation purposes, based on review of relevant programmes and their course fees as well as from academic staff feedback. The average annual distance and blended learning fees for twelve MBA and taught postgraduate Business programmes were estimated to be £5,926 for MBA and £4,010 for other

Masters degrees in Business (MA, MSc etc.) – annual levels were calculated as set out previously (see Section 5.5);

- The fee levels for wholly face-to-face programmes were taken to be the same as those for taught postgraduate validation, franchise and partnership arrangements. The fee information available was insufficient to allow reliable distinction between MBA and other taught postgraduate degrees, so the average figure used in this analysis was £3,628 per annum for both MBA and other taught postgraduate Business programmes.

Table 5.13 Total revenues deriving from MBA and other Business-related transnational education Masters enrolments, according to mode of delivery (2012/13)

	Blended	Unknown ¹	Wholly face-to-face	Wholly online/DL	Total
MBA enrolments	10,610	2,350	8,625	13,385	34,980
Annual revenue per student	£5,926	See note 1	£3,628	£5,926	
Total revenue (MBA)	£62.9m	£12.5m	£31.3m	£79.3m	£186.0m
Business & related programmes (non-MBA)	3,120	2,500	5,055	12,815	23,490
Annual revenue per student	£4,010	See note 1	£3,628	£4,010	
Total revenue (non-MBA)	£12.5m	£9.8m	£18.3m	£51.4m	£92.0m
Overall totals	£75.4m	£22.3m	£49.6m	£130.7m	£278.0m

¹ Note: 'Unknown' enrolments were divided pro-rata according to the other modes and the revenue calculated according to the fees for each mode.

This analysis suggests total revenue of approximately £186 million for MBA programmes and a further approximately £92 million for non-MBA programmes; together these total £278 million for Masters programmes. This result indicates the importance of postgraduate programmes in Business and Management in relation to revenue generation for UK institutions. The 58,480 Business and Management Masters enrolments comprise roughly 18% of all active transnational education enrolments yet these programmes generate 56% of total transnational education revenues.

5.10 Revenues by university group

There is considerable variation in the relative revenues that accrue to UK institutions from different modes of transnational education delivery according to university type (using broad institutional ‘mission groups’). Active transnational education enrolments from the Aggregate Offshore Record (2012/13) were employed for this analysis according to mode and level, as set out in Tables 5.14 and 5.15.

Table 5.14 Undergraduate transnational education enrolments and estimated revenues, by main mission group and mode of delivery (2012/13)

	Distance learning	Branch campus	Partnership arrangements
Estimated average annual revenue per student for the mode	Russell & 1994: £3,603 Million+ & Alliance: £2,476	See Note 1 below	Russell & 1994: £500 Million+ & Alliance: £490
Russell Group enrolments	2,405	7,805	8,200
Proportion of enrolments (%)	13.1%	42.4%	44.5%
Russell Group revenue for the mode	£8.7m	-	£4.1m
1994 Group enrolments	785	0	5,150
Proportion of enrolments (%)	13.3%	0.0%	86.7%
1994 Group revenue for the mode	£2.8m	-	£2.58m
Million + enrolments	800	2,200	44,510
Proportion of enrolments (%)	1.7%	4.6%	93.7%
Million+ revenue for the mode	£2.0m	-	£21.8m
University Alliance enrolments	2,535		43,680
Proportion of enrolments (%)	5.5%	0.0%	94.5%
University Alliance revenue for the mode	£6.3m		£21.4m

Notes (for Tables 5.14 and 5.15):

1. International branch campus enrolments included to indicate relative proportions.
2. Revenue estimates for each mode were calculated as reported in earlier sections.
3. Russell/1994 Group average fee was based on a small sample (probably understating average level).
4. Partnerships refer to programmes where the student is registered on validated, franchised and similar delivery arrangements.

Table 5.15 Taught postgraduate transnational education enrolments and estimated revenues, by main mission group and mode of delivery (2012/13)

	Distance learning	Branch campus	Partnership arrangements
Estimated average annual revenue per student for the mode	Russell & 1994: £4,838	See note	Russell & 1994: Insufficient data
	Million+ & Alliance: £3,172		Million+ & Alliance: £700
Russell Group enrolments	17,020	1,500	725
Proportion of enrolments (%)	87.1%	7.7%	3.7%
Russell Group revenue for the mode	£82.3m	-	-
1994 Group enrolments	6,570	0	805
Proportion of enrolments (%)	89.0%	0.0%	11.0%
1994 Group revenue for the mode	£31.8m	-	-
Million + enrolments	1,460	850	6,995
Proportion of enrolments (%)	15.7%	9.1%	75.2%
Million+ revenue for the mode	£4.6m	-	£4.9m
University Alliance enrolments	4,020	-	13,534
Proportion of enrolments (%)	22.9%	0.0%	77.1%
University Alliance revenue for the mode	£12.8m	-	£9.5m

Table 5.14 compares active transnational education enrolments at undergraduate level and Table 5.15 taught postgraduate. It should be noted that this analysis by main mission groups only represents around half of all transnational education activity, as several of the very large providers (such as University of London International, Open University and Heriot-Watt University) do not fall into these particular 'mission'-based groupings. The former 1994 Group has been included as it was in existence for the year in consideration (2012/13).

Comparing Tables 5.14 and 5.15, and the revenue estimates derived from this analysis, a number of broad trends can be observed:

- Taught postgraduate programmes appear to offer the greatest revenue-generating potential overall and for all groups of institutions analysed;

- Russell and 1994 Group institutions have a larger share of the postgraduate distance learning market by enrolments, and this dominates their transnational education activity at this level;
- The individual fees associated with undergraduate partnership programmes are low but, with large enrolments offering opportunities for economies of scale, a significant revenue stream becomes possible (exemplified by the Million+ and University Alliance groups);
- Undergraduate partnership programmes comprise over 95% of both Million+ and University Alliance group undergraduate enrolments;
- For partnership arrangements, Russell and 1994 Group institutions have only limited involvement at taught postgraduate level and relatively minor activity at undergraduate level.

5.11 Summary of total transnational education revenues

In Table 5.16 we summarise our estimates of the main direct annual revenue, based on fee income, for each of the modes of UK transnational education activity described. This arrives at a total annual figure of £495.8 million for 2012/13.

The evidence available indicates that there are only small direct remittances to UK institutions associated with their operation of **international branch campuses**. Our analysis indicates the turnover of UK branch campuses in 2012/13 was (very) approximately £140 million. It is thought that branch campus operations contribute a significant enhancement to the number of students studying at the UK campus where they pay international student fees. There are also many other motives for developing and running branch campuses.

Taught postgraduate programmes are by some way the largest income stream and appear to have strongest revenue-generating potential for the immediate future. Our study indicates clearly that distance learning, at both undergraduate and postgraduate level, generates much more revenue than that associated with partnership arrangements (up to five times more, per student per annum, for both undergraduate and postgraduate study).

While individual fees associated with **undergraduate partnership programmes** are low, large enrolments can compensate and offer opportunities through economies of scale.

Table 5.16 Total annual revenue estimates by transnational education delivery mode (2012/13)

Mode of delivery	Active enrolments	Total revenue	% of total revenue
Partnership: Undergraduate Registered with UK institution	90,790	£42.7m	8.6
Partnership: Undergraduate Registered with overseas partner	48,460	£22.8m	4.6
Partnership: Taught postgraduate Registered with UK institution	14,955	£54.3m	11.0
Partnership: Taught postgraduate Registered with overseas partner	20,080	£72.9m	14.7
Taught postgraduate Distance learning	43,440	£184.2m	37.2
Undergraduate Distance learning	9,345	£28.1m	5.7
Postgraduate research (including professional doctorates)	3,960	£20.5m	4.1
University of London International and Open University ¹	92,700	£70.3m	14.2
Total (active enrolments)	323,730²	£495.8m	

Notes:

1. University of London International and Open University are presented separately given that their large enrolments would bias the analysis for each delivery mode.
2. Total active enrolments from census data (253,695) plus Aggregate Offshore Record data for other institutions.

Articulation arrangements are extremely important for UK universities and our analysis suggests that the gross income for the UK associated with these arrangements was £711m in 2012/13. Only 1% of non-European Union international students who articulate to programmes in the UK study at postgraduate level, and the large majority are undergraduates. Some UK universities have arrangements to grow articulations from the European Union, and their presence contributes a gross income of approximately £88m for the UK. There is a very high dependence on Chinese undergraduate articulations at present, which represent 55% of all articulation arrangements.

Other indirect revenues associated with transnational education appear to be more modest than we had initially anticipated. It was impossible to develop a generalisable approach that might facilitate scaling-up of indirect revenues nationally, but specific observations include:

- The 'halo effect' due to a university's in-country transnational education presence attracting students to enrol direct at the UK campus is very cautiously estimated to be worth over £40m per annum in terms of fees and expenditure.

The halo effect of a branch campus appears to have greater impact than that from other forms of transnational education;

- Validation fees were identified and quantified as a revenue source for two universities, and this could well also apply to other institutions;
- Student purchases of books and publications are almost certain to result from transnational education activity, although only Open University Worldwide reports this as income;
- There is some expenditure and/or fees in the UK due to transnational education students' participation in residential programmes and for other study and research visits to UK (particularly by those on distance learning and doctoral programmes).

The findings in this study confirm perceptions of the **high importance of Business and Management and related programmes** within UK transnational education activity, at both undergraduate and postgraduate level. This subject group accounted for over 58,000 Masters-level enrolments and fee revenue of approximately £278 million in 2012/13, with MBA revenues about £186 million within this total.

Russell Group and former 1994 Group member institutions have a large share of postgraduate distance learning enrolments, and this activity dominates their transnational education activity at postgraduate level. Few Russell Group universities are engaged in articulation and/or validation arrangements. On the other hand, distance learning is only a relatively minor activity and partnership delivery constitutes over 95% of undergraduate transnational education enrolments at **Million+ and University Alliance** member institutions.

5.12 Comparisons with previous revenue studies

Two prior studies, BIS (2011) and Lenton (2007) have included estimates for the total value of UK transnational education activity within their assessments of the value of UK education exports. Our estimate of total gross revenues accruing to the UK was £495.6 million for 2012/13, which is significantly higher than those suggested in these earlier studies, although all three studies have adopted different methodologies.

Lenton's (2007) research related to enrolments to UK institutions in 2003/04 and was based on a telephone survey covering a selection of institutions. From these surveys the researchers identified the following average revenue accruing to UK institutions associated with three main modes of delivery:

- Twinning/franchise: £500 per student per annum
- Distance learning: £2,040 per student per annum
- International branch campus: £2,545 per student per annum

The researchers applied these per capita sums to a breakdown of transnational education enrolments by mode provided to them by the British Council, to arrive at an estimate for the total UK revenue of £195.9m.

The BIS (2011) study by London Economics related to enrolments in 2008/09. The researchers sent a questionnaire to all UK higher education institutions to request information on their revenue from international activities, including a question concerning transnational education. There were 18 respondents and these institutions reported average annual revenue of £1,278 million per institution for transnational education. This average sum was grossed up to the total number of UK higher education institutions, resulting in an estimated total annual revenue of £210.8 million. This equated to £543 per student when related to the Aggregate Offshore Record for that year.

We believe that our estimates are higher due to a number of factors, including:

- A significant rise in transnational education enrolments since the years on which the previous studies were based;
- The accuracy of the transnational education enrolment data that were then available;
- The more detailed research with UK institutions used to obtain financial information for our study, particularly in relation to distance learning provision, in comparison with the limited sample sizes on which the previous studies were based.

It is worth observing that, in relation to 'per student' revenue, the Lenton study identified the average fee for validation/franchise arrangements to be approximately £500 pa, while BIS (2011) suggested the comparable average overall revenue was £543 and we have concluded that for validation and similar undergraduate partnerships it was approximately £470 in 2012/13. This could suggest, broadly, that UK universities have been unable to raise 'per student' fees for undergraduate validation and similar partnerships over the last 10 years. This could be due to a number of reasons including that much recent growth has been in 'lower fee' partnerships or that competition between UK institutions has resulted in local partners being able to negotiate fees downwards. However, it should be remembered that the overall average fee, for all transnational education programmes, is approximately £1,530 per active enrolment per annum.

Also of note is that Lenton reported average annual revenue of £2,545 from students attending international branch campuses. Our research indicates that there is only a very small direct revenue stream to the UK associated with students at UK institutions' branch campuses.

5.13 Comparisons with other countries

Only brief comments are made here as it was beyond the scope of this project to develop or provide comparisons with transnational education delivered by other countries. Only three countries appear to provide detail concerning transnational education enrolments by their higher education sector – Australia, Germany and the UK. Unfortunately there are no data or information readily available concerning transnational education from Canadian, French or US higher education institutions, although it is clear that these countries are directly engaged in the activity.

Total German enrolments were reported to be about 20,000 in 2012, although the revenue associated with these has not been published. Our understanding, through communication with German colleagues, is that transnational education enrolments are directly supported through German government and agency sources.

Australian Education International (AEI) has estimated there to be 84,785 offshore-enrolled students in 2013 within a total of 328,400 enrolled international students – around 26% of enrolments. It suggested that the fee income from transnational education students was 14% of the total international student fee income for Australian institutions.

In comparison, the UK figures for overseas students (European Union and other international combined) studying in the UK and via transnational education programmes suggest that for the UK, transnational education activity in 2012/13 represented:

- 55% of all international enrolments when all students are considered; or
- 35% of all international enrolments when only active students are considered; and
- Very approximately, about 11% of the total international student fee revenue (both European Union and other students) for the UK that year.

6 The cost and net value of transnational education

In this chapter we report on the information obtained in our case studies concerning the costs of transnational education and consider whether this can help us to calculate the overall net value to institutions, and to the UK overall. In general, most UK higher education institutions did report that they expected to make surpluses from their transnational education operations after accounting for all their costs.

6.1 Summary of findings

- Cost and revenue projections are routinely considered at the initial proposal, approval and planning stages for transnational education partnerships and other programmes.
- Until recently, relatively few institutions have had mechanisms for regular review of costs (and/or surpluses) arising from transnational education activities once they are underway.
- Institutions have good understanding about the pricing arrangements for their validation and franchise agreements, with a wide range of fees remitted by partners. Much less evidence was found about the detailed costs of such contracts, or the investments made to develop programmes, as a result of which it is not possible to provide a reliable estimate of surpluses accruing to UK institutions for these arrangements.
- Some UK institutions were identified that did have a good understanding of the costs associated with the delivery of their distance learning programmes, but rarely did this extend to development costs.
- There was a general reluctance across UK institutions to share financial information covering transnational education, both costs and revenues, potentially due to increasing levels of competition in some partner markets.
- While relatively few could fully prove whether a programme was in profit or deficit, over its life including development, in some instances these ventures are known to incur deficits but are justified on strategic grounds.
- Obtaining information about transnational education activity costs proved to be significantly more difficult than in relation to fees and revenues, across all modes of delivery, preventing estimates of net value at a national level.

- Cost analysis and control of transnational education operations is coming under increasing scrutiny by central university functions or staff and new approaches to management of transnational education are being put in place.

6.2 Franchise and validation partnership projects

One major finding from the case studies was a huge range in the sophistication of costing methods used by institutions for their franchise and validation partnerships. This ranged from handwritten pages to the use of comprehensive costing templates devised by the Finance Department or a specialist (sometimes central) transnational education management section. As a trend, it appeared that the latter were becoming more commonplace, i.e. costing methods are becoming more sophisticated and more centrally-supported or controlled.

However, thorough costings seemed mainly to be undertaken when proposing or at the start of a project, during the due diligence and planning stages, when formal approval from management to invest and proceed was being sought. On the other hand, it seemed rare for these costings to be updated once a programme was running and/or used regularly for monitoring.

In one of the institutions visited it was reported that regular retrospective assessment of costs of transnational education projects was undertaken to compare the outcomes with those planned. In another, a central unit carried out ad hoc costings. Others reported that the original purposes of the transnational education projects had been forgotten or had evolved and so the management's current concern was to develop a more effective approach to cost management for future projects.

One development has been the establishment of some form of separate 'entity' (i.e. a company or an independent centre within the institution) to manage all aspects of the institution's transnational education business, purchasing both general and academic support and services from the university. A good example of this is the Edinburgh Business School at Heriot-Watt University, which is a private company with charitable status primarily set up to deliver the Business School MBA globally through both distance learning and other arrangements (its accounts are filed at Companies House in the normal way).

A number of other general observations from our investigation of approaches to costings in our case study institutions include:

- Most detailed costing information is obtained and held at faculty or college level and the initial costings usually have estimates of faculty/college staff time involved in supporting the partnership once it is operational;
- Staff costs are attributed to projects in different ways – sometimes at their Full Economic Cost (FEC), sometimes at an average salary cost per day for the relevant grade, and sometimes at arbitrarily fixed rates; one example of the last was a fee of £40 per hour. In one case the project was only charged with the

salary supplement paid to the academic staff who taught offshore in the partner's institution;

- Only one case was found where the time of central staff had been calculated together with an estimate of the time and costs involved in the initial negotiations and validation of the partner. In this case the validation fee was recovered from the partner over two years as a charge against the operational costs of the project;
- A variety of different ways of treating central overheads (staff and infrastructure, such as library and access to the virtual learning environment or learning platform) were encountered:
 - to have a rule that all projects must make a contribution to the central overheads – target figures of 40% and 50% of gross revenue were found;
 - to include in the overall cost calculation two separate percentages of overhead covering both faculty and central overheads: after all these calculations have arrived at a total cost, a surplus must still be generated;
 - to tax the gross fees received as a contribution to overheads – central taxation levels of 20% to 25% were typical;
 - in one case, the 'centre' to appropriate 80% of the gross income, leaving 20% to the account of the faculty or school involved.
- The largest costs associated with operational delivery of partnerships were reported by some universities to be the quality assurance visits made by staff, both in terms of staff time as well as direct travel and subsistence;
- One institution had worked out a typical annual cost of the central professional support for each transnational education student to be £620 and therefore expected the fee charged to the partner to be well in excess of that figure. That same institution undertook broad checks of the project finances each year by testing the assumptions in the initial costing, but did not obtain firm data on the actual academic staff time involved;
- In one example of a costing the faculty was charged with its share of the cost of a "Partner Health Check" visit to the partner by three university staff;
- Local tax is emerging as an issue in a number of countries, as a growing number of countries seek to tax surpluses generated by private providers in the country (noting that most UK transnational education arrangements are essentially through 'private' provision in the country in which they are delivered);
- Exchange rate management was not identified as a problem as most UK institutions required payments in sterling, so the onus was on the local partner to manage the risk of fluctuations in the exchange rate. This can be particularly important in countries where there are relatively large exchange rate movements (e.g. South Asia). Partners may often pass on the risk to the students who are expected to pay a sum in sterling to their institution to cover the UK institution involvement plus payment for the rest of their fees in the local currency;

- Some institutions set targets for the level of surplus they expect, but it is common for institutions to make no surplus in the first year of a transnational education partnership. One institution required each venture to break even by Year 3 and to generate a steady state return of 7% on gross income. Another wanted all projects to deliver a 20% return from the start, while another required a 15% return after a rigorous calculation of the costs. However, a key issue is the selection of the figure on which to base such percentages;
- Not all institutions expected their franchise and validation relationships to be profitable in their own right. One, which charged fees of over £1,000 per student to its partner, believed that the operation was losing a little money, but justified it on the broader strategic grounds of creating a relationship with a key partner in a key country;
- Economies of scale can result in very profitable partnerships. In one institution a relatively small franchise fee, spread over three years from over 3,000 students, generated a significant surplus. However, we found very few cases where there was such a large number of enrolments;
- Other economies can be driven by developing several partnerships in the same country, particularly for the same programme – this allows for multiple quality assurance exercises in all the partner institutions to be undertaken during one trip, thus reducing costs;
- One institution reported that as a result of a review it was closing down a number of its partnerships. The “teach-out” for all the students involved required a significant and unplanned investment. Strained relations with one in-country partner meant that the institution was having difficulty recovering the fees to which it was entitled.

When the business model of a partnership is being designed, a critical factor is to ensure that sufficient revenue is being returned to the individual faculty, school or department to incentivise it to develop and deliver opportunities. This is particularly true when the transnational education activity builds on links and initiatives which they had been responsible for establishing. In the case of partnerships generated ‘from the top down’ (which are becoming increasingly common), the same issues do arise, since the school will have to be persuaded that the partnership will bring it academic and financial advantages.

During the case study visits, some examples were found where there were sufficient costings to enable a figure for the annual net surplus per student to be assessed for the partnership. These calculations varied greatly in their sophistication for the reasons mentioned above. This could contribute to the very wide range of surplus figures that resulted. For undergraduate programmes this varied from £150 to £350 per year, while for postgraduate programmes (chiefly MBAs) there was a wider range which extended up to over £1400. For one doctoral programme a higher surplus still was recorded. The institutions involved requested that they, and the programmes highlighted, were not identified, for reasons of commercial confidentiality.

6.3 Distance learning programmes

The management of costs associated with distance learning programmes probably has as many or more uncertainties than those described previously for forms of transnational education partnership delivery such as franchise or validation. Distance learning operations are often centralised in a special unit that provides support and manages the finances, but the responsibility for programme delivery rests with the academic department. Revenues tend to be transferred to the academic department after central overheads have been claimed.

In one case seen, the central unit was based in a faculty and produced accounts for each of the programmes it managed. It then distributed the annual surplus (amounting to a return of 5% of gross income) among the departments with which the students were registered.

There were a variety of approaches identified for contributions to central overheads, such as a 15% or 20% 'tax' on turnover which has to be paid over to the 'centre'. Only three of the institutions interviewed operated a profit and loss account for their distance learning programmes. Some institutions seemed to undertake an annual – if rather elementary – financial review of each key activity for which they had established some basic indicators to assess profitability, although we found no examples where they had calculated development costs and were then writing those off over the life of the programme (or any other defined period).

Distance learning programmes also tend to be offered globally with, in most cases, no distinction being made between international and domestic student enrolments, including in financial reporting.

A further consideration is the significant cost associated with the development of online programmes. The approach that seemed to be most common is for the sponsoring department or faculty to bid for investment funds from the centre. On the other hand the economic case for securing support is normally less onerous than that for other transnational education operations, as online distance learning initiatives are seen as less of a risk. They may also be perceived as activity which is part of what is required to meet the core academic interests of the institution, such as enhancing staff competencies in online programme development and delivery.

There are also many different approaches to in-country support for the delivery of distance learning programmes from UK institutions. Some of these were mentioned in chapter 5 in relation to revenue, and different levels of costs are associated with these support services. A number of observations were made on approaches to costing this aspect of supported distance learning provision:

- In most cases, all direct costs for the provision of local in-country services to support distance learning rest with the overseas institution, although in a few cases UK institutions might provide some direct payment;

- The main costs falling on the UK institution were identified to be quality assurance (particularly regular academic visits) and other aspects of partnership management;
- Some indirect costs could fall to the UK institution, for example one university that offered supported distance learning programmes involving an overseas partner did not pay directly for support services (such as teaching) but allowed students from the partner to attend certain programmes at the UK campus without fees;
- Some UK universities have developed service level agreements with their support partners that might, for example, specify clearly the numbers of hours of face-to-face teaching and examination preparation required and that would be remunerated.

A number of distance learning partnerships involve international private higher education companies to deliver their online programmes, including Kaplan Learning⁶, Laureate Education⁷ and RDI⁸. In addition to reducing the costs to the UK university, these arrangements can offer enhanced marketing outreach as well as providing a learning platform to support programme delivery.

The effect of these uncertainties around costs and control associated with distance learning delivery is that very few of the institutions interviewed could offer us sufficient detail to allow for reliable and generalisable analysis. In only two cases were we able to find estimates of the overall surplus per student and the figures showed a wide variation. One methodological issue is that the costings do not take into account the considerable development costs of creating online or distance learning material. This was in contrast to the revenues from distance learning programmes for which it was relatively more straightforward to obtain and to calculate the income, as considered in section 5.5.

As noted previously, the University of London International Programmes include very significant enrolments that are reported as distance learning, and are reported within the University of London's Annual Report and Financial Statement⁹. During 2012/13, its International Academy revenues grew by £2.5 million to £52.7 million.* The payments it made to its Lead Colleges, which comprised fee share and surplus share payments, increased to £20.5 million (2011/12: £18.7 million). The surplus returned to the University of London was £3.3 million (2011/12: £3.5 million).

⁶ <http://openlearning.kaplan.co.uk/online-degrees/overview>

⁷ <http://www.liv.ac.uk/study/online/fags/the-role-of-laureate-online-education/>

⁸ <http://www.rdi.co.uk/>

⁹ http://www.london.ac.uk/fileadmin/documents/about/central_administration/Finance/10th_proof_UoL_FS_13.pdf

6.4 International branch campuses

There is considerable variation in the reporting of international branch campus financial information, given that each international campus seems to have a bespoke mix of ownership, investment and shareholding. The campuses also need to meet local tax and company registration requirements. As such they are separate legal and accounting entities relative to their UK operation although some branch campuses present their annual financial reports in exactly the same format as their 'parent' UK university (which allows for more straightforward integration into the total university accounts).

The operational and central overhead support costs from the UK for a branch campus can be complex. One institution interviewed reported an activity-based costing model for support activities from the UK and these costs were added to the total branch campus operating costs to provide a consolidated figure. Any surplus of income over the total costs of the branch campus might then be remitted to the UK.

A further consideration is how the cost of UK staff is treated, as some staff might be seconded from the UK campus for limited periods while others are recruited internationally (including in-country) to whom salaries are paid locally. For secondees from the UK campus, the attribution of costs can be based on full economic costing of the post or on the direct salary costs plus local living allowances and other expenses.

In view of the sparsity of available information, which often resides deep in overseas company accounts, we cannot offer any reliable estimates of the profitability, or otherwise, of international branch campus activity to UK institutions. However, we do know from their published statements that many are not established for financial reasons and that their sponsors do not expect to receive flows of funds into the UK.

6.5 Scaling up the findings on costs

One of the aims of this research was to calculate the net surpluses that UK institutions achieve from their various transnational education operations and to scale this up to a national figure. Based on our research, unfortunately we do not believe that it is currently possible to present a credible estimate of this, for the following reasons:

- The basis for our calculations would have to be the cost data obtained in the case studies, but these were very limited. We found very few institutions to have cost data on their transnational education activities that were sufficiently sound to use or scale up;
- Even those that do attempt to calculate their operational surpluses do so with varying degrees of accuracy and use different costing methods and assumptions. This makes it undesirable to use their data to develop a UK-wide estimate;

- Some UK institutions said that they did have details of costs but were unwilling to share with us for ‘commercial’ reasons – in spite of our assurances of confidentiality and their willingness to sign a ‘Non-Disclosure Agreement’.
- Where we did find cost data they tended to vary widely and could not be used as the basis for generalisation. For example, we obtained access to calculations of surpluses for undergraduate franchise programmes between £158 and £253 per student, while for postgraduate programmes the range was even wider (from £400 to £1,400).

Even though specific and up-to-date cost data were unavailable, most institutions did consider that their transnational education operations were generating regular direct surpluses (as well as the indirect financial and non-financial benefits referred to above). In some cases they considered them to be very profitable, such as distance learning programmes where the development costs of the material were regarded as sunk costs and were not brought into account.

It was also clear from case study visits that cost awareness was generally growing, which means that any future exercise that attempts to look at net financial outcomes may be able to obtain a larger and more useable evidence base.

6.6 Other organisational and management observations

It seemed clear that there was a trend towards more institutions having a central department or section which facilitates or manages all its partnership arrangements and which potentially can coordinate both regular quality and financial checking of partnership agreements that have been entered into. These central functions will presumably also be responsible for much of the financial and organisational planning when departments or faculties wish to propose a new venture or programme.

UK institutions reported that they find it expensive and time-consuming to set up transnational education programmes, particularly when trying to understand a host country’s regulatory and legal requirements in education. Currently, few institutions seemed to be managing to apply these or other development costs to specific transnational education partnership programmes. This must limit the extent to which institutions know whether any particular programme is financially profitable or not. Although some programmes or partnerships were reported to be developed for reasons other than revenue, financial awareness is necessary to monitor the sustainability of all programmes.

The marketing and recruitment operations for transnational education activity also seem to be more challenging than in relation to recruiting international students to the home (UK) campus, presumably due to the involvement of partners. Some institutions seemed to be less effective in applying to their transnational education activities some of the successful approaches that they had developed for marketing in support of home campus recruitment. It was noticeable, for example, that relatively few UK higher education institutions have accessible information on in-country study opportunities on their web pages.

7 Findings and recommendations

7.1 Key findings

UK higher education institutions have demonstrated great success in growing their transnational education provision in response to market opportunities around the world, evidenced in a great variety and flexibility of approaches and large extent of transnational education activity. On the basis of the data available (and admitting that there is a lack of data from US providers), the UK could well be the global leader in terms of the extent of transnational education provision.

Our new estimate of UK transnational education revenues of almost £496 million for 2012/13 is significantly higher than annual estimates in previous studies. This reflects an increase in transnational education activity since those studies took place but is also likely to be due to the more detailed research we undertook with UK institutions to obtain data.

Transnational education provision represents around 11% of cumulative international fee revenues to UK higher education institutions. This could be interpreted as a relatively cautious position overall in terms of level of exposure. The stated strategies of many UK universities are that they enter into transnational education arrangements not only to generate revenue but to enhance their global profile and long-term international position.

The average annual fee accruing to UK institutions across all modes and levels of transnational education delivery is approximately £1,530 per active student, although annual fees range very widely according to the detail of programme and partnership circumstances.

The mix of modes and approaches in transnational education programme delivery continues to evolve with more UK institutions offering distance-learning programmes than previously, and some rationalisation in validation arrangements in particular, evidenced by a number of 'teach-outs' underway, especially in Europe.

There appears to have been a shift in the involvement of different types of higher education institution in transnational education. Increasing numbers of pre-1992 institutions are offering transnational education programmes, mainly through branch campuses and postgraduate distance learning, than identified in previous studies, although the overall majority (56%) of active enrolments in 2012/13 were in post-1992 higher education institutions.

Distance learning seems to offer more opportunities for revenue generation than other transnational education delivery modes, with an average annual fee of over £4,000 per enrolment at postgraduate level. The fees per student associated with different partnership arrangements (e.g. franchise and validation) are much lower, although their scale can result in substantial revenues.

Articulation arrangements, mainly at undergraduate level, are shown to be an extremely important pathway for international students to access higher education at UK campuses, which results in substantial international study revenue.

7.2 Programmes and enrolments – census findings

Our census collected programme-level data about transnational education provision by UK higher education institutions in 2012/13 resulting in a significantly more detailed picture than available from data collected in the Higher Education Statistics Agency's Aggregate Offshore Record.

The census achieved returns from 63 institutions with active programmes and involvements, including a high proportion of the 40 institutions with the largest enrolments. This provided coverage of around 75% of active transnational education students in UK institutions, across a good mix of types of institution, and is considered to be broadly representative of the total UK transnational education landscape.

2,785 individual UK transnational education programmes were reported of which the largest proportion (40%) was delivered through some form of distance learning arrangement. The median number of programmes per reporting institution was 24.

Excluding inactive enrolments (including over 250,000 at Oxford Brookes University relating to ACCA programmes), the census provided data on 253,695 active enrolments. The total enrolment figure was higher than reported in the Aggregate Offshore Record (for those institutions which reported both in the Aggregate Offshore Record and the census) due to six institutions reporting higher enrolments than they had in their Aggregate Offshore Record return. In addition three institutions that had not made a return to the Offshore Record reported enrolments in the census. The total of 253,695 active enrolments was used in analysis and the financial estimates.

At the total level, census data from responding institutions was broadly comparable with that collected in the Aggregate Offshore Record, suggesting that institutions have reasonably consistent processes for collecting these types of data. However, this masks variations at programme-level; their data reveal that many institutions find it difficult to allocate their transnational education programmes into the current Aggregate Offshore Record categories, which do not map well onto the categorisations they use internally.

Particular problems are found for partnership arrangements and where multiple or 'blended' delivery modes are available within a single transnational education programme. In addition, it could be hard for institutions to distinguish supported distance learning from partnership delivery when providing their Aggregate Offshore Record return.

The categorisation of types of transnational education programmes used in the census identified a significantly higher extent of distance learning programmes than envisaged from the Aggregate Offshore Record, and also that activity recorded as 'overseas-registered' and 'UK-registered' in the Offshore Record does not relate simply to validation and franchise provision, respectively, as previously assumed by many.

Although programme-level data collection enables a better understanding of recent transnational education provision, a significant proportion of institutions found it difficult to break down their aggregated data to the individual programme level, notably where they had large numbers of distance learning programmes with different structures, and offered through a flexible range of study and learning modes.

Institutions were not reporting their enrolments on some transnational education programmes such as twinning or articulation programmes and joint and dual degrees to the current Aggregate Offshore Record. As a result it does not capture the entire landscape of transnational education. Articulation, in particular, is shown to be a very important element in institutions' international provision.

Diverse modes of study are available within transnational education programmes with full-time, part-time and blended options available. Also, the flexibility of many programmes means that some students can take several years to complete their degree. As Drew et al. (2008) previously suggested, current conceptions of mode of study can be less meaningful in a transnational education context.

Previous studies have suggested that the location of student registration is important as a means of classifying collaborative transnational education provision, and this is included in the Aggregate Offshore Record, but the census findings suggest the picture is more complicated, with many programmes registering students in both the UK and overseas.

Just under half (49%) of transnational education programmes reported in the census were at undergraduate level, 41% at taught postgraduate level and 10% postgraduate research level. Undergraduate programmes comprised 72% of enrolments, with 26% at taught postgraduate level and 2% postgraduate research. This may suggest relative growth in postgraduate provision.

Although 49% of enrolments (chiefly on distance learning programmes but also validated and joint programmes) are following programmes delivered into multiple countries, analysis of the remainder suggests that Asia is the dominant region for transnational education activity. A relatively high proportion of enrolments in branch campuses are in the Middle East, whilst the highest proportion of validated programmes is in the European Union.

Provision of data on subject of study provided further insight into particular subject mixes for many transnational education delivery types. Distance learning programmes tended to cover the full range of subjects, but overall there was a strong

focus on vocational or professional programmes, with Business and Management by far the most popular subject group.

There were also geographical variations by subject with, for example, Arts and Social Science programmes more prevalent in Europe, with Science, Technology, Engineering and Mathematics (STEM) programmes strongly represented in some regions including the Middle East, and particularly within branch campus arrangements.

7.3 Organisational and management observations

Interviews with a selection of UK institutions to develop case studies provided detailed understanding of different approaches to transnational education and enabled exploration of the management and financial aspects of its delivery. These covered all types (modes) of transnational education delivery, ranged over all the major international markets, and were derived from a wide range of types of institution, and resulted in the following headline observations:

- There is an emerging trend towards more institutions having a central department that manages all partnership arrangements and potentially coordinates regular quality and financial checking of the partnership arrangements;
- UK institutions find it expensive and time-consuming to set up transnational education programmes, particularly understanding the country's regulatory and legal requirements;
- Marketing and recruitment for transnational education is significantly more challenging than in relation to international students to the home (UK) campus. UK institutions appear to be less effective in applying to their transnational education activities the successful approaches that they have developed for home campus recruitment. For example, few institutions have accessible information on in-country study opportunities on their web pages.

7.4 Revenues associated with UK transnational education

The total direct annual revenue for the UK, based on fee income, for 2012/13 is estimated to be almost £496 million. Within this total, the fee income for each main mode of UK transnational education delivery is shown in Table 7.1.

Table 7.1 Summary of 2012/13 revenues, by broad transnational education activity

Mode of delivery	Active enrolments	Total revenue	% of total revenue
Partnership: Undergraduate Registered with UK institution	90,790	£42.7m	8.6
Partnership: Undergraduate Registered with overseas partner	48,460	£22.8m	4.6
Partnership: Taught postgraduate Registered with UK institution	14,955	£54.3m	11.0
Partnership: Taught postgraduate Registered with overseas partner	20,080	£72.9m	14.7
Taught postgraduate Distance learning	43,440	£184.2m	37.2
Undergraduate Distance learning	9,345	£28.1m	5.7
Postgraduate research (including professional doctorates)	3,960	£20.5m	4.1
University of London International and Open University ¹	92,700	£70.3m	14.2
Total (active enrolments)	323,730²	£495.8m	

Notes:

1. University of London International Programmes and the Open University presented separately as their large enrolments would bias analysis by delivery mode.
2. Total enrolments from census data (253,695) plus Aggregate Offshore Record data for other institutions.

Our study indicates that overseas distance learning, at both undergraduate and postgraduate level, generates very significantly more revenue than partnership arrangements, and both as total revenue and also per student per annum (up to five times more, for the latter). Postgraduate level distance learning is significantly the largest income stream.

The average annual fee accruing to UK institutions across all modes and levels of transnational education delivery is approximately £1,530 per active student, although this varied widely with the particular circumstances of the programme and partnership.

International branch campuses only result in small direct remittances to UK institutions, although our research indicates the turnover of UK branch campuses in 2012/13 was approximately £140 million. Branch campus activity results in many additional international student enrolments at the respective UK campus, where they will pay international fees, but there are also other motives (not merely financial) including enhanced international research activity and profile.

Articulation arrangements are extremely important in supporting international student participation and we estimate a gross income for the UK associated with these arrangements of approximately £711 million in 2012/13. This is currently very strongly dependent on Chinese undergraduate articulations (which represent 55% of that income).

Other indirect revenues associated with transnational education delivery are more modest than initially anticipated. The largest probably relates to the ‘halo effect’, whereby a university’s in-country transnational education presence attracts students to its UK campus. We cautiously estimate this to be worth £42 million per annum for the UK. The halo effect of a branch campus is thought to be greater than that for other forms of transnational education activity. A few institutions receive fees for organising programme validation but revenues appear to be relatively modest. There are almost certainly additional sales of books and materials, but these proved impossible to quantify and are probably of modest value.

7.5 Costs associated with UK transnational education

There is a wide range in the fees remitted by partners for franchise and validation of programmes, but this is changing somewhat as central departments establish tighter control over partnership contracts and pricing strategies.

Until recently, few institutions had mechanisms for regular review of costs (and or surpluses) arising from transnational education partnerships once they are underway. Previously, costs and revenue projections tended only to be considered at the initial planning/approval stage.

While we found good evidence about the pricing of validation and franchise agreements, very little material was found on the detailed costs of such contracts. As a result we have been unable to provide a reliable estimate of the surpluses accruing to UK institutions.

We were only able to identify a few UK institutions which had a good understanding of the costs that were associated with the delivery of their distance learning programmes.

There was a general reluctance across UK institutions to share financial information covering transnational education, both costs and revenues, potentially due to increasing competition in some partner countries.

7.6 Patterns of demand for transnational education

All indications are that growth of UK transnational education is likely to continue. UK institutions are keen to increase their transnational education activities for several

reasons, the most frequently reported of which was to provide some stability when faced with uncertainty over the impact of UK immigration policies.

Enrolments at international branch campuses are increasing at present, but unless more are opened or existing provision is expanded, a steady state will soon be achieved as maximum capacities are reached.

UK institutions are optimistic regarding expansion of their distance learning provision, particularly online provision. Distance learning attracts the largest proportion of revenue with enrolments from a highly diverse mix of countries. A key factor for growth will be the acceptability of online degree programmes, particularly across Asia, but the growth of MOOCs (Massive Open Online Courses) and greater global broadband penetration should have a positive impact.

It is anticipated that the current level of partnerships (validation, franchise and other arrangements) will broadly be maintained. Registration direct with the UK institution has seen the largest growth. However, there was evidence that institutions are more likely to withdraw from validation arrangements.

Based on future plans reported, the majority of programmes will be maintained in the near future at their current level by their provider institutions, whilst 25% were in expansion mode and 19% were being closed down. More of the expanding programmes tended to be found in Asia (or programmes with multiple countries of delivery, including distance learning). A number of teach-outs were reported, particularly validation arrangements in the EU, and could occur for a number of reasons, such as concerns over programme viability as stricter cost-control measures are adopted, changes in the UK institution's strategic interest, 'churn' due to partners seeking alternative UK suppliers and increasingly independent partners who could be gaining their own degree-awarding powers.

The subject area in the most demand was Business and Management, across all levels and modes of delivery, which accounted for 46% of all active enrolments in 2012/13. At the postgraduate level, MBA programmes generated approximately £186 million that year. Although Business and Management Masters programmes represent 18% of all active transnational education enrolments, they provide 56% of total revenues.

7.7 Recommendations

In the course of this research we met with many institutional staff, some of whom suggested ways that the UK could support and promote transnational education activities on a sector-wide scale. Distillation of their comments highlights identified a number of issues and opportunities and also barriers or challenges to UK growth:

- Collection, synthesis and dissemination of market intelligence to aid the UK higher education sector to identify trends and opportunities. The sector already

has great knowledge on market opportunities which, if pooled sensitively, could add insight to in-country analysis options available from existing agencies and ad hoc research. Institutions are recommended to consider how they could work together to pool such knowledge and to work with commercial market and regulatory information suppliers more economically.

- UK institutions operate in a highly competitive environment that includes both overseas and counterpart UK higher education providers. While this offers advantage for some UK providers, institutions are recommended to investigate how best to compete internationally, including the potential improvement of marketing and communication methods (including channels such as Education UK).
- Financial and sustainability risks are inherent in inconsistent monitoring of cost and performance of programmes and partnerships. Institutions are encouraged to develop more systematic approaches to understanding the full costs of transnational education activities, including opportunity costs, to enhance planning and provide stronger monitoring during delivery, and to share their insights and best practice for mutual benefit.
- Good practice in organisation and management of transnational education activities. This research has found a variety of approaches to delivery and management of transnational education activity, amongst which there is practice which appears to maximise opportunities and returns. Higher education institutions are recommended to share knowledge of good practice in relation to the organisation and management of transnational education provision (including some distilled from this study), through collaborative sector workshops or development of a good practice guide.

On **future transnational education data collection** and the Aggregate Offshore Record:

- The census has produced a rich dataset from which we have reported a snapshot of the current landscape of UK transnational education provision. However, there is scope to analyse the census data in more detail which could provide more focused intelligence to the UK higher education sector and Government, to guide the future shape of UK transnational education in an increasingly competitive global higher education environment.
- The census has demonstrated that many UK institutions can provide detailed information on their transnational education provision at the programme level, both for directly-delivered and partner-supported provision. Given the challenge and potential burden of data collection, institutions would need support and encouragement to collect information at this level, and particularly about types of provision not typically reported such as articulation (ideally at the student level to provide comparability with the Student Record). Where transnational education

provision leads to a UK degree, it should be monitored in a comparable way to UK-based provision so as to meet quality assurance requirements.

- Our study reinforces the finding of Drew et al. (2008) that the categorisation of transnational education used in the Aggregate Offshore Record is not useful for understanding patterns of transnational education provision. Institutions would appear to be supportive of the development of a more systematic nomenclature and categorisation of the types and modes of transnational education to enhance sector-level data collection and improve comparability across the sector. Better definition of what constitutes an international branch campus is a particularly pressing need.
- Any consultation with the sector on the potential benefits of enhanced data collection on transnational education should also consider the most efficient and effective means of doing it in order to minimise any additional burden on institutions. Recent sector-wide consultations on the Quality Assurance Agency code related to transnational education and enhanced data collection on outward student mobility represent good approaches to such sector engagement.
- A thorough review of the Aggregate Offshore Record is recommended to ensure its continuing relevance due to these issues, potentially including variables covering subject of study and how the UK partner is involved in delivering teaching and learning.

On **future research** into the nature and value of transnational education in the UK:

- The strategic and operational management of transnational education delivery will strongly influence the future development of UK activity. This study has provided some helpful insights into the complexity of the management of transnational education at the institutional and departmental levels, but sector-wide empirical research could illuminate these issues further. This could support the evolution of the sector's activity and the work of HE Global and UKTI Education in this area.
- Further research into the extent and value of articulation arrangements would be welcome, as articulation appears to result in substantial international higher education revenue but is currently concentrated in certain markets. At present, because enrolments for such programmes are included in the Student Record they are not included in data reporting via the Aggregate Offshore Record and could be regarded as a 'hidden' part of UK transnational education.
- There is scope to undertake further and more detailed analysis of the programme-level information in the dataset collected in the census to develop greater understanding of current provision.

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Appendix 1. Context and policy

This section reviews the policy and management context of transnational education (TNE) in the UK in 2014. Its purpose is to bring together a range of documentary sources that can shed light on features of transnational education, noted as 'a booming area for the UK' by JISC (2013) but questioned by others such as Healey (2013) as to whether it is a growth area with major financial benefits to the UK and UK institutions.

There are five sub-sections in this review:

- A note on terminology;
- Policy contexts (presenting the main points from current policy documents issued by government departments) and key points from the Quality Assurance Agency's (QAA) recent consultation;
- Policy research (presenting highlights from recent policy-related research with relevance to UK transnational education);
- Models and approaches to transnational education (setting out different typologies of transnational education models that have been presented within policy or research reports);
- Strategic management issues in transnational education (presenting relevant findings and guidance from reports on its leadership and management).

There is also a wider literature on the practice of transnational education in relation to teaching, learning and students' experiences that is not discussed here (for recent examples, see HEA-NUS (2014) and O'Mahoney (2014)).

A1.1 Terminology

Transnational education is a particular strategy adopted by institutions and countries to deliver higher (and further) education and associated qualifications to students wholly or partly outside the country where the provision originated. In the case of UK higher education institutions, this means that programmes and providers from the UK deliver UK educational opportunities and awards overseas, through face-to-face delivery in other countries and regions and through distance and blended learning. In principle, transnational education involves the student being based in a different country to the awarding institution for all or part of their studies. Transnational education complements UK higher education study and awards that are available to international students within UK borders, making UK higher education provision more accessible for students, often in their local contexts.

Transnational education is part of higher education's wider international activities and internationalisation agendas and takes a variety of forms. It is principally focused

on the provision of education rather than on international research partnerships (although the lines between the two areas of activity are increasingly blurred, particularly within the context of institutions' overseas branch campuses, but also in mature transnational education partnerships). Transnational education can include education programmes and awards at any level, from certificates and diplomas to PhDs.

Other terms that are used to describe transnational education include 'cross-border education' (a common term in European Union, UNESCO and OECD documents); 'off-shore education' (used widely in Australia and New Zealand) and 'borderless education' coined in seminal reports published in 2000 in Australia and the UK. The term 'borderless education' includes transnational education but covers a wider spectrum of developments in the changing global ecology of tertiary education; these have been tracked since 2002 by the 'Observatory on Borderless Higher Education.' Broader interpretations of transnational education highlight, for example, different delivery modes (face-to-face, online and blended), different study locations (international centres, overseas universities and branch campuses), different ownership, governance and funding structures (including public-private arrangements), different kinds of relationships (joint ventures, international cooperation and partnerships) and different rationales (trade and revenue generation, educational exchange and research collaborations). UK models of transnational education are similar to those of some other countries, notably Australia, but different from others such as Germany.

A further complexity that is often forgotten is that when UK (publicly-funded) higher education institutions deliver transnational education overseas, these arrangements are, in the main, classified as 'private sector' in the country where they are delivered and subject to private sector regulatory frameworks. Also, UK (publicly-funded) institutions may often partner with private-sector organisations to deliver transnational education programmes and awards.

A1.2 Policy contexts

A1.2.1 England

In July 2013, the Government published its International Education Strategy (BIS, 2013), part of a wider industrial strategy for UK growth. The strategy outlines the opportunity for the UK's international education provision in the context of the global market for education (valued second only to healthcare). Growth in enrolments to education is expected to continue to increase globally and international education is seen as a huge opportunity for the UK. The Strategy estimated that education exports were worth £17.5bn to the UK economy in 2011. A progress update on Government's wider Industrial Strategy in 2014 estimated that UK education exports were worth £18bn in to the UK economy in 2012.

While considering 15-20% growth in the number of international higher education students coming to the UK in the next five years to be reasonable, the strategy anticipates a much wider set of opportunities for transnational education (albeit these

will vary from country to country). To aid UK growth, the strategy set out a range of actions, for Government and the sector to take. Examples of these actions, which directly and indirectly aid UK transnational education growth, include:

- Strengthening the quality assurance of higher education delivered overseas. A sector consultation was launched by the Quality Assurance Agency and HE International Unit in 2013 and its results published in May 2014 (QAA, 2014). The QAA has formed a group to develop recommendations from consultation's response;
- Engagement with partner countries about mutual recognition of qualifications;
- Encouragement for the development of MOOCs (Massive Open Online Courses), for example the Open University's FutureLearn platform, through which a number of UK universities have offered MOOC programmes from 2013-14 engaging learners from 190 different countries;
- Agreements on education, science and knowledge and innovation partnerships with emerging powers, including building on existing agreements with India, China and Brazil;
- Implementation of the Newton Fund for research and innovation collaboration, announced in the 2013 autumn statement;
- Support for the Outward Mobility Strategy for UK students (launched by the UK's HE International Unit in December 2013);
- Launch of UKTI Education, a joint BIS and UKTI (UK Trade and Investment) team, which aims to aid and co-ordinate UK success in gaining large-scale, complex and high value commercial education opportunities;
- Promotional campaigns in priority countries through the British Council and UKTI, using the GREAT Britain campaign (including an Education is GREAT component);
- Enabling a more coordinated approach with the sector, agencies and institutions. Oversight of strategy implementation and coordination has been aided through establishment of an International Education Council, which includes representatives from across the UK education sector.

The BIS strategy also draws attention to support by DfID¹⁰ for international higher education through capacity-building at individual, departmental and institutional levels (through scholarships, investment in development research and through development partnerships which are planned to double in value from 2014). DfID established a Higher Education and Skills Taskforce in 2013 to identify future development needs for higher education in low-income countries and areas where development assistance and UK expertise can deliver the biggest impact. Areas to be explored included the potential of partnerships, technological advances, transnational education models, scholarships to build higher education capabilities in

¹⁰ Department for International Development

different development contexts, and increased opportunities for women and girls. The Taskforce has since concluded its work and DfID is considering next steps

Through the UK Border Agency, the Home Office has established a “robust visa regime that welcomes all genuine students to the UK” (BIS 2013 Industrial Strategy, p28). This is relevant to transnational education students who come to the UK for part of their studies. From 2011, the Government required that all institutions acquire ‘Highly Trusted Sponsor status’ and be accredited by an appropriate education body. The employment rights of certain students were also restricted (and the Tier 1 Post-Study Work visa was removed), although other routes are in place to enable post study work. The changes to the student visa system between 2010 and 2013 have not apparently resulted in an overall decrease in visa applications to study at universities (they have in fact increased, albeit differentially across countries); however, there has been a reduction in relation to the further education sector.

A1.2.2 Scotland

The Government Economic Strategy (GES, refreshed in 2011) identified universities as one of seven growth sectors, with the potential to drive future economic growth. Building on Scotland’s reputation as a ‘Science Nation’, the three focus areas in the GES for higher education are:

- Investing in Scotland’s universities to ensure they remain internationally competitive and excellent in world terms while developing partnerships with business to exploit their research, thus securing greater economic and societal benefits by strengthening levels of innovation and commercialisation, including improving links between Scotland’s universities and private sector companies;
- Supporting the continued international ambitions of Scotland’s universities, including attracting international students to Scotland as well as exploiting the commercial opportunities from their truly global research excellence, provision of in-country delivery (transnational education) and educational strengths; and
- Building on the success of the research pools (focused on the sharing of research resources and infrastructure across Scotland’s universities to improve research capacity and capability), success in competing for European and international funding, and influencing research calls to maximise the return on Scotland’s capabilities, maintaining Scotland’s world-leading position.

Scotland published its International Framework (refreshed in 2012) in which priority countries and regions for deepening international engagement further are identified including China, Canada, the USA, India, Pakistan and South Asia. Universities’ joint international partnerships are noted, including Scottish universities’ physical presence overseas and the financial benefits and international competitiveness gains arising from the increasing numbers of Scottish qualifications delivered overseas. In 2014 “Connected Scotland” – a collaboration between the Scottish Government, its enterprise agencies and funding council, 19 higher education institutions, the British Council Scotland, Universities Scotland and the Royal Society of Edinburgh – was

launched to promote the distinctive assets of Scottish universities in research, transnational education and mobility activity by developing partnership opportunities, starting with Brazil, China and Malaysia.

A1.2.3 Wales

The Welsh Assembly Government issued a Policy Statement on higher education in Wales in 2013. International activities are included in this policy statement with the key message being that “Universities and the Welsh Government will work in partnership to develop international links that will help Wales become a partner of choice for international business and investment and destination of choice for international students and staff” (p11). The “Higher and Further Education International Action Plan for Wales” involves collaboration between the Welsh Government, Higher Education Wales, the Higher Education Funding Council for Wales and Colegau Cymru. A cross-cutting priority is to facilitate and encourage a variety of partnerships which offer long-term and sustainable benefits to universities and colleges (including through and to students, graduates and staff) as well as to the international partners, and to Wales as a whole.

A1.2.4 Northern Ireland

The Department for Employment and Learning in Northern Ireland published a new higher education strategy in 2012. The strategy welcomes institutions’ efforts to expand their international partnerships and encourages further development of this portfolio, aiming for a substantial increase in international engagement through collaborative teaching and research arrangements and increased inward and outward mobility for students and staff (p39).

A1.2.5 Quality Assurance Agency (QAA)

In early 2014, the Quality Assurance Agency launched a consultation focusing on how the UK’s transnational education should be quality assured in future. This question was posed to UK universities and colleges, students and government bodies. The findings from the consultation were published in May 2014 and included the following points: 69% of respondents agreed that the quality assurance of UK transnational education needed to be strengthened; that institutional review should be the main vehicle for external quality assurance of transnational education, with strong support for overseas visits to leading UK transnational education destinations. The main focus of reviews should be on good practice, excellence and enhancement and the term ‘risk-based quality assurance’ should be avoided as it could be misinterpreted. It remains to be seen what form a strengthened approach to the quality assurance of transnational education will take.

A1.3 Policy research

A1.3.1 Previous relevant government studies

Two earlier government-funded studies are particularly relevant for the present research: Drew et al. (2008) explored patterns of transnational education activity in UK higher education institutions while Conlon et al. (2011) included an estimate of the value of transnational education as part of a wider estimate of the value of educational exports to the UK.

The first of these studies was undertaken in the context of growth in transnational education since the late 1980s, encouraged to some extent by two Prime Ministerial Initiatives during the period (in 1999 and 2006). Drew et al. (2008) sought to identify patterns of transnational education provision at the programme level, and to complement existing Higher Education Statistics Agency (HESA) data collection which was focused on student enrolment data aggregated to the institutional level. The study was designed to provide a base-line against which to measure future activity and growth of transnational education, using survey research.

Of the 135 institutions that responded to that survey (representing a response rate of 82%), 65% offered transnational education with 276,765 students enrolled in 2005/06; 29% of these institutions reported that they were planning to expand their provision. England had the greatest number of transnational education programmes, with post-1992 universities being the largest providers (not including the Open University). Data were collected against 10 models of provision that emerged from a qualitative pilot study: in-country/flying faculty; distance learning; blended delivery; on-campus provision overseas; validation; articulation; franchise; joint award; dual award; partial credit. Franchise had the most programmes (28%); followed by validation (20%) and distance learning (14%). Together these 3 models accounted for 62% of the transnational education programmes identified. Patterns of provision typically differed by size and type of institution. Although delivery of provision was spread over 80 countries, the largest proportion of programmes was in Asia (44%) and second largest in Europe (28%). Private colleges and state/public universities were the most common partners for UK providers (23% and 21% of partners respectively – with the former being the main type of partner for post-1992 institutions and the latter for pre-1992 institutions).

The study concluded by highlighting implications arising from its findings. These included: the need for improved information on transnational education (and the paucity of data at that time) and the need to share information across higher education institutions; the support needed by institutions to develop transnational education; the distribution of types of provision across higher education; sustainability of partnerships and arrangements; motivations for engaging in transnational education; and the level at which strategy might be decided - institutionally or nationally.

The second study (Conlon et al., 2011) was also concerned to establish a baseline, this time relating to the estimated value of education exports. The value of these exports was estimated as £14.1bn in 2008-9 with education-related projects

attracting an estimated total of £9.6m Foreign Direct Investment. For transnational education in higher education, the estimated value was £210.8m and in further education it was £26.8m. It also referred to earlier studies that had tried to calculate the value of education and training exports: Bullivant (1998) valued education exports at approximately £5.5bn in 1997); Johnes (2004) at £22.1bn in 2001-2); and Lenton (2007) at £27.8bn. Within these estimates, the value of transnational education in the Johnes study was £99m for higher education (with no figures for further education) while in the Lenton study the figures for higher education for 2002-3 were £191m and £196m for 2003-4. However, the authors of the 2011 study raised a number of methodological concerns about the earlier studies suggesting that the data were not entirely robust.

A1.3.2 Other perspectives

A1.3.2.1 British Council: transnational education market opportunities

The British Council has recently published four reports that are relevant to transnational education (British Council, 2013; Kemp and Lawton, 2013; West, 2013; McNamara and Knight, 2014). In the first of these, “*The shape of things to come*,” the British Council presents evidence of continuing expansion of transnational education (from the mid-1990s onwards) combined with a continuing evolution of modes of delivery and policy approaches on a country-by-country basis. The factors underlying transnational education expansion and evolution include rising income levels in developing countries, improvements in technology and the importance of intercultural skills requirements in an increasingly globalised and interdependent world (p7). However, at country level, rationales for transnational education differ between host and sending countries. While sending countries may be interested in revenue generation or research linkages, host countries may wish to expand or enhance domestic higher education capacity or become regional education hubs. The British Council study provides a brief historical perspective on transnational education development, notes the gradual – and recent - data collection (from 2011 in UK, Australia, Thailand, Vietnam and Germany, 2012 in Malaysia and 2013 in China and Hong Kong SAR) and discusses the difficulties associated with definitions and categories of transnational education. A key aim of the study was to provide a tool to assist institutions with their decision-making in relation to the most promising transnational education markets, the ‘TNE Opportunities Matrix’. This framework analyses the policy environment (strategy, regulations, Quality Assurance regime and recognition of qualifications); market environment (economic and demographic indicators, infrastructure), socio-cultural indicators and business environment; and mobility environment (existence of international branch campuses, ratios of inbound and outbound student mobility) in 24 countries.

Usefully, the report also considers the impact of transnational education on three host countries that differ in size, economy and types of activity, as well as having different histories, purposes and regulatory frameworks for transnational education (China, Malaysia and the UAE). The major categories of impact identified (in terms of benefits and risks) include academic, economic, human resource development, socio-cultural and status impacts. These case studies point to the variety of approaches to transnational education based on local contexts, culture, policies,

purposes and priorities, arguing that there is neither one way nor a universal right way to approach it. While this means there is a great deal of innovation, market dynamism and ongoing development, the variety of definitions, modes of delivery, legal and practical arrangements and interpretations of transnational education across countries and institutions also leads to a degree of confusion about the scale, scope and real impact of transnational education across and within countries. In this context, the British Council emphasises the importance of establishing a clear national transnational education framework and institutional- level policies in host countries with clearly articulated rationales, objectives, strategies and measurable outcomes.

Transnational education is also mentioned in the British Council Scotland study of “*The Scottish Higher Education’s Distinctive Assets*” (Kemp and Lawton, 2013). Almost all Scottish universities have some provision (although some is very limited in extent). Heriot-Watt University is the largest provider with 45% of all Scottish enrolments and is the 5th largest provider in the UK. Edinburgh Napier, Strathclyde and Glasgow Caledonian Universities also have established provision. More recently, Scottish universities are engaging in MOOCs (Massive Online Open Courses), including the University of Edinburgh (through Coursera and FutureLearn platforms), the University of Glasgow and Strathclyde University.

The British Council’s “*Strategic Analysis of the Welsh Higher Education Sector*” (West, 2013) describes some of the large-scale current transnational education developments in Wales, notably Cardiff Metropolitan University’s TNE Network involving 11 countries around the world. The university is also developing collaborative distance learning programmes with partners in India, Lebanon and South Africa while its Erasmus Mundus partnerships enable home students to study abroad at over 50 institutions in 24 countries. Wales is home to 3 Confucius Institutes in partnership with Chinese universities. Other Welsh universities have smaller numbers of transnational education enrolments, particularly following the closure of the large-scale validation arrangements organised through the ‘old’ University of Wales.

A1.3.2.2 Observatory on Borderless Higher Education (OBHE)

A recent report from the OBHE (Tsiligiris, 2014) provides a more detailed analysis of transnational education markets. This study, undertaken by an international researcher, explores the relationship between transnational education and international mobility to assess the extent to which it may be a substitute for international student mobility. The research is focused on the UK and its top transnational education host countries: Malaysia, Singapore, Hong Kong and China.

From the data analysed in this exploratory study, it appears that transnational education is not acting as a direct substitute for international student mobility but is instead a separate market. The author also notes the importance of government strategies in these host countries which are designed to boost capacity and development of the domestic higher education system to reverse brain drain and increase the number of inbound mobile students. Transnational education appears to be a part of these capacity-building strategies and where it has been integrated into

the host country's higher education system, it has grown significantly. As these markets have matured, the focus of attention shifts from growth to issues of quality, student experience and employability prospects. The report makes important points about 'TNE life-cycles' in different countries and regions, with implications not only for decisions about locations for delivery of transnational education, but also for the development of types and levels of provision and for the shaping of curricula over time. Perhaps of most interest to the UK is the author's conclusion that current transnational education-exporting countries such as the UK (and the US) hold a significant competitive advantage in being first movers in countries where the transnational education life-cycle is in its early stages.

A1.3.3 European Union: Cross-border higher education provision

The study "*Delivering Education across Borders in the European Union*" (Brandenburg et al., 2013), focuses on the provision of franchising, validation and branch campuses. The study sought to map the intensity and spread of cross-border higher education (CBHE) across 27 member states; map, analyse and assess relevant regulatory frameworks; and analyse the risks and benefits of cross-border provision including issues of quality as perceived by stakeholders.

In terms of spread and intensity, cross-border provision in Europe was reportedly in its infancy, with activities scattered and fragmented across countries. No foreign providers operated in Estonia, Portugal or Slovenia; low levels of activity were reported in Lithuania, Bulgaria and Poland, with the highest levels within their borders reported in Spain and Greece – mainly in capital cities. Hungary and Germany were ranked third and fourth as receiving countries for cross-border provision (and all receiving institutions in Germany were private). The main type of activity was validation or franchising rather than branch campuses although campuses were reported in the UK, France, Poland, the Netherlands and the Slovak Republic.

The main exporters were public institutions from Anglophone countries (mainly US and UK), with private institutions being more involved in branch campuses where they existed. The UK is the largest exporter into Europe, with France and Poland following some way behind. The receiving institutions tended to be small and private, with business courses dominating, taught in English and with high fees charged (relative to local provision where fees were either low or non-existent). As shown in other countries across the world (e.g. British Council, 2013), countries use cross-border provision for different reasons and each country has a specific pattern of incoming provision shaped by unique combinations of factors. In continental Europe, rationales for cross-border provision include filling gaps in processes of modernisation of higher education (as in Greece or Cyprus) and filling niche gaps in domestic provision or meeting excess demand in very specialised subjects (in Germany, Austria, Denmark or France). The report notes that UK higher education institutions play a particularly important role in exports to Southern Europe.

The study reported limited public information about quality and accreditation of cross-border provision – either by the importing institutions or the exporting ones. In

terms of regulation, diverse approaches were noted in four categories: minimal or no restrictions on foreign providers' freedom to operate; foreign providers required to register and/or have sending country accreditation; registration and/or consent or authorisation from competent home or receiving authorities required; and foreign providers required to obtain accreditation in the receiving countries. In general, requirements are quite strict across the European Union member states, the authors noting that even where there is no regulation (in a quarter of the states), cross-border provision may be deterred by not allowing the accreditation of foreign providers or by having in place extensive procedures for accreditation of individual programmes as well as institutions. The need for this results in long delays when the partner is a state institution. As regards monitoring of quality on the export side, the UK stands out as having a high level of monitoring of provision through the Quality Assurance Agency, with other countries having little if any regulation of their institutions' activities beyond their own borders. The Quality Assurance Agency's reviews of transnational education were also the only systematic national-level effort to capture the impacts of transnational education including risks and benefits.

In parallel with the British Council's report (2013), the European study reported 'a general paucity of good quality, reliable data held centrally in Member States' (p14). The authors argued the need for a stronger understanding of patterns of cross-border provision in individual countries, particularly in relation to the provision of information to students.

A1.3.4 OECD-UNESCO: Guidelines for cross-border higher education

In 2006, OECD and UNESCO published "*Guidelines for quality provision in cross-border higher education.*" This was developed to protect students and other stakeholders from low quality provision and disreputable providers and to encourage the development of quality cross-border provision. The *Guidelines* addressed a need for additional national initiatives, strengthened international cooperation and networking, and more transparent information on procedures and systems of quality assurance, accreditation and recognition of qualifications. In 2012, the OECD published a survey on the extent to which OECD member countries and some non-member countries were complying with the (non-binding) *Guidelines* (Vincent-Lancrin and Pfothenauer, 2013). Government representatives co-ordinated survey responses across four stakeholder groups: governments, tertiary institutions, national quality assurance and accreditation agencies and national student bodies in member countries.

The survey analysis covers six objectives of the *Guidelines* (i.e. development of the regulatory framework; its comprehensiveness in coverage of cross-border higher education; student / consumer protection; transparency (mainly for providers); information access and dissemination (mainly for students); collaboration; and regulatory framework exchange and collaboration). The UK scores highly on the first two objectives, however it falls just below the OECD average on the third and fourth objectives and information on the fifth and sixth objectives is lacking. Tertiary education institutions and national quality assurance and accreditation agencies in

the UK were the strongest in relation to compliance with the Guidelines, with governments less so and information from student bodies lacking.

A1.3.4 Australia: transnational education comparisons

Some useful comparative perspectives on transnational education in the UK are also provided by a background paper from Australia (Murray et al., 2011). The authors confirm that there is no globally accepted standard set or classification of types of transnational education nor are there readily comparable sets of data across the two countries. The report notes advances in the quality assurance of transnational education, highlighting the increasing necessity and prevalence of collaborative arrangements across national quality assurance agencies. It also suggests continuing growth in transnational education globally, notably in relation to student demand, albeit accompanied by consolidation and some rationalisation of programmes and providers in Australia. Distinct categories of 'importing countries' and 'exporting countries' are breaking down as certain key exporters (such as Australia and the UK) are also becoming importers of transnational education as the marketplace becomes more dynamic and certain providers grow their activities globally. Policy support for transnational education providers from governments and the education sector is regarded as crucial by the authors - and the integrated and comprehensive framework across the education sector in Australia in terms of the policy, legal and quality assurance context - is cited as an exemplar of good practice globally.

A1.3.5 Contra-indicators for the UK

While many policy reports and associated research studies make positive predictions about the future growth of transnational education in the UK, academic researchers do not necessarily agree as they assess the evidence. The caveats identified by Healey (2013) touch on the current status quo as well as the outlook for demand and supply. In relation to the present, Healey points out that official data widely overestimate the scale and financial importance of transnational education and in his analysis of demand, the author suggests at best, a mixed picture. He notes that demographic factors are likely to cause slower growth in demand for higher education in key markets such as Asia and this, coupled with the expansion of domestic (and regional) higher education systems means that UK transnational education may be squeezed out, particularly in the more numerous and lower cost forms including franchised and validated degrees. On the supply side, greater awareness of the financial and reputational risks of transnational education as well as the volatility associated with changing regulatory environments, local policies and the changing nature of partnerships is making senior managers and governors more risk-averse while pockets of academic scepticism and resistance to transnational education delivery also hinder entrepreneurial and expansionist strategies. Some of these factors can change and some are so new as not to have had a significant impact as yet on transnational education (including new forms of distance learning such as MOOCs). It remains to be seen whether the optimists or sceptics will be proved right in their predictions of transnational education growth and opportunity.

A1.4 Models and approaches

As noted in all sources, there are no standard forms of transnational education within institutions or across countries. Models and approaches can be unique to the particular partnership at programme and institutional levels (its objectives, business model and compliance with regulatory requirements of provider and host). They can also differ significantly at national level, as transnational education becomes politically and economically significant either as a revenue source and/or as part of long-term national economic and political goals. Models also evolve as relationships between partners develop and change, as economic circumstances alter, as policies and priorities at national or institutional level shift and as student demand and opportunities to access education in different locations change. There can be striking contrasts in models between countries – for example in the US, where transnational education is almost completely institutionally driven with an increasing number of private online providers as well as branch campuses, or in Germany, where transnational education is now predominantly nationally driven (Fromm, 2014) with the 3 dominant models of ‘co-operative study programmes, branch campuses and German-backed universities’ being financed by the Federal Government (DAAD, 2012). The UK’s models are predominantly institution-driven with less intervention at national level in the four jurisdictions of the UK. Globally, transnational education models and approaches are evolving within a dynamic higher education context where other factors also come into play including developments in technology and economic, social, political and regulatory changes in countries and regions.

Four main policy sources can be used to identify and discuss transnational education models and approaches in the UK:

1. Higher Education Statistics Agency’s Aggregate Offshore Record categories

Student registered at UK HE institution, studying for UK award at UK HE institution’s overseas campus (UK overseas campus)
Student registered at UK HE institution, studying for an award other than at UK HE institution’s overseas campus (franchise, validation, dual/joint award, twinning)
Student registered at an overseas partner organisation, studying for an award of UK HE institution (as above)
Student registered at UK HE institution studying through distance, flexible & distributed learning (distance learning)
Any other student studying for an award of a UK HE institution

There are limitations with these Higher Education Statistics Agency (HESA) categories. They do not capture the full variety of models in use, particularly in relation to partnerships where the student’s programme is split between UK and overseas providers (e.g. articulation); also the focus is awards not programmes.

2. British Council categories

(British Council 2013, "The shape of things to come" p.15)

International Branch Campus
Franchise/twinning programmes
Articulation agreements
Double/dual degree programmes
Joint degree programmes
Validation programmes

The British Council highlights one 'other' category that includes a wide range of transnational education approaches not included in its study, for example: access and feeder programmes; credit transfer and study abroad programmes; short-term or partial credit programmes; distance learning programmes and virtual universities; tuition providers and teaching centres; bi-national campuses; independent campuses; corporate training and intermediary agencies. Together all these categories point to the increasing diversity of transnational education approaches.

3. BIS categories (BIS 2013, "International Education – Global Growth & Prosperity")

Distance learning (with or without face-to-face support)
UK Overseas campus/branch campus
Twinning programme
Dual/joint award
Franchising
Validation
Articulation

The BIS categories capture some of the variety of current models (but do not include 'alternative providers' where models of transnational education may or may not be similar to those developed by publicly-funded institutions). These categories miss the complexity of some approaches, for example, where they are blends of more than one category. Partnerships between UK and overseas institutions can evolve over time such that different models of transnational education can emerge.

4. WTO General Agreement on Trade in Services categories

In relation to trade in services of all kinds, the World Trade Organization has defined, through its General Agreement on Trade in Services (GATS), four Modes in the supply of services across borders including education services. Knight (2002) and, more recently, Healey (2013) have linked the GATS Modes to different forms of transnational education provision.

GATS Modes	GATS Terms	TNE Terms	GATS descriptor	Overlaps
Mode 1	Cross-border supply	Programme mobility	From the territory of one Member into the territory of another	Blended programmes DL + summer school (Modes 1+2)
Mode 2	Consumption abroad	Student mobility (export education)	In the territory of one Member to the service consumer of any other Member	
Mode 3	Commercial presence	Institutional mobility	By a service supplier of one Member, through commercial presence, in the territory of any other Member	Twining with franchise partner (Modes 3+ 2)
Mode 4	Presence of natural persons	Staff mobility	By a service supplier of one Member, through the presence of natural persons of a Member in the territory of any other Member	IBC (Modes 3+4) Intensive teaching / revision at overseas' centre or partner (Modes 4+3)

A1.4.1 Transnational education services

In addition to transnational education programmes and awards, higher education institutions deliver a variety of transnational education services. These include: curriculum development, staff development, learner support, assessment, quality assurance consultancy, accreditation, technical and education assistance projects, continuing professional development and executive and professional education as well as the licensing and sale of learning resources and materials. Higher education agencies and Professional, Statutory and Regulatory Bodies also deliver such services.

There are other typologies that have grown out of practice in the sector as reported in various studies (Bennell and Pearce, 2003; Drew et al., 2008). A common model used by national quality assurance agencies and regulatory bodies includes four types of transnational education: distance-learning, franchising (or twinning in Australia), validation and international branch campuses. In a recent critique of this common typology and the GATS Modes above, Healey and Michael (2014) note two specific drawbacks. First, the typologies do not provide information on the motivations of home universities and host governments with respect to transnational

education and different sets of motivations on either side could substantially alter the risk profile of the transnational education model (in financial, reputational and quality terms). Second, the dominant models assume that each type is mutually exclusive (either a validation or a franchise or a Mode 1 or Mode 3) whereas in reality many approaches are combinations of categories. Changes in technology, patterns of student demand, regulatory frameworks, aspirations of partners and stages of development of partnerships can all impact on the choice and combinations of models used. These will have consequential impacts on finance and possibly also on quality and reputation.

Healey and Michael's recent study focused on 29 partnerships in different parts of the world (only half involving the UK) and found great diversity and complexity in approaches to transnational education. The two main reasons that the authors cite for increases in complexity and diversity of approach are the fact that boundaries between delivery modes and contractual arrangements are becoming blurred and secondly, because "contemporary transnational education partnerships are very multi-dimensional involving teaching, capacity-building and research in diverse blends" (p17). In trying to find more nuanced and meaningful categorisations, the authors drew on the terms and descriptions used by practitioners in these partnerships. After qualitative analysis of the data, they examined 28 further transnational education partnerships described in Quality Assurance Agency audits of activities conducted between 2010 and 2012. The researchers used three continua or spectrums to map current activity: Spectrum 1 – Regional hubs and stand-alone outposts; Spectrum 2 – Subject specialism versus multidisciplinary partnerships; Spectrum 3 – Research-led and Teaching-led partnerships. Healey and Michael suggest that these spectrums not only capture reality more accurately, but can also help to identify good practice and facilitate planning and decision-making at institutional levels.

A1.5 Strategic management issues

In recent years, a variety of reports have been produced in the UK to inform and assist higher education institutions in the strategic management of transnational education. These include legal guidance on international partnerships, leadership and management issues related to international partnerships, staffing and financial guidance and a resource for governing bodies on 'internationalisation' that covers transnational education. The Quality Assurance Agency has consolidated its learning and experience of transnational education provision from overseas audits and in-country monitoring over the past 15 years to produce comprehensive guidance on quality assurance, and specialist agencies such as JANET are developing their own strategies to support institutions' transnational education activities that require sophisticated cross-border ICT networking. Overseas, Australia publishes valuable information on transnational education business and management processes for institutions. All these reports focus particularly on institutions. A recent report by the OECD's Higher Education Management Programme (IMHE) provides guidance for governments on strategic management implications of internationalisation.

A1.5.1 OECD-IMHE

Transnational education approaches mentioned in the OECD-IMHE report include off-shore campuses, dual and joint programmes and international networks. The main areas of guidance covered include:

- Rationales and decision criteria for chosen transnational education approach;
- Objectives including reciprocal benefits, costs, conflicts of interest and 'fit';
- Due diligence including analysis of the political, legal, social and cultural environment in relation to transnational education ;
- Recruiting and assisting academic and professional staff including career expectations;
- Sustainability (including business and organisational models), quality issues (including accreditation, monitoring, oversight and enhancement of provision and recognition of qualifications) and risks and imbalances in student demand;
- Innovation in teaching and learning approaches;
- Codes of ethics, conduct and good practice;
- Intellectual property strategies.

Governments can promote and support internationalisation (including transnational education) through a variety of measures, the authors argue. These include: steering internationalisation policy, making higher education attractive and internationally competitive (for example by fostering reliable comparability across higher education systems, improving the openness of quality assurance agencies and improving information for students), promoting internationalisation within institutions and optimising internationalisation strategies (for example through improving data, disseminating impacts, agreeing international standards for data and indicators, targeting public support and managing the migration impact of internationalisation).

Institutions can manage their internationalisation efforts more effectively across four main areas: understanding the environment, developing a strategic approach, optimising implementation and by monitoring and evaluating strategies, performance and impact.

A1.5.2 Leadership, management and governance issues

Two UK reports offer, firstly, a general overview of the practice of internationalisation and, secondly, a closer analysis of transnational education partnerships from the perspectives of strategy and management at institutional levels (Fielden, 2008; 2011). The most recent of these includes case studies of partnerships between universities in the UK and institutions in Malaysia, Australia and China as well as Australian universities with partners in Malaysia and China.

In the first report, ten 'good practice points' for managing internationalisation are identified from six institutional case studies and a survey of universities' international offices (recognising that on the ground, the management of internationalisation was

complex and in some institutional cultures, “may not even be manageable” (p1). Nonetheless, the good practices as articulated are:

- The internationalisation strategy is a fundamental element of the corporate strategy and is fully integrated with all other institutional strategies;
- The Vice Chancellor strongly supports internationalisation, but one member of the Senior Management Team (SMT) is responsible for its implementation and has a senior manager to support that role;
- Mechanisms are in place to ensure that faculties or schools develop their own plans for implementing the key points in the internationalisation strategy;
- The university has a central group or committee, chaired by the SMT member, to co-ordinate the implementation of the strategy and review progress regularly;
- Senior managers chair Country Groups of specialists and active international staff that co-ordinate the university’s efforts in target or key countries;
- There is a clear policy on the development of strategic partnerships showing what is expected of strategic partnerships and the criteria to assess new ones;
- The university supports the development of strategic partnerships at institutional and faculty level, provides appropriate funding and monitors their performance;
- It is accepted that implementation of the internationalisation strategy will require some central funding and an appropriate budget is available.
- The strategy acknowledges the centrality of academic staff commitment to internationalisation and the university and faculties devote effort to getting staff involved;
- Overseas offices work in conjunction with the relevant country group to provide an all-round support service for academic staff, current students and alumni, as well as undertaking marketing and promotional activity.

There are common elements between the first and second reports, as one would expect, including setting the vision and strategy for internationalisation in respect of international partnerships, providing and monitoring financial resources to create, encourage and sustain partnerships and obtaining commitment from academic and professional support staff. The six case studies in this report demonstrate the different starting points for strategic partnerships including a formal strategic decision, taking advantage of a government-funded aid link, faculty or departmental contacts that are grown and expanded, and responsiveness to formal invitations and more spontaneous opportunities. Despite this variety, a number of critical success factors are identified in both the UK and Australian case-studies. These include appointing able champions with good leadership and project management skills to manage partnerships (including liaison with external stakeholders and liaison with internal structures and cultures), managing the involvement of the Governing Body at the outset and through the life of partnerships, supervising the human resource implications of offshore activity and handling cross-cultural differences across several dimensions (language and national cultures, personalities of key players, and institutional political and bureaucratic cultures). These case studies provide some illustrations of how partnerships evolve over time, including how they may

need to be brought to a close. Planning for exit is clearly important; this is emphasised more strongly in quality assurance guidance as well as specific studies on staffing and financing of transnational education.

The second report, while emphasising effective management of partnerships illustrates a variety of different approaches to leadership and management including leadership from the Vice Chancellor through project management by an experienced Dean and operational management through a Partnership Office. Sound research and information resources are noted as key at all stages of partnerships – at the outset in terms of market research and due diligence enquiries – and through the life of the partnership in relation to information about performance and impact. This report also identifies leadership skills and competencies needed such as vision, consultation and communication skills, selecting the right people for key management and leadership responsibilities, ensuring business capability and focus, and cultural sensitivity with the ability to build productive and lasting relationships. The authors emphasise that while all these skills are important, they are not universally relevant since partnerships change over time such that different portfolios of competence may be required at different stages of partnership development.

A new Stimulus Paper from the Leadership Foundation addresses the leadership challenges of transnational education from the perspective of leaders who are involved in developing strategies for transnational education and delivering related services (Emery and Worton, 2014). The paper offers guidance to those with responsibility for transnational education, highlighting a range of leadership challenges for institutions wishing to pursue these opportunities. These include: identifying which route to take; leading institutional engagement with the transnational education strategy; creating robust evaluation frameworks; managing the operational phase of activity; and embedding a culture of quality assurance and enhancement. This last challenge has a useful 'read-across' to the HEA's recent reports which focus on enhancing the quality of teaching, learning and students' experiences of transnational education – a necessary focus for the future. These reports raise important leadership, management and governance issues for institutions and agencies (including the NUS) as well as professional and practical issues for teaching staff and students. Paying full attention to quality assurance and enhancement of transnational education is likely to be of critical importance for the UK with regard to the reputation of its international education portfolio, the prospects of growth in opportunities and for growing the value of transnational education for the UK, institutions, partners overseas and students.

This review has offered a brief overview of the policy context and research evidence related to the market potential of transnational education for the UK and UK higher education institutions and guidance related to the leadership, governance and management of transnational education partnerships. Most policy documents are positive and aspirational about future directions and opportunities. However, research evidence is equivocal with a number of uncertainties and challenges noted. It is hoped that our new research reported here will shed more light on the current transnational education balance-sheet and prospects for the future.

Appendix 2. Census guidance

Meta-category	Category (<i>HESA AOR fields in blue text</i>)	Data type
1. Programme description	Programme Title/Name	<i>Text</i>
	Award(s)	<i>Text</i>
	Level of award	<i>Drop down list (select one)</i>
	JACS Principal Subject	<i>Drop down list (select one)</i>
	Subject used by your institution (if different)	<i>Text</i>
	Mode of study	<i>Drop down list (select one)</i>
	Name and Location of Partner 1	<i>Text</i>
	<i>Name and Location of Partner 2</i>	<i>Text</i>
	<i>Name and Location of Partner 3</i>	<i>Text</i>
	<i>Name and Location of Partner 4</i>	<i>Text</i>
	Overseas country of delivery 1	<i>Drop down list (select one)</i>
	<i>Overseas country of delivery 2</i>	<i>Drop down list (select one)</i>
	<i>Overseas country of delivery 3</i>	<i>Drop down list (select one)</i>
	<i>Overseas country of delivery 4</i>	<i>Drop down list (select one)</i>
	Student registration	<i>Drop down list (select one)</i>
	Academic year of first student intake	<i>Text</i>
	Delivery mode	<i>Drop down list (select one)</i>
	If blended, what is the estimated ratio of f-2-f to online provision?	<i>Text</i>
	Does programme have professional accreditation?	<i>Drop down list (select one)</i>
	What are the names of the accrediting bodies?	<i>Text</i>
Language(s) of study	<i>Text</i>	
2. Student enrolments (2012-13)	Total enrolments (HEADCOUNT)	<i>Number</i>
	Total new enrolments	<i>Number</i>
	Total active enrolments	<i>Number</i>
	Estimated % enrolments by students' country of origin (total)	<i>Text</i>
	Total length of study programme (in years)	<i>Text</i>
	Year 0	<i>Number</i>
	Year 1	<i>Number</i>
	Year 2	<i>Number</i>

	Year 3	Number
	Year 4	Number
	Year 5	Number
	Year 6	Number
3. TNE Category	HESA TNE category	Drop down list (select one)
	TNE category used by your institution	Text
4. TNE Type		
	Branch campus	Drop down list (select one)
	Joint venture with overseas partner (bearing institution's name)	Drop down list (select one)
	Independent overseas HEI (bearing institution's name)	Drop down list (select one)
	Distance/online/e-learning	Drop down list (select one)
	Flying faculty or 'outreach'	Drop down list (select one)
	Articulation agreement	Drop down list (select one)
	'Twinning' arrangement (e.g. 2+1, 1+3)	Drop down list (select one)
	'Top-up' programme	Drop down list (select one)
	Franchised programme	Drop down list (select one)
	Validation or 'quality assurance' programme	Drop down list (select one)
	Joint doctorate/PhD or 'Co-tutelle' programme	Drop down list (select one)
	Joint degree	Drop down list (select one)
	Double dual, or multiple degree	Drop down list (select one)
Other type(s) (not listed above)	Text	
5. Study outside the UK	All years of study outside the UK?	Drop down list (select one)
	Year 0	Drop down list (select one)
	Year 1	Drop down list (select one)
	Year 2	Drop down list (select one)
	Year 3	Drop down list (select one)
	Year 4	Drop down list (select one)
	Year 5	Drop down list (select one)
	Year 6	Drop down list (select one)
6. Programme Responsibilities	Curriculum development	Drop down list (select one)
	Teaching	Drop down list (select one)
	Assessment	Drop down list (select one)
	Quality assurance	Drop down list (select one)
	Academic support for students	Drop down list (select one)

	Pastoral support for students	<i>Drop down list (select one)</i>
	Buildings & infrastructure	<i>Drop down list (select one)</i>
	Provision of learning resources	<i>Drop down list (select one)</i>
	Staff development	<i>Drop down list (select one)</i>
7. Articulation <i>(if applicable)</i>	Do articulating students receive an exit award from the partner?	<i>Drop down list (select one)</i>
	What is the name of this award?	<i>Text</i>
	Is this exit award validated by your institution?	<i>Drop down list (select one)</i>
	Programme year when articulation occurs/student articulates	<i>Drop down list (select one)</i>
8. Study in the UK	Does this programme involve a period of study in UK?	<i>Drop down list (select one)</i>
	Year 0	<i>Drop down list (select one)</i>
	Year 1	<i>Drop down list (select one)</i>
	Year 2	<i>Drop down list (select one)</i>
	Year 3	<i>Drop down list (select one)</i>
	Year 4	<i>Drop down list (select one)</i>
	Year 5	<i>Drop down list (select one)</i>
	Year 6	<i>Drop down list (select one)</i>
9. Income <i>(if available)</i>	Total annual income when students are studying overseas (£)	<i>Number (£)</i>
	Total income when studying are studying in the UK (£)	<i>Number (£)</i>
10. Future plans	Programme status	<i>Drop down list (select one)</i>
	Programme future plans	<i>Text</i>
11. Other	Any other information about this programme	<i>Text</i>

Appendix 3. Definition of terms used in TNE census

Term	Definition
Transnational education (TNE)	Transnational education (TNE) is the provision of education for students based in a country other than the one in which the awarding institution is located. NB: for the purposes of this study this involves the provision of education where students are expected to be studying towards UK-validated awards.
TNE Types	Definition
Articulation arrangements	These arrangements enable host country students that have completed specific programmes (at a host country institution) to receive guaranteed entry to a sending country programme (taught in the host or sending country). Where the student is able to join the later years of a sending country programme, this is often described as enrolment with 'advanced standing'
International Branch Campus (IBC)	This term describes situations where a sending higher education institution (HEI) establishes a stand-alone satellite operation known as an international branch campus (IBC) in the host country and is responsible for all aspects of recruiting, admissions, programme delivery and the awarding of the qualification. In addition to faculty employed from the parent institution, the IBC may employ local and/or international faculty to assist with teaching. Quality assurance of the programme is the responsibility of the sending HEI and is often subject to additional accreditation processes by the host country. The IBC may be required (by host country legislation) to have a host country partner, but this partner should not have any academic involvement.
Joint venture with overseas partner (bearing a UK recognised body's name)	This term describes an overseas physical presence bearing the name of a UK recognised body and offering its UK-validated awards, but which is based on a joint venture agreement between the UK body and an overseas partner organisation (academic or commercial).
Independent overseas HEI (bearing a UK recognised body's name)	This term describes an overseas institution, bearing the name of a UK recognised body and offering its UK-validated awards, but which has independent accredited status in the host country.
Distance/flexible/distributed learning/e-learning	These terms describe programmes where the primary mode of delivery does is not face-to-face, although such programmes often include different types of learning support.

Double or dual degree/award	These terms are used to describe situations where two or more partner institutions in different countries collaborate to design and deliver a common programme. Mobility of students and faculty between the partner HEIs varies by programme. The student receives a qualification from each partner institution. This results in a student receiving two or more qualifications for completion of one programme.
'Flying Faculty' or 'outreach'	This term describes a collaborative programme whereby the sending institution provides all teaching input into the delivery of a franchised programme overseas. In some cases there may be no overseas partner, and overseas facilities (e.g. teaching rooms) are hired in blocks.
Franchised programme	This term describes collaborative provision where a sending HEI authorises a host HEI to deliver its (sending HEI) programme, with no curricular input by the host institution. The qualification is awarded and quality assured by the sending institution. The host HEI has primary responsibility for delivery of the programme but the sending HEI may assist with delivery of the programme by providing flying teaching faculty. Recruitment of students and provision of facilities (library, classrooms, IT) is provided by the host HEI. Franchise programmes are typically 3+0 or 4+0 with all study taking place in the host country.
Joint degree/award	A joint degree programme is similar to the double/dual degree programme in that two or more HEIs collaborate to design and deliver a new programme. The only difference is that students receive one qualification (or award) which includes the logos of each partner institution on the award.
Progression arrangement	An agreement between two different institutions whereby students that have completed specified programmes in one institution are considered eligible to enter particular programmes in the other institution. This differs from articulation arrangements in that there is no requirement for the institutions to take each others' students. Such programmes are excluded from this study.
Split-site Doctorate/PhD/Cotutelle programme	Doctoral level programme arrangements where students receive supervision/are able to study in institutions in different countries. At the end of their studies they are able (depending on the arrangement) to receive awards from more than one partner.
'Top-up' programme	Under this arrangement, students are able to top-up a prior higher education (HE) qualification to a full degree. This arrangement is similar to an articulation arrangement in that students are only required to study the later years of a degree programme with the UK provider. In some cases a top-up is combined with a validation arrangement related to an overseas partner's award.
'Twinning arrangement'	This term, describes a franchise arrangement whereby students study for part of their programme in the host country and part in the sending country. Sometimes this is described as a part-franchise when the franchise only covers certain levels of a higher education (HE) award.

Validation or 'quality assurance' arrangement	The process by which a sending HEI judges that a programme developed and delivered by a host HEI is of an appropriate quality and standard to lead to a degree from the sending HEI. The host HEI can develop a programme to meet local needs with the sending HEI contributing its quality assurance processes. Students normally have a direct contractual relationship with the delivery organisation and only register with a UK HEI for the purposes of receiving the UK award.
Other key terms	Definition
Award	A qualification, or academic credit, conferred in formal recognition that a student has achieved the intended learning outcomes and passed the assessments required to meet the academic standards set for a programme or unit of study.
'Blended' programme	A TNE programme which combines different modes of study (e.g. FT and PT or distance learning and face-to-face teaching)
Collaborative provision	This term describes educational provision that involves collaboration between two different institutions. Typically this excludes IBC and distance learning TNE provision.
Enrolled	This term indicates that a student is enrolled on a particular programme of study i.e. has successfully followed the formal procedures that a student must complete or pass through during the admissions stage, after being accepted onto a course and before starting it.
Host or partner institution	A term used to describe an overseas partner of the institution offering the HE award (in this case non-UK partner institutions)
Level of award	The UK's Framework for Higher Education Qualifications (FHEQ) has five levels, three of which are undergraduate and two are postgraduate. These are numbered 4-8.
Mode of study	Different ways of studying, such as full-time, part-time, e-learning or work-based learning. This category is focused on distinguishing between full-time and part-time studies.
Programme of study	An approved course of study that provides a coherent learning experience and normally leads to a qualification (or a group of similar qualifications in the same subject at the same level, based on different mixes of programme modules)
Registered	This term indicates that a student is registered at a particular institution for the purposes of study. In this study the student could be registered at both the host and the partner institution, but must be registered at the UK institution at some point
Sending institution	A term used to describe the institution providing the UK-validated HE award (in this study the UK institution with recognised body status)
Validation	The process whereby a sending institution reviews the academic standards of partner institutions within collaborative provision
Year of study	This refers to the programme year of study rather than the number of years that a student has been enrolled. A three year programme would have 3 years (1-3). Where there is an integrated foundation year this should be coded as 0.

Appendix 4. Additional tables

Table A4.1 Enrolments and numbers of TNE census programmes for each TNE type by geographical region of delivery

Census TNE type	Region	Programmes	Enrolments	% Programmes	% Enrolments
Articulation	Africa	1	2	3%	1%
	Asia	25	211	86%	82%
	European Union	1	3	3%	1%
	North America	1	31	3%	12%
	South America	1	10	3%	4%
	Total	29	257	100%	100%
Branch campus	Africa	23	1,638	6%	7%
	Asia	215	10,774	51%	47%
	Australasia	5	78	1%	0%
	European Union	95	3,381	23%	15%
	Middle East	65	6,703	16%	29%
	Multiple	4	276	1%	1%
	North America	2	18	0%	0%
	Other Europe	9	70	2%	0%
	Total	418	22,938	100%	100%
Franchise	Africa	23	1,973	5%	5%
	Asia	258	25,964	56%	66%
	European Union	105	2,972	23%	8%
	Middle East	20	2,906	4%	7%
	Multiple	18	3,270	4%	8%
	North America	7	614	2%	2%
	Other Europe	27	1,713	6%	4%
	Other UK	1	6	0%	0%
	Total	459	39,418	100%	100%
Joint venture	Asia	51	6,162	54%	71%
	Middle East	10	2,444	11%	28%
	Multiple	1	60	1%	1%
	North America	32	57	34%	1%
	Total	94	8,723	100%	100%
Joint/double/dual degrees	Asia	10	1,479	24%	77%
	Australasia	3	4	7%	0%

Census TNE type	Region	Programmes	Enrolments	% Programmes	% Enrolments
	European Union	13	124	32%	6%
	Multiple	12	277	29%	14%
	North America	1	4	2%	0%
	Other Europe	2	37	5%	2%
	Total	41	1,925	100%	100%
Other collaborative provision	Africa	38	6,085	15%	26%
	Asia	113	13,817	44%	58%
	European Union	37	811	15%	3%
	Middle East	14	203	6%	1%
	Multiple	26	706	10%	3%
	North America	11	1,726	4%	7%
	Other Europe	15	369	6%	2%
	Total	254	23,717	100%	100%
Other overseas study (e.g. flying faculty, PhD)	Africa	4	177	5%	5%
	Asia	26	1,787	31%	53%
	European Union	5	99	6%	3%
	Middle East	3	418	4%	12%
	Multiple	45	848	53%	25%
	North America	1	10	1%	0%
	Other UK	1	63	1%	2%
	Total	85	3,402	100%	100%
Supported distance / flexible learning	Africa	27	1,531	8%	7%
	Asia	58	2,636	18%	12%
	Australasia	1	6	0%	0%
	European Union	49	1,934	15%	9%
	Middle East	21	389	6%	2%
	Multiple	153	14,592	47%	67%
	North America	9	488	3%	2%
	Other Europe	10	217	3%	1%
	Total	328	21,793	100%	100%
Unsupported distance / online learning	Africa	1	40	0%	0%
	Asia	10	295	1%	0%
	Australasia	1	7	0%	0%
	European Union	7	195	1%	0%
	Multiple	850	86,178	97%	98%
	Other Europe	3	871	0%	1%
	Total	872	87,586	100%	100%

Census TNE type	Region	Programmes	Enrolments	% Programmes	% Enrolments
Validation	Africa	8	2,038	3%	5%
	Asia	100	7,918	34%	18%
	Australasia	1	16	0%	0%
	European Union	128	13,607	43%	31%
	Middle East	25	1,803	8%	4%
	Multiple	8	17,474	3%	40%
	North America	11	554	4%	1%
	Other Europe	7	487	2%	1%
	Other UK	7	40	2%	0%
	Total	295	43,937	100%	100%
Total	Africa	125	13,484	4%	5%
	Asia	866	71,043	30%	28%
	Australasia	11	111	0%	0%
	European Union	440	23,126	15%	9%
	Middle East	158	14,866	5%	6%
	Multiple	1117	123,681	39%	49%
	North America	75	3,502	3%	1%
	Other Europe	73	3,764	3%	1%
	Other UK	9	109	0%	0%
	South America	1	10	0%	0%
	Total	2875	253,696	100%	100%

Note: Absent rows indicate that zero data would be reported in that row

Table A4.2 Principal subject of study for TNE types in the census

Census TNE Type	JACS Principal Subject	Programmes	Enrolments	% Programmes	% Enrolments
Articulation	Business & Management	4	63	14%	25%
	Eng., Tech.& Architecture	6	48	21%	19%
	Maths & Computing	5	18	17%	7%
	Medicine & Related	3	38	10%	15%
	No Subject Specialism	6		21%	
	Science	1	31	3%	12%
	Social Studies and Law	4	59	14%	23%
	Total	29	257	100%	100%
Branch campus	Arts & Humanities	124	4,079	30%	18%
	Business & Management	99	8,445	24%	37%
	Education	21	716	5%	3%
	Eng., Tech.& Architecture	65	5,052	16%	22%
	Maths & Computing	30	941	7%	4%
	Medicine & Related	16	1,423	4%	6%
	No Subject Specialism	2	240	0%	1%
	Science	25	989	6%	4%
	Social Studies and Law	36	1,053	9%	5%
	Total	418	22,938	100%	100%
Franchise	Arts & Humanities	65	1,962	14%	5%
	Business & Management	209	23,608	46%	60%
	Education	8	277	2%	1%
	Eng., Tech.& Architecture	37	2,047	8%	5%
	Maths & Computing	73	8,862	16%	22%
	Medicine & Related	35	1,572	8%	4%
	Science	17	491	4%	1%
	Social Studies and Law	15	599	3%	2%
	Total	459	39,418	100%	100%
Joint venture	Arts & Humanities	8	407	9%	5%

Census TNE Type	JACS Principal Subject	Programmes	Enrolments	% Programmes	% Enrolments
	Business & Management	6	896	6%	10%
	Eng., Tech.& Architecture	32	4,471	34%	51%
	Maths & Computing	5	2,166	5%	25%
	Medicine & Related	17	88	18%	1%
	Science	25	305	27%	3%
	Social Studies and Law	1	390	1%	4%
	Total	94	8,723	100%	100%
Joint/double/dual degrees	Arts & Humanities	6	167	15%	9%
	Business & Management	12	1,545	29%	80%
	Education	1	9	2%	0%
	Eng., Tech.& Architecture	4	70	10%	4%
	Maths & Computing	3	34	7%	2%
	Medicine & Related	1	1	2%	0%
	No Subject Specialism	6	16	15%	1%
	Science	4	47	10%	2%
	Social Studies and Law	4	36	10%	2%
	Total	41	1,925	100%	100%
Other collaborative provision	Arts & Humanities	24	978	9%	4%
	Business and Management	78	8,384	31%	35%
	Education	9	84	4%	0%
	Eng., Tech.& Architecture	47	6,289	19%	27%
	Maths & Computing	73	4,495	29%	19%
	Medicine & Related	5	2,049	2%	9%
	No Subject Specialism	1	29	0%	0%
	Science	8	750	3%	3%
	Social Studies and Law	9	659	4%	3%
	Total	254	23,717	100%	100%
Other overseas study (e.g. flying faculty, PhD)	Arts & Humanities	9	30	11%	1%
	Business & Management	19	880	22%	26%

Census TNE Type	JACS Principal Subject	Programmes	Enrolments	% Programmes	% Enrolments
	Education	10	273	12%	8%
	Eng., Tech.& Architecture	11	172	13%	5%
	Medicine & Related	13	1,330	15%	39%
	No Subject Specialism	2	245	2%	7%
	Science	6	192	7%	6%
	Social Studies and Law	15	280	18%	8%
	Total	85	3,402	100%	100%
Supported distance / flexible learning	Arts & Humanities	27	957	8%	4%
	Business & Management	140	16,162	43%	74%
	Education	25	1,355	8%	6%
	Eng., Tech.& Architecture	38	627	12%	3%
	Maths & Computing	20	1,295	6%	6%
	Medicine & Related	38	655	12%	3%
	No Subject Specialism	4	166	1%	1%
	Science	17	445	5%	2%
	Social Studies and Law	19	131	6%	1%
	Total	328	21,793	100%	100%
Unsupported distance / online learning	Arts & Humanities	104	3,075	12%	4%
	Business & Management	175	33,715	20%	38%
	Education	62	1,974	7%	2%
	Eng., Tech.& Architecture	93	2,992	11%	3%
	Maths & Computing	73	4,382	8%	5%
	Medicine & Related	89	3,657	10%	4%
	No Subject Specialism	11	4,627	1%	5%
	Science	100	4,164	11%	5%
	Social Studies and Law	165	29,000	19%	33%
	Total	872	87,586	100%	100%
Validation	Arts & Humanities	55	5,313	19%	12%
	Business & Management	138	23,481	47%	53%

Census TNE Type	JACS Principal Subject	Programmes	Enrolments	% Programmes	% Enrolments
	Education	3	108	1%	0%
	Eng., Tech.& Architecture	35	3,368	12%	8%
	Maths & Computing	18	8,080	6%	18%
	Medicine & Related	16	774	5%	2%
	No Subject Specialism	4	1,357	1%	3%
	Science	10	170	3%	0%
	Social Studies and Law	16	1,286	5%	3%
	Total	295	43,937	100%	100%

Table A4.3 Current status of programmes, by geographic region

Future plans	Region	Programmes		Enrolments	
				%	%
				Programmes	Enrolments
Expanding	Africa	4	187	1%	1%
	Asia	92	14,357	26%	45%
	European Union	33	1,012	9%	3%
	Middle East	26	3,091	7%	10%
	Multiple	190	10,922	54%	34%
	North America	3	287	1%	1%
	Other Europe	6	1,807	2%	6%
	Total	354	31,663	100%	100%
Maintaining	Africa	72	8,450	9%	16%
	Asia	259	21,608	33%	42%
	Australasia	1	7	0%	0%
	European Union	203	7,480	26%	15%
	Middle East	84	6,983	11%	14%
	Multiple	114	5,153	14%	10%
	North America	19	939	2%	2%
	Other Europe	35	924	4%	2%
	Other UK	6	36	1%	0%
	Total	793	51,580	100%	100%
Teach-out	Africa	17	246	6%	2%
	Asia	87	3,126	33%	31%
	Australasia	1	6	0%	0%
	European Union	101	5,384	38%	54%
	Middle East	9	263	3%	3%
	Multiple	31	792	12%	8%
	North America	2	18	1%	0%
	Other Europe	13	124	5%	1%
	Other UK	2	10	1%	0%
	Total	263	9,969	100%	100%
Total	Africa	125	13,484	4%	5%
	Asia	866	71,043	30%	28%
	Australasia	11	111	0%	0%
	European Union	440	23,126	15%	9%
	Middle East	158	14,866	5%	6%
	Multiple	1,117	123,681	39%	49%
	North America	75	3,502	3%	1%
	Other Europe	73	3,764	3%	1%
	Other UK	9	109	0%	0%
	South America	1	10	0%	0%
	Total	2,875	253,696	100%	100%

Appendix 5. List of abbreviations

ACCA	Association of Chartered Certified Accountants
AOR	(HESA) Aggregate Offshore Record
BIS	Department for Business, Innovation & Skills
CBHE	Cross-Border Higher Education
CPD	Continuing Professional Development
DAP	Degree Awarding Power
DfID	Department for International Development
DL	Distance learning
EU	European Union
FEC	Full economic costing
GATS	General Agreement on Trade in Services
HE	Higher Education
HEI	Higher Education Institution
HESA	Higher Education Statistics Agency
IBC	International Branch Campus
JISC	Joint Information Systems Committee
MOOC	Massive Open Online Course
OBU	Oxford Brookes University
OU	Open University
OECD	Organisation for Economic Cooperation and Development
PG	Postgraduate

PGT	Postgraduate Taught
PGR	Postgraduate Research
PVC	Pro-Vice Chancellor
QA	Quality assurance
QAA	Quality Assurance Agency for Higher Education
SMT	Senior Management Team
SR	(HESA) Student Record
STEM	Science, Technology, Engineering and Mathematics
TNE	Transnational Education
UG	Undergraduate
UK	United Kingdom
UKCPIE	UK-China Partners in Education Programme
UKIERI	UK-India Education and Research Initiative
UKTI	UK Trade & Industry
ULIP	University of London International Programmes
UNESCO	United Nations Educational, Scientific and Cultural Organization
VLE	Virtual Learning Environment
WTO	World Trade Organization

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